

# ANNUAL REPORT 2017



**TRG PAKISTAN LIMITED**

# Vision

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

# Mission

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

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



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# Corporate Information

## **Board of Directors**

**Peter H.R. Riepenhausen**  
Chairman

**Muhammad Ziaullah Khan Chishti**  
CEO

**Zafar Iqbal Sobani**

**Muhammad Ali Jameel**

**John Leone**

**Mohammadullah Khan Khaishgi**

**Patrick McGinnis**

**Ameer S. Qureshi**

**Rafiq K. Dossani**

**Hassan Farooq**

## **Audit Committee**

Patrick McGinnis - Chairman

Ameer S. Qureshi

Rafiq K. Dossani

## **HR Recruitment & Remuneration Committee**

John Leone - Chairman

Peter H.R. Riepenhausen

Zafar Iqbal Sobani

## **Chief Financial Officer**

Hassan Farooq

## **Legal Advisor**

Lexium - Attorneys at Law

## **Auditors**

KPMG Taseer Hadi & Co.

Chartered Accountants

## **Shares Registrar**

THK Associates (Pvt.) Ltd.

Share Department,

1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi-75400, Pakistan.

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

FAX: +92 (021) 34168271

## **Registered Office**

Centre Point Building, Level 18, Plot

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

Expressway, Near KPT Interchange

Flyover, Karachi-74900, Pakistan.

UAN: (021) 111-874-874

FAX: (021) 35805893

## Notice of Annual General Meeting

Notice is hereby given that the Fifteenth 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 January 31, 2018 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 March 30, 2017.
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, 2017.
3. To appoint the Auditors for the ensuing year ending June 30, 2018 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, January 10, 2018

Hassan Farooq  
Company Secretary

### NOTES:

1. The share transfer books of the Company will remain closed from January 23, 2018 to January 31, 2018 (both days inclusive). Transfers received by our registrars, Messrs THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on January 22, 2018 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. The Company will provide the video link facility to those member(s) who hold minimum 10% shareholding of the total paid-up capital and resident of city other than Karachi where Company's Annual General Meeting to be placed, upon request. Such member(s) should submit request in writing to the Company at least seven days before the date of the meeting.
5. Members are requested to notify any change in their address immediately.
6. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

### A. For attending meeting:

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

## **Chairman's Review Report**

*For the year ended June 30, 2017*

The Board complies with relevant rules and regulations and comprises of well-known business professionals who add real value to the Board through their expertise, experience and strong value systems. The Board has laid down policies and procedures that ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance. During the year under review, the Board has effectively discharged its responsibility towards the Company and participated in all strategic affairs carefully. All quarterly, half yearly and annual financial results were thoroughly reviewed and Board also played a key role in monitoring of management performance and focus on major risk areas.

The Board has ensured that an adequate system of internal control is in place and its regular assessment is carried out. The Board has prepared and approved the Directors' report and has ensured that the Directors' report is published with the quarterly, half yearly and annual financial statements of the Company and the content of the Directors' report are in accordance with the requirement of applicable laws and regulations.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performance milestones, the global economic environment and competitive context in which the Company operates; Board dynamics, capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of the Company has played a key role in ensuring that the Company's objectives are achieved through a joint effort with the management team through guidance and oversight by the Board and its members.

Karachi: January 09, 2018

**Peter H.R. Riepenhausen**  
Chairman

## چیرمین کی جانب سے نظر ثانی شدہ رپورٹ

برائے مالی سال اختتام پذیر 30 جون، 2017

بورڈ ان تمام قواعد و ضوابط کی پاسداری کرتا ہے جو کہ ایک پیشہ ورانہ کاروبار کیلئے ضروری ہیں اور ماہرانہ ٹیم کی بدولت بورڈ کی قدر و قیمت میں اضافہ ہوتا ہے جس میں ان کی مہارت، تجربے اور مضبوط بنیادوں پر اقدار میں اضافہ ہے۔ بورڈ نے ان تمام پالیسیز اور طریقہ کار پر عملدرآمد کیا جو لاگو قوانین، ضوابط اور کارپوریٹ گورننس کے ساتھ پیشہ ورانہ کارپوریٹ ماحول کی ضمانت ہے۔ سال روان کے دوران نظر ثانی کے مطابق، بورڈ نے کمپنی سے متعلق مثبت انداز میں اپنی ذمہ داریوں کو نبھایا اور حکمت عملیوں میں بااحتیاط شرکت کی۔ ہر سہ ماہی اور ششماہی اور سالانہ مالی نتائج کی بھرپور نظر ثانی کی گئی اور بورڈ نے اور بورڈ انتظامیہ کی کارکردگی پر نظر رکھنے میں ایک اہم کردار ادا کیا اور بڑی خطرات والی حلقوں پر خاص توجہ مرکوز رکھی۔

بورڈ نے اس بات کو یقینی بنایا کہ اندرونی کارکردگی کا معتدل ہو اور اس کا باقاعدگی سے جائزہ لیا گیا۔ بورڈ نے ڈائریکٹر کی رپورٹ کی تصدیق اور قبول کیا اور اس بات کو یقینی بنایا کہ ڈائریکٹر کی رپورٹ سہ ماہی، ششماہی اور سالانہ بنیاد پر ان کی تشہیر کی جائے اور کمپنی کے سالانہ مالی گوشوارے میں ڈائریکٹر کی رپورٹ کے مندرجات لاگو قوانین کے مطابق درج ہوں۔

بورڈ کی کارکردگی کا جائزہ ان رہنما اصولوں کے تحت کیا جاتا ہے جہاں بورڈ کو وضاحت کی ضرورت محسوس ہوتی ہے اس کا مقصد اعلیٰ سطح پر ہونے پر نقصان سے بچنا ہے، نیز حکمت عملی کا طریقہ کار، کاروبار کے کلیدی اصولوں اور کارکردگی کے طریقہ، بین الاقوامی معاشی ماحول اور متقابل حالات کو مدنظر رکھتے ہوئے وضع کیا جاتا ہے۔ بورڈ متحرک، صلاحیت اور تسلسل کے ساتھ معلومات کی بنیاد پر درج بالا کارکردگی کے تحت، یہ مناسب انداز میں کہا جاسکتا ہے کہ کمپنی کا بورڈ نے کمپنی کے مقاصد کے حصول کیلئے ایک اہم کردار ادا کیا ہے جو کہ انتظامیہ کی مشترکہ کوششوں بذریعہ بورڈ اور اس کے ممبران کی جانب سے ملی رہنمائی کے ساتھ ممکن ہو سکا۔

کراچی، 09 جنوری، 2018

پیٹر۔ ایچ۔ آر۔ رائفین ہاسن  
چیرمین



## Report of the Directors

For the Year ended June 30, 2017

Your Directors are pleased to present the standalone and consolidated Financial Statements of TRG Pakistan Limited for the year ended June 30, 2017.

### Key Developments

During the course of fiscal year 2017, our operating subsidiaries continued to enjoy significant top line growth, with an increase in accounting revenues of 17.5% compared to the previous year. The largest portion of this increase materialized at our Afiniti subsidiary, with significant revenue increases within our e-Telequote and Digital Globe Services subsidiaries. The continuing increase in Afiniti revenues have driven a significant value accretion in that business given its underlying operating leverage, addressable market as well as its superior competitive position. We also unlocked significant value increases at our other subsidiaries, both as a result of continuing growth as well as through value arbitrage realization by taking private some of our previously listed subsidiaries, as mentioned below.

Our Afiniti operating subsidiary (which provides call routing solutions for contact centers using artificial intelligence) continued its trajectory of very strong revenue growth, with revenues increasing to Rupees 3.19 billion in fiscal 2017, up from Rupees 1.86 billion in fiscal 2016, representing top line growth of 71%. This increase was driven by two enterprise level deployments (in the European cable industry and the US health insurance industry) where we realized a partial year of billing, in addition to continuing full year revenues from our first enterprise level deployment. We have since added two further enterprise level deployments at Afiniti, as a result of which we expect to continue our powerful revenue momentum into this current fiscal year. The Afiniti platform has attained a leading position among large corporates as the tool of choice to optimize performance within their contact center estate.

We have continued to invest into the Afiniti business, building out its global footprint as well as investing heavily into its technology delivery capabilities as well as its client facing presence. As a result, the Afiniti cost base during fiscal 2017 increased to Rupees 5.8 billion, up from Rupees 4 billion during fiscal 2016. Accordingly, Afiniti's EBITDA loss widened slightly during fiscal 2017 to Rupees 2.7 billion, from Rupees 2.3 billion during fiscal 2016. During the course of this current fiscal year, we expect to realize the operating leverage inherent within our business as the continuing revenue increases within the business outpace the increase in the cost base and the business attains breakeven. The value accretion at Afiniti over the course of the fiscal year was evidenced by further fund-raising activity in recent months, where we completed our internal investments within Afiniti in fiscal 2017 with a recent external fund-raise of Rupees 3.5 billion from external investors. All fiscal 2017 and recent investments are part of an ongoing equity financing round (now sized at Rupees 8.5 billion) priced off a discount to an eventual exit valuation.

During fiscal 2017, we took private two of our portfolio companies (IBEX Global and Digital Globe Services) that we had listed on the AIM board of the London Stock Exchange in fiscal 2013. We did so because we believed that the companies were significantly undervalued on that exchange and were not being rewarded for their significant growth. As an example, while IBEX Global had undergone an extraordinary increase in revenues from fiscal 2013 to fiscal 2016 of US\$140 million to US\$260 million and EBITDA of US\$5 million to US\$18 million during that period, its market capitalization had in fact declined by 50% since IPO to the time of our take-private announcement in October 2016. We bought back the public float of IBEX Global and Digital Globe Services for a total amount of Rupees 2.4 billion.

Over the course of the fiscal 2017, we have started to realize some of the synergies inherent in several of our operating subsidiaries outside of Afiniti. Our IBEX Global, Digital Globe Services, e-Telequote and iSky subsidiaries offer to large corporate clients a set of solutions that address their entire customer lifecycle. This "full customer lifecycle" approach consists of the acquisition of customers (Digital Globe Services and e-Telequote), engaging and supporting customers (IBEX Global) and managing and monitoring the customer experience (iSky). We now offer a set of integrated "customer lifecycle experience" (or CLX) solutions under the IBEX brand, and have placed these four entities under a common intermediate holding vehicle called IBEX Holdings. We expect this integrated business development approach to appeal to new and existing clients, and believe that this would provide us with significant revenue upside both in the current fiscal year and onwards.

During fiscal 2017, our IBEX Global business experienced some operational challenges as two of its largest customers shifted their service delivery locations for reasons related to mergers and acquisition activity on their end. In the case of one of those clients, the shift was from onshore to offshore IBEX locations and in the case of the other client, it was from offshore to onshore IBEX facilities. On a steady-state run rate basis and upon completion of this shift, revenues or profitability were structurally un-impacted; however, this shift did result in interim or one-time costs during fiscal 2017 relating to training, recruiting and foregone revenues during the three quarters corresponding to the completion of the delivery location shift.

Further, towards the end of fiscal 2017, we invested in our workforce in the United States by increasing compensation levels in order to remain competitive in face of an improving economy. The gains from this increase in compensation are expected to be in the form of lower attrition and ability to meet client staffing demands, and are being realized during this current fiscal 2018. We maintained our focus on our new sales and logo acquisition activity during fiscal 2017 and won several important new logos, especially in the high growth technology industry, where we have, in particular, developed a fast-growing relationship with one of the largest global e-commerce providers.

During fiscal 2017, IBEX Global revenues were Rupees 26.5 billion, essentially unchanged from Rupees 26.6 billion during fiscal 2016 due to the impact of the transition period corresponding to the delivery location shift referred to above. During this period, our EBITDA (adjusted for any one time items) was Rupees 950 million in fiscal 2017, down from Rupees 1.9 billion in fiscal 2016, reflecting the transition costs referred to above. The IBEX Global business is undergoing a structural transition where a greater proportion of our service delivery is carried out from non-US locations. This transition will have a beneficial impact upon our margins given the higher profitability of non-US service delivery. In pursuit of this strategy, we built our new sites in Jamaica, Nicaragua and the Philippines during fiscal 2017, and our capital expenditures during this period at IBEX Global were Rupees 1 billion.

During fiscal 2017, our e-Telequote operating subsidiary (which is an insurance marketing company providing customer acquisition services to insurance carriers and focused on the senior health insurance segment) continued its growth trajectory and increased its revenues to Rupees 2.34 billion, up from Rupees 1.74 billion in fiscal 2016. This increase included a partial year of operations of its second facility, and more recently, e-Telequote has opened a third facility whose revenue contribution would be realized in fiscal 2018. e-Telequote's EBITDA increased from Rupees 632 million in fiscal 2016 to Rupees 712 million in fiscal 2017. It is important to note that e-Telequote receives commission revenue from its insurance carrier clients both on an upfront basis upon the origination of an insurance policy as well as upon each annual renewal. We recognize up front the expected multi-year revenues associated with the origination of a policy; the cash associated with these revenues is collected on a multi-year basis. We have financed the working capital associated with the growth in activities at e-Telequote both internally as well as through a private placement of notes of US\$10 million during fiscal 2017.

During fiscal 2017, our investments in our portfolio consisted of our participations in the Afinity equity round, our take-private transactions for Digital Globe Services and IBEX Global, and to a lesser extent, our financing of growth at e-Telequote. We financed these activities largely through a financing package with a prominent UK based institutional investor that we closed in June 2016. This package has a face value of US\$80 million, and carries mark-up of 12-14% p.a. This markup is accrued, and payable only upon realization of liquidity within our operating subsidiaries.

As a result of the organization of our portfolio of operating subsidiaries described above, we consider our activities within three segments which are Afinity, Customer Management (corresponding to IBEX Global and iSky) and Customer Acquisition (corresponding to Digital Globe Solutions and e-Telequote). Our IBEX Holdings vehicle incorporates our customer management and customer acquisition segments.

## **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). The value of TRG Pakistan's share in TRGIL as of June 30, 2017 is Rs. 13.5 billion. On a like for like basis, this value was Rs. 12.9 billion as of June 30, 2016. This represents an increase of Rs. 0.54 billion 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 214.4 million in its income statement, whereas it incurred expenses of Rupees 208.0 million associated with its holding company activities. In addition, tax expense amounting to Rupees 1.04 million was also incurred during the year. As a result, TRG Pakistan Limited earned a net profit of Rupees 5.4 million for the year ended June 30, 2017.

### **Consolidated Financial Statements**

For the year ended June 30, 2017, our consolidated revenues amounted to Rupees 35,990 million, which represents a 17% increase from revenues of Rupees 30,695 million for the comparative period in 2016. Our recurring earnings before interest,

taxes, depreciation and amortization were negative Rupees 904 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 1,801 million, a non-cash stock option expense of Rupees 465 million, an exchange loss of Rupees 362 million and current and deferred tax expense of Rupees 47 million respectively. In addition, we recognized a further one-time non-cash charge of Rupees 3,929 million which primarily reflects our take private transactions. The net result of the above was a loss for the year of Rupees 9,641 million as compared to a loss of Rupees 1,663 million during the same period in 2016.

### Results of TRG International Limited

From last couple of years, 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 FY17 have gross assets of Rupees 37.5 billion and Net Asset Value of Rupees 227 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, except for as referred in note 3.11 of the financial statements, 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, 2017 was Rupees 0.698 million (unaudited) and as at June 30, 2016 was Rupees 0.5 million (unaudited).

### Board Meetings during the Year

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

Name of Director	Meetings attended
Mr. Muhammad Ziaullah Chishti	3
Mr. Muhammad Ali Jameel	2
Mr. Mohammedullah Khaishgi	5
Mr. Rafiq Dossani	5
Mr. John Leone	5
Mr. Peter H. R. Riepenhausen	5
Mr. Ameer Shabu Qureshi	5
Mr. Patrick McGinnis	3
Mr. Zafar Iqbal Sobani	5
Mr. Hassan Farooq	5

## 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. Dosani	4
Mr. Ameer Shabu Qureshi	4

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

No meeting of the HR Recruitment & Compensation Committee was held during the year.

## Appropriations

The directors do not recommend any appropriations for the current year.

## Earnings per Share

The company recognized earnings per share of Rupee 0.010 on a standalone basis. On a consolidated basis, the loss per share was Rupee 8.03.

## 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, 2018.

## Shareholding Pattern

A statement showing pattern of shareholding of the Company and relevant additional information as at June 30, 2017 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. FY2017 was a year of significant value creation for our shareholders as we successfully delisted two of our subsidiary companies, which we feel were being significantly undervalued, from AIM counter of London Stock Exchange and formed a new Company IBEX Holdings Limited (IBEX). We are currently focused on executing on our operating plan for our IBEX subsidiary in order to attain sufficient scale and earnings attractiveness for the private and public capital markets. We continue to believe that our Afiniti subsidiary presents significant upside potential for our shareholders, given its unique product offering and strong intellectual property. In addition, we remain strong committed to sustaining continued earnings and valuation growth for our remaining subsidiaries.

## 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: January 09, 2018

On behalf of the Board of Directors

Muhammad Ziaullah Khan Chishti  
Chief Executive

## فی حصص آمدن:

کمپنی انفرادی طور پر فی حصص کی قیمت 0.010 روپے حاصل کی۔ اور مجموعی طور پر فی حصص نقصان کا تخمینہ 8.03 روپے رہا۔

## آڈیٹرز:

سکدوش ہونے والے آڈیٹرز میسرز KPMG تا سیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، نے اہلیت کی بنیاد پر دوبارہ تقرری کیلئے پیش کیا۔ آڈٹ کمیٹی کے مشورے کے مطابق بورڈ نے اگلے مالی سال اختتام پذیر 30 جون 2018 تک ان کی دوبارہ تقرری کو تجویز دی۔

## حصص کی شراکت داری کا طریقہ کار:

کمپنی کے حصص کی شراکت داری کے طریقے اور 30 جون، 2017 کی متعلقہ اضافی معلومات اس رپورٹ میں شامل ہیں۔

## متوقع امکانات:

ہم متواتر کے ساتھ اپنی حکمت عملی پر کام کر رہے ہیں جس سے ہمارے اثاثہ جات میں بہتری آرہی ہے۔ مالی سال 2017 ہمارے حصص کے خریداروں کے لئے مالی اعتبار سے اہم سال رہا۔ اور ہم نے کامیابی کے ساتھ اپنی دو ذیلی کمپنیوں کولڈن اسٹاک ایکسچینج کے AIM کاؤنٹ سے غیر مندرج کیا، جنہیں ہم نے محسوس کیا کہ وہ اپنی اصل قیمت سے نہایت کم قیمت پر بیک (ٹریڈ) ہو رہی تھیں۔ اور ہم نے ایک نئی کمپنی بنام آئی بیکس ہولڈنگ لمیٹڈ کی بنیاد رکھی۔ ہم اس وقت آئی بیکس کی کارکردگی پر توجہ مرکوز کئے ہوئے ہیں اور ساتھ ہی آئی بیکس کے ذیلی اداروں پر بھی کام کر رہے ہیں جس کا مقصد معقول حد تک آمدنی میں اضافہ اور عوامی اور نجی سرمایہ کاری حلقوں کی توجہ حاصل کرنا ہے۔ ہم یقین رکھتے ہیں کہ ہماری ایف پی سی کمپنی کی منفرد پراڈکٹ اور مضبوط تکنیکی معلومات ہمارے حصص داران کے لئے امید کی کرن ہے۔ مزید برآں، ہم اپنے بقیہ ذیلی کمپنیوں کی قدر میں اضافے اور ان کی متواتر آمدنی کے سلسلے میں کوشاں رہیں گے۔

## حصص داران کیلئے اظہار تشکر:

ہم اپنے حصص داران 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۔

بورڈ آف ڈائریکٹرز کی جانب سے

کراچی،

تاریخ: 9 جنوری، 2018

محمد ضیاء اللہ خان چشتی

چیف ایگزیکٹو

- (ز) لسٹنگ کے قواعد میں بیان کردہ کارپوریٹ انتظامیہ 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،
- ماسوائے ان کے جنہیں شیئر ہولڈنگ کے طریقے میں بیان کیا گیا ہے اور
- (ط) ٹی آر جی پاکستان لمیٹڈ کیلئے انفرادی بنیاد پر تسلیم کردہ پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2017 کو 0.698 ملین روپے (غیر آڈٹ شدہ) تھی اور جبکہ 30 جون 2016 کو یہ رقم 0.5 ملین روپے (غیر آڈٹ شدہ) تھی۔

### سال رواں کے دوران بورڈ کی میٹنگز:

سال رواں کے دوران بورڈ آف ڈائریکٹرز کی پانچ میٹنگ منعقد کی گئیں۔ اور ڈائریکٹرز کی حاضری ذیل مطابق ہے:

میٹنگ میں شرکت	ڈائریکٹر کا نام
3	جناب محمد ضیاء اللہ چشتی
2	جناب محمد علی جمیل
5	جناب محمد اللہ خٹنگی
5	جناب رفیق ڈوسانی
5	جناب جان لیون
5	جناب پیٹر ایچ۔ آر۔ آلفن ہاسن
5	جناب امیر شاہ بوتھری
3	جناب پیٹر کک گینز
5	جناب ظفر اقبال سبحانی
5	جناب حسن فاروق

### سال رواں کے دوران بورڈ آڈٹ کمیٹی کی میٹنگز:

سال رواں کے دوران بورڈ آڈٹ کمیٹی کی حاضری ذیل مطابق ہے:

میٹنگ میں شرکت	ڈائریکٹر کے نام
3	جناب پیٹر کک گینز
4	جناب رفیق کے ڈوسانی
4	جناب امیر شاہ بوتھری

### سال رواں کے دوران بورڈ کی انفرادی قوت اور معاوضہ جات کمیٹی کی میٹنگ:

سال رواں کے دوران کوئی انفرادی قوت اور معاوضہ جات کی کوئی میٹنگ منعقد نہیں ہوئی۔

### تصرفات:

موجودہ سال کے دوران کوئی تصرف کی تجویز نہیں دی۔

## مالی کارکردگی:

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

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

ٹی آر جی پاکستان لمیٹڈ بنیادی طور پر ایک ہولڈنگ کمپنی کے طور پر کام کرتی ہے، اور اس کے بنیادی مادی اثاثوں کی سرمایہ کاری دی ریورس گروپ انٹرنیشنل لمیٹڈ (TRGIL) میں ہے۔ جون 2017، 30 میں TRGIL میں ٹی آر جی پاکستان کے حصص کی قیمت 13.5 ارب روپے ہے جبکہ 30 جون 2016 میں اس کی قیمت 12.9 ارب روپے تھی۔ اسی وجہ سے سال رواں رواں کے دوران 0.54 ارب روپے کا اضافہ رہا۔ جو کہ اصل سرمایہ کاری کا دوگنا ہے۔ متعلقہ معیاری اکاؤنٹنگ کے تحت، اس منافع کو براہ راست مالی گوشوارے میں مساوی طور پر ظاہر کیا گیا ہے۔

بحیثیت ایک علیحدہ کمپنی کی بنیاد پر مجموعی طور پر آمدنی کی مد آمدنی کے گوشوارے میں 214.4 ملین روپے کا اضافہ ہوا جبکہ تمام ساتھی کمپنیوں کے اخراجات کی مد میں 208.0 ملین روپے کی کٹوتی ہوئی۔ اس کے علاوہ سال رواں کے دوران ٹیکس کے اخراجات 1.04 ملین رہے۔ نتیجتاً، ٹی آر جی پاکستان لمیٹڈ نے کل 5.4 ملین روپے کا خالص منافع مورخہ 30 جون، 2017 تک حاصل کیا۔

## مجموعی مالیاتی گوشوارے:

مالی سال اختتام پذیر 30، جون 2017 تک، ہماری مجموعی محصولات کی رقم 35,990 ملین روپے رہی، جو کہ گذشتہ مالی سال 2016 کے دورانیہ کی رقم 30,695 ملین روپے سے 17 فیصد زیادہ ہے۔ ہماری ٹیکس کٹوتی، سود، فرسودگی اور قرضہ جات سے قبل آمدنی منفی 904 ملین روپے تھی۔ (جو کہ ہماری ساتھی کمپنیوں کے مساوی فی حصص طریقہ کار کے بنیاد پر ترتیب دی گئی)۔ غیر نقدی تصفیہ میں فرسودگی اور قرضہ جات کی مد میں 1,801 ملین اور غیر نقدی اشیاء کے اخراجات کی مالیت 465 ملین رہی، جس کے مبادلہ کے نتیجے میں 362 ملین روپے کا نقصان ہوا۔ اور اس طرح موجودہ اور واجب الادا ٹیکس کے اخراجات 47 ملین روپے رہے اس کے علاوہ دیگر متفرق اخراجات 3,929 ملین روپے رہے جس کی بنیادی وجہ ہماری ذیلی کمپنیوں کے حصص کی واپس خریداری ہے۔ نتیجتاً گذشتہ سال 2016 کے نقصان 1,663 کے مقابلے میں اس سال کے دوران 9,641 ملین روپے کا نقصان ہوا۔

## ٹی آر جی انٹرنیشنل لمیٹڈ کے نتائج:

گذشتہ چند سالوں سے، ٹی آر جی پاکستان لمیٹڈ بلاشرکت غیرے براہ راست ذیلی ادارہ ٹی آر جی انٹرنیشنل لمیٹڈ نے ”سرمایہ کار ادارے“ کی حیثیت سے اپنے متنقح شدہ (آڈٹ شدہ) مالیاتی گوشوارے مجریہ IFRS 10 کے تحت تیار کرنے شروع کئے۔ کام کرنے والے ذیلی اداروں میں ٹی آر جی انٹرنیشنل لمیٹڈ کے حصے کو ذیلی کمپنیوں میں سرمایہ کاری کے طور پر ظاہر کیا گیا ہے اور ان کا حساب مارکیٹ کی قیمت کے طور پر کیا گیا ہے۔ ٹی آر جی انٹرنیشنل لمیٹڈ کے آڈٹ شدہ نتائج برائے مالیاتی سال 2017 میں مجموعی اثاثوں کی مالیت 37.5 ارب روپے اور نیٹ اثاثوں کی مالیت کی مالیت 227 روپے فی حصص ہے۔

## کارپوریٹ اور مالی احوال کی ساخت:

- جیسا کہ کارپوریٹ انتظامیہ کے ضابطہ اخلاق کے تحت درکار، ڈائریکٹر صاحبان مسرت کے ساتھ ذیل احوال پیش کرتے ہیں:-
- مالی گوشواروں کو انتہائی شفاف طریقے سے کمپنی انتظامیہ کی جانب سے تیار کیا گیا، اور اس میں کمپنی کی کارکردگی کے نتائج، مالی تسلسل اور مساوی طور پر تبدیلی کو واضح طور پر پیش کیا گیا۔
  - باضابطہ طور پر اکاؤنٹ کی کتب کی دیکھ بھال کی گئی۔
  - 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۔
  - معاشی بیانیوں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے۔
  - اندرونی کنٹرول کا سسٹم بالکل مستحکم ہے اور اسے موثر طور پر نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
  - کمپنی کے مستقل جاری رہنے کے حوالے سے کوئی قابل ذکر شہادت نہیں ہے۔

اور ان کے تجربات پر نظر رکھنے (آئی سکاٹی) پر مشتمل ہے۔ ہم آئی بیکس برانڈ کے نام سے ”صارفین لائف سائیکل“ (یاسی ایل ایکس) کا ایک مربوط اصل پیش کرتے ہیں اور ہم نے ان چاروں اداروں کو آئی بیکس ہولڈنگ کے تحت منتقل کر دیا ہے، اور ہم یقین رکھتے ہیں یہ ہمیں موجودہ اور رواں سال میں قابل ذکر آمدن میں اضافہ فراہم کرے گا۔

مالی سال 2017 کے دوران ہماری آئی بیکس گلوبل بزنس نے کچھ کاروبار مشکلات کا سامنا کیا ہے جس کی بڑی وجہ اس کے دو بڑے صارفین کا اپنے ترسیلی مراکز کو منتقل کرنا ہے۔ ان میں سے ایک صارف نے اپنا ترسیلی مرکز آئی بیکس کی آن شور سائٹ سے آف شور سائٹ پر منتقل کیا اور جبکہ دوسرے صارف نے اپنا ترسیلی مرکز آئی بیکس کی آف شور سائٹ سے آن شور سائٹ پر منتقل کیا۔ اس منتقلی کے بعد، ہماری آمدنی اور منافع کی ساخت میں تو کوئی فرق نہیں ہوا لیکن مالی سال 2017 میں ان مراکز میں تربیت، بھرتی اور تین سہ ماہیوں میں آمدنی میں کمی کے سبب اضافی لاگت آئی۔ مزید برآں، مالی سال 2017 کے آخر میں، ہم نے امریکہ میں اپنی افرادی قوت کے معاوضہ کے سطح بلند کی جس کا مقصد امریکہ کی بہتری ہوتی ہوئی معیشت میں مسابقت حاصل کرنا ہے۔ معاوضوں میں اضافہ کا فائدہ موجودہ مالی سال 2018 کے دوران استغصوں میں کمی کی صورت میں ملے گا اور ہم اپنے صارفین کو درکار اسٹاف فراہم کرنے کے قابل رہیں گے۔ ہم نے مالی سال 2017 کے دوران اپنی توجہ نئی سیلز اور بڑے برانڈ کو حاصل کرنے کی سرگرمیوں پر مرکوز کی ہوئی ہے اور ہم متعدد اہم نئی برانڈ حاصل کرنے میں کامیاب ہو گئے ہیں، خاص طور پر تیزی سے ترقی کرتی ہوئی ٹیکنالوجی صنعت میں، جہاں ہم نے، ایک خاص، ایک بڑی گلوبل ای۔ کامرس فراہم کرنے والی کمپنی کے ساتھ تیزی سے تعلقات قائم کئے ہیں۔

مالی سال 2017 کے دوران، آئی بیکس گلوبل کی آمدن 26.5 ارب روپے رہی، جو کہ مالی سال 2016 کی آمدن 26.6 ارب روپے کے مساوی رہی، جس کی اصل وجہ درج بالا ترسیلی مراکز میں تبدیلی کے اثرات ہیں۔ اس دورانیہ میں، مالی سال 2017 میں ہمارا EBITDA (یک بار ہونے والی لاگت کے علاوہ) 950 ملین روپے تھا، جبکہ مالی سال 2016 میں 1.9 ارب روپے تھا، اس گراؤ کی اصل وجہ درج بالا حوالہ کی گئی لاگت ہے۔ آئی بیکس گلوبل کاروبار اپنی ساخت تبدیل کر رہا ہے جس کے تحت ہماری زیادہ تر ترسیلی خدمات غیر امریکی جگہوں سے فراہم کی جا رہی ہیں۔ غیر امریکی ترسیلی خدمات کی منتقلی ہمارے منافع میں مثبت اثرات مرتب کرے گی۔ اس حکمت عملی کے نتیجے میں، مالی سال 2017 کے دوران ہم نے جمائیکا، نیکاراگوا اور فلپائنز میں اپنی نئے مراکز تعمیر کئے ہیں جس کے اخراجات 1 ارب روپے رہے۔

مالی سال 2017 کے دوران، ہماری ای۔ ٹیلی کیوٹ کمپنی (جو انشورنس مارکیٹنگ کمپنی ہے جو انشورنس کیریئرز کو صارفین کے حصول کی خدمات فراہم کرتی ہے اور اپنی خاص توجہ بزرگوں کی طبی انشورنس پر مرکوز کئے ہوئے ہے) نے متواتر ترقی جاری رکھی اور مالی سال 2016 میں 1.74 ارب روپے سے آمدن 2.34 ارب روپے تک بڑھ گئی۔ اس اضافے میں دوسری شاخ کی جزوی سال کی آمدن بھی شامل ہے، اور اس وقت، ای۔ ٹیلی کیوٹ نے تیسری شاخ کھولی ہے جس کی آمدن مالی سال 2018 میں حاصل ہوگی۔ ای۔ ٹیلی کیوٹ کا EBITDA مالی سال 2016 میں 632 ملین روپے سے بڑھ کر مالی سال 2017 میں 712 ملین روپے ہو گیا ہے۔ یہ بھی بتانا ضروری ہے کہ ای۔ ٹیلی کیوٹ پالیسی حاصل کرنے اور اس کی سالانہ تجدید پر اپنے انشورنس کیریئرز صارفین سے کمیشن آمدنی حاصل کرتی ہے۔ اور ہم اگلے سالوں کی متوقع آمدنی کو پالیسی بیچنے کے وقت ہی آمدن میں شامل کر لیتے ہیں اور اس محصولات کے سلسلے میں نقدی کئی سالوں پر مشتمل ہوتی ہے، ہم نے ای ٹیلی کیوٹ میں دونوں طریقوں یعنی خود اور امریکی ڈالر 10 ملین کی بیرونی نجی سرمایہ کاروں کے ذریعے اس کے ورکنگ کیپٹل میں سرمایہ کاری کی ہے۔

مالی سال 2017 کے دوران، ہماری ذیلی اداروں میں سرمایہ کاری میں اینفٹنی کے ایکویٹی رائڈ میں شمولیت کرنا، ڈیجیٹل گلوبل سروسز اور آئی بیکس گلوبل کے حصص کو دوبارہ خریدنا، اور ایک محدود حد تک ای۔ ٹیلی کیوٹ کی ترقی میں سرمایہ کاری کرنا رہا۔ ہم نے یہ تمام سرمایہ کاری سرگرمیاں مشہور برطانوی ادارتی سرمایہ کار کے ساتھ معاشی ٹیکنیک کے ذریعے کیں جو کہ جون 2016 میں اختتام پذیر ہوا۔ اس ٹیکنیک کے تحت ہم نے امریکی ڈالر 80 ملین، 14-12 فیصد سالانہ مارک اپ پر حاصل کئے۔ یہ منافع صرف ہمارے ذیلی اداروں کے پاس نقد ہونے کی صورت میں ادا کیا جائے گا۔

ہماری ذیلی کمپنیوں میں بالا بیان کردہ سرمایہ کاری کے تحت، ہم اپنی سرگرمیاں تین حصے جو کہ اینفٹنی، صارفین کا انتظام (بذریعہ آئی بیکس گلوبل اور آئی سکاٹی) اور صارفین کا حصول (بذریعہ ڈیجیٹل گلوبل سوشل اور ای۔ ٹیلی کیوٹ) ہیں کے تحت زیر غور لاتے ہیں۔ صارفین کا انتظام اور صارفین کا حصول ہماری ذیلی کمپنی آئی بیکس ہولڈنگز کے زمرے میں آتا ہے۔



## ڈائریکٹر کی رپورٹ

سال اختتام پذیر 30 جون، 2017

آپ کے ڈائریکٹر، ٹی۔ آر۔ جی۔ پاکستان لمیٹڈ کے علیحدہ اور مجموعی معاشی بیانیے برائے سال اختتام پذیر مورخہ 30 جون، 2017 انتہائی مسرت کے ساتھ پیش کر رہے ہیں۔

### اہم ترقیات:

مالی سال 2017 کے دورانیے میں، ہماری ذیلی کمپنیاں گذشتہ سال کے مقابلے میں اکاؤنٹنگ محصولات میں 17.5 فیصد اضافے کے ساتھ تیزی سے ترقی پذیر ہو رہی ہیں۔ اس اضافے کا بڑا سبب ہماری کمپنی اینفنی رہی اور اس کے ساتھ ہماری کمپنی ای۔ ٹیلیکیوٹ اور ڈیجیٹل گلوب سروسز کے محصولات میں بھی اضافہ ہے۔ اینفنی محصولات میں متواتر اضافے نے اس کاروبار کی قدر میں بڑھوتری میں ذیل بیان کی گئیں صلاحیت، مارکیٹ کی رسائی اور اس کی بہتر مسابقتی حیثیت کے ذریعے اہم کردار ادا کیا ہے۔ ہم نے متواتر ترقی بذریعہ قدر کی آرہیٹراج اور ہماری کچھ لسٹڈ ذیلی کمپنیوں کو واپس خریدنے کے ذریعے قابل ذکر اضافہ حاصل کیا ہے۔

ہماری ذیلی کمپنی اینفنی (جو مصنوعی انٹیلی جنس کے ذریعے رابطے کے مراکز کو کال رائٹنگ کی سہولیات فراہم کرتی ہے) نے اپنی مسلسل بڑھوتری کے عمل کو جاری رکھا اور مالی سال 2017 میں، 3.19 ارب روپے کی محصولات حاصل کیں جبکہ مالی سال 2016 میں 1.86 ارب روپے تھیں جو کہ پچھلے مالی سال کے مقابلے میں 71 فیصد زیادہ رہیں۔ یہ اضافہ دو اونچی سطحی تجارتی تعیناتی (یورپ کیبل صنعت اور یو۔ ایس ہیلتھ انشورنس صنعت میں) کے ذریعے ممکن ہوا، جہاں ہم نے ان کی جزوی سال کی بلنگ کی، مزید مکمل سال محصولات ہمارے اول سطحی تجارتی تعینات کی محصولات بھی شامل رہیں۔ ہم نے جیسا کہ اینفنی میں دو مزید سطحی تجارتی تعیناتیاں کی ہیں، اس کے نتیجے میں یہ امید رکھی جاسکتی ہے کہ ہم اس سال مسلسل بھاری محصولات کی حصولی جاری رہی گی۔ اپنے رابطے کے مراکز کو بہتر بنانے کی خواہشمند کیلئے قابل انتخاب طور پر اینفنی پلیٹ فارم نے بڑے کارپوریٹس کے درمیان صف اول کی پوزیشن حاصل کر لی ہے۔

ہم نے اینفنی کمپنی میں سرمایہ کاری جاری رکھی ہوئی ہے، جس سے اس کمپنی کے عالمی اثر و رسوخ کی تعمیر ہو رہی ہے اور ہم اس کی ترقیلی صلاحیت اور صارفین سے تعلقات کی بہتری کی ٹیکنالوجی میں بھاری سرمایہ کاری کر رہے ہیں۔ اس کے نتیجے میں، اینفنی کی بنیادی لاگت میں 2016 میں 4 ارب روپے سے بڑھ کر 2017 کے مالی سال میں 5.8 ارب روپے ہو گئیں۔ اس کے سبب، EBITDA کا نقصان مالی سال 2016 میں 2.3 ارب روپے سے بڑھ کر مالی سال 2017 میں 2.7 ارب روپے بڑھ گیا۔ موجودہ مالیاتی سال کے دورانیے میں، اپنی کاروباری صلاحیت کے بل بوتے پر امید رکھتے ہیں کہ ہماری آمدنی بڑھنے کی رفتار ہماری کاروباری لاگت سے زیادہ ہوگی اور ہمارا کاروبار استحکام حاصل کر لے گا۔ حالیہ مہینوں میں مزید فنڈ۔ رائزنگ سرگرمیوں کے ذریعے، اینفنی کی قدر میں اضافہ اس بات کا ثبوت ہے، جہاں ہم نے مالی سال 2017 میں بیرونی سرمایہ کاروں کی جانب سے 3.5 ارب روپے کے فنڈ کے ساتھ اندرونی سرمایہ کاری مکمل کی ہے۔ ہماری مالی سال 2017 کی اور حالیہ سرمایہ کاری اینفنی میں جاری ایکویٹی سرمایہ کاری کا حصہ ہیں (جو کہ اب تک 8.5 ارب روپے ہے) جو کہ کم قیمت پر کی گئی ہیں۔

مالی سال 2017 کے دوران، ہم نے اپنی ذیلی کمپنیوں (آئی بیکس گلوبل اور ڈیجیٹل گلوب سروسز) جو کہ مالی سال 2013 سے لندن اسٹاک ایکسچینج کے AIM بورڈ میں لسٹڈ تھیں کو واپس خریدا۔ ہم نے یہ قدم اس لیے اٹھایا کیونکہ ہمیں یقین تھا کہ ان کمپنیوں کا مارکیٹ تخمینہ ان کی مسلسل ترقی کا صحیح آئینہ دار نہیں تھا۔ مثال کے طور پر، جب آئی بیکس گلوبل نے مالی سال 2013 سے 2016 کے عرصے میں، امریکی ڈالر 140 ملین سے امریکی ڈالر 260 ملین اور EBITDA کا امریکی ڈالر 5 ملین سے امریکی ڈالر 18 ملین تک محصولات میں غیر معمولی حد تک اضافہ حاصل کیا، جبکہ اس کی بنیادی مارکیٹ IPO کے وقت کی قیمت سے 50 فیصد کم تھی جب اکتوبر 2016 میں ہم نے ان کمپنیوں کو واپس خریدنے کا اعلان کیا۔ ہم آئی بیکس گلوبل اور ڈیجیٹل گلوب سروسز کے شیئرز مارکیٹ سے مبلغ 2.4 ارب روپے میں واپس خریدے۔

مالی سال 2017 کے دوران ہم نے اینفنی کے علاوہ بہت سی دیگر ذیلی کمپنیوں کی ہم آہنگی سے فائدہ اٹھانا شروع کر دیا ہے۔ ہماری آئی بیکس گلوبل، ڈیجیٹل گلوب سروسز، ای۔ ٹیلی کیوٹ اور آئی۔ کائی کمپنیاں بڑے کارپوریٹ صارفین کو ان کے صارفین کے شروع سے آخر تک کے تمام امور (صارفین لائف سائیکل) کا حل پیش کرتی ہیں۔ یہ "صارفین لائف سائیکل" صارفین کے حصول (ڈیجیٹل گلوب سروسز اور ای۔ ٹیلی کیوٹ)، صارفین کے ساتھ تعلقات اور ان کی مدد (آئی بیکس گلوبل)، صارفین کا انتظام

## Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2017

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 Mohammadullah Khan Khaishgi Hassan Farooq
2.	Non-Executive Directors	Muhammad Ali Jameel John Leone Peter H.R. Riepenhausen Rafiq K. Dossani
3.	Independent Directors	Zafar Iqbal Sobani Patrick McGinnis Ameer S. Qureshi

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. A casual vacancy occurring on the board on August 24, 2016 was 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 appointment of director has taken place during the year due to casual vacancy 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, five 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. There was no change in the positions of CFO, Head of Internal Audit and Company Secretary during the year.

11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members and two of them are independent directors. The Chairman of the committee is an independent director.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. 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.
22. 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.
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
24. 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.
25. We confirm that all other material principles enshrined in the CCG have been complied.

**On behalf of the Board of Directors**

**Karachi**  
**Dated: January 09, 2018**

**Muhammad Ziaullah Khan Chishti**  
**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, 2017 to comply with the requirements of Listing Regulations 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, 2017.

**Dated: January 09, 2018**

**Karachi**

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

## Pattern of Shareholding

As at June 30, 2017

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
556	1	100	9756	1	300001	305000	300007
1152	101	500	521444	1	305001	310000	308584
1119	501	1000	1076919	2	310001	315000	624379
2110	1001	5000	6010498	2	330001	335000	668324
637	5001	10000	5253183	1	335001	340000	340000
232	10001	15000	3033569	1	340001	345000	345000
162	15001	20000	3043115	1	345001	350000	350000
134	20001	25000	3180282	1	370001	375000	374500
61	25001	30000	1760288	6	395001	400000	2400000
51	30001	35000	1684911	1	400001	405000	403700
43	35001	40000	1659426	1	410001	415000	411112
34	40001	45000	1475209	1	415001	420000	416000
67	45001	50000	3311836	4	420001	425000	1693547
17	50001	55000	907929	1	430001	435000	430500
22	55001	60000	1288923	1	435001	440000	437572
19	60001	65000	1178857	1	440001	445000	440800
12	65001	70000	827215	2	445001	450000	900000
20	70001	75000	1484779	1	450001	455000	453105
15	75001	80000	1174350	2	470001	475000	949404
10	80001	85000	834200	3	495001	500000	1500000
8	85001	90000	713000	1	500001	505000	500170
3	90001	95000	285000	1	515001	520000	519000
46	95001	100000	4588521	3	520001	525000	1569000
7	100001	105000	717827	1	530001	535000	533912
10	105001	110000	1097339	1	540001	545000	545000
8	110001	115000	907326	4	545001	550000	2197290
4	115001	120000	476000	1	555001	560000	560000
12	120001	125000	1480862	2	580001	585000	1166526
3	125001	130000	389500	1	595001	600000	600000
3	130001	135000	396500	1	610001	615000	612260
5	135001	140000	689795	4	645001	650000	2598487
3	140001	145000	422952	1	655001	660000	656500
9	145001	150000	1342069	2	690001	695000	1386000
4	150001	155000	615896	1	695001	700000	695700
2	155001	160000	314613	1	725001	730000	728500
3	160001	165000	487706	1	735001	740000	740000
5	165001	170000	840587	1	745001	750000	750000
7	170001	175000	1225000	1	755001	760000	760000
5	175001	180000	891657	1	770001	775000	770700
2	180001	185000	363988	3	775001	780000	2335560
6	185001	190000	1132200	1	780001	785000	785000
2	190001	195000	388000	1	820001	825000	823500
12	195001	200000	2398000	1	845001	850000	848390
2	200001	205000	405500	1	865001	870000	867548
2	215001	220000	435000	1	870001	875000	875000
2	220001	225000	450000	1	905001	910000	907000
2	225001	230000	460000	2	910001	915000	1828500
2	230001	235000	466904	1	945001	950000	946200
1	235001	240000	240000	1	955001	960000	958500
4	240001	245000	975556	5	995001	1000000	5000000
5	245001	250000	1249500	1	1075001	1080000	1075500
1	250001	255000	255000	1	1080001	1085000	1083000
2	260001	265000	527452	2	1095001	1100000	2200000
1	265001	270000	270000	1	1135001	1140000	1138000
3	275001	280000	834000	1	1145001	1150000	1150000
1	285001	290000	286500	1	1170001	1175000	1172673
2	290001	295000	583500	1	1220001	1225000	1221000
5	295001	300000	1496235	1	1295001	1300000	1300000

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
1	1300001	1305000	1301500	1	3665001	3670000	3670000
1	1305001	1310000	1306925	1	3695001	3700000	3698600
1	1335001	1340000	1337900	1	3915001	3920000	3918417
1	1345001	1350000	1346000	1	4150001	4155000	4155000
1	1370001	1375000	1371000	1	4175001	4180000	4176500
2	1495001	1500000	3000000	1	4575001	4580000	4580000
1	1500001	1505000	1501486	1	4945001	4950000	4950000
1	1505001	1510000	1507000	1	4950001	4955000	4953500
1	1525001	1530000	1528000	1	5245001	5250000	5250000
1	1565001	1570000	1568099	1	5905001	5910000	5905745
1	1620001	1625000	1624500	1	6575001	6580000	6575051
1	1770001	1775000	1774491	1	6605001	6610000	6609600
1	1855001	1860000	1860000	1	7240001	7245000	7242000
1	1970001	1975000	1972508	1	7245001	7250000	7250000
1	1990001	1995000	1992000	1	7995001	8000000	7995905
2	1995001	2000000	4000000	1	8170001	8175000	8173025
1	2260001	2265000	2263000	1	8390001	8395000	8391100
1	2295001	2300000	2295587	1	8730001	8735000	8730832
1	2335001	2340000	2339000	1	8765001	8770000	8769300
1	2340001	2345000	2345000	1	10095001	10100000	10100000
1	2490001	2495000	2493000	1	10500001	10505000	10500320
1	2505001	2510000	2510000	1	11105001	11110000	11105694
1	2525001	2530000	2526500	1	19995001	20000000	20000000
1	2605001	2610000	2607016	1	22085001	22090000	22089000
1	2695001	2700000	2699000	1	32020001	32025000	32023760
1	2700001	2705000	2702000	1	48805001	48810000	48809067
1	2855001	2860000	2857324	1	83905001	83910000	83908289
1	3090001	3095000	3094000				
1	3165001	3170000	3170000				
				<b>6825</b>	<b>Company Total</b>		<b>545,390,665</b>

## Category of Shareholders

As on June 30, 2017

Categories	Share Holders	Share Holding	Percentage
DIRECTORS, CEO & CHILDREN	13	86,494,556	15.8592
ASSOCIATED COMPANIES	2	59,000	0.0108
BANKS, DFI & NBFI	11	38,621,636	7.0815
INSURANCE COMPANIES	4	211,112	0.0387
MODARABAS & MUTUAL FUNDS	17	32,138,032	5.8927
GENERAL PUBLIC (LOCAL)	6361	185,688,624	34.0469
GENERAL PUBLIC (FOREIGN)	238	32,967,085	6.0447
OTHERS	163	160,814,562	29.4861
FOREIGN COMPANIES	16	9,471,558	1.7367
<b>Company Total</b>	<b>6,825</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 CHISTI (*)	84,983,789
MR. MUHAMMAD ALI JAMEEL	298
MR. MUHAMMADULLA KHAISHGI	612,840
MR. RAFIQ DOSSANI	3
MR. JOHN LEONE	3
MR. PETER H. R. RIEPENHAUSEN	877,617
MR. AMEER S. QURESHI	3
MR. PATRICK MCGINNIS	3
MR. ZAFAR IQBAL SOBANI	20,000
	<b>86,494,556</b>

(\*) During the year, Mr. Muhammad Ziaullah Khan Chishti purchased 2 million shares through MTS and release 0.1755 million shares.

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

As at June 30, 2017

<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds</b>	<b>Number of Shares Held</b>
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	740,000
PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	100,000
SONERI BANK LIMITED	500
J S BANK LIMITED.	32,023,760
NATIONAL BANK OF PAKISTAN	276
NATIONAL BANK OF PAKISTAN	750,000
SILKBANK LIMITED	650,000
ASKARI BANK LIMITED	650,000
PAKISTAN INDUSTRIAL AND COMMERCIAL LEASING LTD.	2,000
ESCORTS INVESTMENT BANK LIMITED	6,500
NIB BANK LIMITED - MT	3,698,600
EFU LIFE ASSURANCE LTD	500
EXCEL INSURANCE CO.LTD.	612
CENTURY INSURANCE COMPANY LTD.	150,000
ASKARI GENERAL INSURANCE CO. LTD.	60,000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	3,918,417
CDC - TRUSTEE AKD INDEX TRACKER	99,855
CDC - TRUSTEE ASKARI HIGH YIELD	500,000
CDC - TRUSTEE AKD OPPORTUNITY FUND	5,905,745
PAK ASIAN FUND LIMITED	3,500
CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT	135,400
CDC - TRUSTEE MCB DYNAMIC CASH	770,700
CDC - TRUSTEE PICIC INCOME FUND	403,700
CDC - TRUSTEE LAKSON INCOME FUND	946,200
CDC - TRUSTEE FIRST CAPITAL MUTUAL	115,000
CDC - TRUSTEE FAYSAL SAVINGS GROWTH	8,769,300
CDC - TRUSTEE ASKARI HIGH YIELD	8,173,025
CDC - TRUSTEE FIRST HABIB INCOME	1,221,000
ABA ALI HABIB SECURITIES (PVT) LIMITED	15,000
CDC - TRUSTEE FAYSAL MTS FUND	848,390
CDC - TRUSTEE PAKISTAN INCOME FUND	136,800
MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT	176,000
IGI FINEX SECURITIES LIMITED	1
BIPL SECURITIES LIMITED	310,500
WORLDCALL SERVICES (PRIVATE) LIMITED	3,000
TAURUS SECURITIES LIMITED	3,094,000
AR MANAGEMENT SERVICES (PRIVATE) LIMITED	30,000
TRUSTEE PAKISTAN MOBILE COMMUNICATIONS LTD -	100,000
CONCORDIA SECURITIES (PVT) LIMITED	25,000
TRADING ENTERPRISES (PVT) LTD.	1,624,500
INTERMARKET SECURITIES LIMITED	4,609
PREMIER CABLES (PVT.) LIMITED	100,000
SHAFFI SECURITIES (PVT) LIMITED	2,000



<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds</b>	<b>Number of Shares Held</b>
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	35,000
SHAFI FOODS (PRIVATE) LIMITED	50,000
EVERFRESH FARMS (PVT) LIMITED	50,000
PRUDENTIAL SECURITIES LIMITED	534
FIRST UDL MODARABA STAFF PROVIDENT FUND	2,000
H.H.K. SECURITIES (PVT) LTD.	60,726
STANDARD CAPITAL SECURITIES (PVT) LIMITED	25,000
ZAFAR SECURITIES (PVT) LTD.	44,500
PREMIER FASHIONS (PVT) LTD	300,007
SIZA (PRIVATE) LIMITED	150,000
TRUSTEES MOOSA LAWAI FOUNDATION	10,000
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	350,000
SHAKOO (PVT) LTD.	77,452
SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	867,548
GARIBSONS (PVT.) LTD.	40,000
WESTBURY (PRIVATE) LTD	560,000
YOUSUF YAQOOB KOLIA AND COMPANY (PVT)	153,903
IMGC GLOBAL (PVT.) LIMITED	6,122
HAMEED SHAFI HOLDINGS (PVT) LTD.	49,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES	45,035
TRUSTEE NATIONAL BANK OF PAKISTAN EMP	1,580
MOGUL TOBACCO COMPANY PVT LTD	100,000
TRUSTEES OF FIRST UDL MODARABA STAFF	2,777
LIBERTY MILLS LIMITED	1,000,000
STAR SECURITIES (PVT.) LIMITED	500
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	1,301,500
BECKLY CONSULTING (PRIVATE) LIMITED	500
SARGODHA JUTE MILLS LIMITED	100,000
SURAJ COTTON MILLS LTD.	691,500
D.S.INDUSTRIES LTD	1,000
NH SECURITIES (PVT) LIMITED.	32,909
TRUSTEES KAUKAB MIR MEMORIAL WELFARE TRUST	3,000
SERVICE INDUSTRIES LIMITED	1,000,000
MAPLE LEAF CAPITAL LIMITED	1
EXCEL SECURITIES (PVT.) LTD.	450
PEARL SECURITIES LIMITED	7,995,905
PEARL SECURITIES LIMITED	10,500,320
FAWAD YUSUF SECURITIES (PVT.) LIMITED	728,500
MRA SECURITIES LIMITED	694,500
AZEE SECURITIES (PRIVATE) LIMITED	7,500
ZILLION CAPITAL SECURITIES (PVT) LTD.	10,000
RAFI SECURITIES (PRIVATE) LIMITED	10,000
MULTILINE SECURITIES (PVT) LIMITED	52,736
MULTILINE SECURITIES (PVT) LIMITED	500
SUPER PETROCHEMICALS PRIVATE LIMITED	25,000
HAMID ADAMJEE TRUST	10,000
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	10,193
FDM CAPITAL SECURITIES (PVT) LIMITED	100,000
FDM CAPITAL SECURITIES (PVT) LIMITED	150,000

<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds</b>	<b>Number of Shares Held</b>
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT	400,000
AKHAI SECURITIES (PRIVATE) LIMITED	19,500
DJM SECURITIES (PRIVATE) LIMITED	2,493,000
AMPLE SECURITIES (PRIVATE) LIMITED	50,000
SHERMAN SECURITIES (PRIVATE) LIMITED	114,500
JS INFOCOM LIMITED	22,089,000
SIGN SOURCE LIMITED	190,000
FIVE RIVERS TECHNOLOGIES (PVT.) LIMITED	24,500
FAIR EDGE SECURITIES (PRIVATE) LIMITED	2,500
UNIFIED JUNCTIONS SERVICES (PVT) LTD	50,000
B & B SECURITIES (PRIVATE) LIMITED	2,500
ALFALAH SECURITIES (PRIVATE) LIMITED	98,000
FIRST NATIONAL EQUITIES LIMITED	129,500
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	6,609,600
ADEEL & NADEEM SECURITIES (PVT) LTD.	10,000
ISMAIL IQBAL SECURITIES (PVT) LTD.	48,500
FIVE RIVERS TECHNOLOGIES (PVT.) LTD	35,000
GROWTH SECURITIES (PVT) LTD.	523,000
A. H. M. SECURITIES (PRIVATE) LIMITED	219,000
SAAO CAPITAL (PVT) LIMITED	500,170
SAAO CAPITAL (PVT) LIMITED	50,000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES	8,391,100
HAMID ADAMJEE TRUST	74,000
GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	4,155,000
Z.A. GHAFAR SECURITIES (PRIVATE) LTD.	500
N.U.A SECURITIES (PRIVATE) LIMITED	250,000
BHAYANI SECURITIES (PVT) LTD.	292,500
ALTAF ADAM SECURITIES (PVT) LTD.	2,263,000
WASI SECURITIES (SMC-PVT) LTD.	6,001
DR.ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	836
GMI CAPITAL SECURITIES (PVT) LTD.	15,000
FALCON-I (PRIVATE) LIMITED	1
Y.H. SECURITIES (PVT.) LTD.	400,000
TRUSTEE-FIRST DAWOOD INV. BANK LTD. &	57,500
M. J. MEMON SECURITIES (PVT) LIMITED.	823,500
VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED	791
H.S.Z. SECURITIES (PRIVATE) LIMITED	1
MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	5,950
PATEL SECURITIES (PVT) LTD.	3,000
MSMANIAR FINANCIALS (PVT) LTD.	100,000
FAIRTRADE CAPITAL SECURITIES (PVT.) LIMITED	60,000
AKD SECURITIES LIMITED - AKD TRADE	500
AKD SECURITIES LIMITED	913,500
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	25,000
SEVEN STAR SECURITIES (PVT.) LTD.	35,500
SEVEN STAR SECURITIES (PVT.) LTD.	25,000
PAK ASIAN FUND LIMITED	1,500
CMA SECURITIES (PVT) LIMITED	25,000
PAK ASIAN FUND LIMITED	2,000

<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds</b>	<b>Number of Shares Held</b>
PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED	3,000
ABA ALI HABIB SECURITIES (PVT) LIMITED	4,953,500
RAH SECURITIES (PVT) LIMITED	276,000
VENUS SECURITIES (PRIVATE) LIMITED	90,000
INFINITE SECURITIES LIMITED	50,000
SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED	249,500
CEDAR CAPITAL (PRIVATE) LIMITED	5,250,000
MUHAMMAD SHAFI TANNERIES (PVT.) LIMITED	25,000
EFG HERMES PAKISTAN LIMITED - MF	115,000
TOPLINE SECURITIES LIMITED - MF	425,000
PEARL SECURITIES LIMITED - MF	958,500
IMPERIAL INVESTMENT (PVT) LTD.	3,200
JS GLOBAL CAPITAL LIMITED - MF	1,306,925
CYAN LIMITED	1,000,000
JAHANGIR SIDDIQUI & CO. LTD.	48,809,067
ASDA SECURITIES (PVT.) LTD.	110,000
FIKREE'S (SMC-PVT) LTD.	20,500
H.M. IDREES H.ADAM (SMC-PVT.) LIMITED	400,000
MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	300
DIN CAPITAL LTD.	50,000
TPS PAKISTAN (PVT) LTD	10,000
TRUSTEE-FIRST DAWOOD INV. BANK LTD. & STANDARD CAPITAL SECURITIES (PVT) LIMITED -	81,200
R.A. SECURITIES (PVT.) LIMITED	170,000
MULTILINE SECURITIES (PVT) LIMITED - MF	500
ISMAIL IQBAL SECURITIES (PVT) LTD. -	5,000
TANNU SECURITIES (PVT) LIMITED	95,000
ARIF HABIB LIMITED - MF	50,000
STRONGMAN SECURITIES (PVT.) LIMITED	163,000
ASHFAQ ASHRAF SECURITIES (PVT) LTD.	2,000
ADAM SECURITIES LTD. - MF	500
R.T. SECURITIES (PVT) LIMITED	1,000
SPECTRUM SECURITIES (PVT.) LIMITED	411,112
MUHAMMAD ANAF KAPADIA SECURITIES (SMC-PVT) LIMITED	250,000
FIRST CHOICE SECURITIES LIMITED	4,950,000
WATEEN TELECOM LIMITED STAFF GRATUITY FUND	10,000
RELIANCE SECURITIES LIMITED	75,000
NOMAN ABID & COMPANY LIMITED	1,346,000
SOUTH ASIAN SECURITIES (PRIVATE) LIMITED	175,000
K & I GLOBAL CAPITAL (PVT)	73,500
RELIANCE SECURITIES LIMITED - MT	13,000
BIPL SECURITIES LIMITED - MF	25,000
AXIS GLOBAL LIMITED - MF	430,500
DIN CAPITAL LTD. - MF	19,000
RELIANCE SECURITIES LIMITED - MF	416,000
MARKET 786 (PRIVATE) LIMITED - MF	110,000
INTERMARKET SECURITIES LIMITED - MF	291,000
HORIZON SECURITIES LIMITED - MF	695,700
A.N. EQUITIES (PVT.) LTD. - MF	15,000
	4,800

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
ROYAL SECURITIES (PVT.) LIMITED - MF	37,000
GROWTH SECURITIES (PRIVATE) LIMITED - MF	5,000
MRA SECURITIES LIMITED - MF	760,000
BAWA SECURITIES (PVT) LTD. - MF	159,000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD	1,528,000
FAWAD YUSUF SECURITIES (PRIVATE) LIMITED -	55,000
EATON VANCE COLLECTIVE INV TRT FOR	1,371,000
PARAMETRIC EMERGING MARKETS FUND	1,992,000
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	2,295,587
TEACHER RETIREMENT SYSTEM OF TEXAS	421,500
ADVANCE SERIES TRUST - AST PARAMETRIC	286,500
EATON VANCE TRT CO CM TRT	148,784
AFC UMBRELLA FUND	230,000
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW	194,000
GOLDMAN SACHS TRUST II GOLDMAN SACHS	77,500
EVAN TR C CIT FOR	216,000
EATON VANCE INTL IRLAND FP-EATN V.INTL	519,000
NTGI-QM COMMON DIVERSIFIED FRONTIER MARKETS INDEX	785,000
AUSTRALIAN CATHOLIC SUPERANNUATION AND RETIREMENT FUND	146,000
KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	296,235
HABIB BANK AG ZURICH, ZURICH, SWITZERLAND	262,452
HABIB BANK AG ZURICH, DEIRA DUBAI	230,000
<b>Total:</b>	<b>241,256,900</b>

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

As at June 30, 2017

Shareholders Holding 5% or More Voting Interest	Number of Shares Held	Voting Interest
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI (*)	84,983,789	15.58
JAHANGIR SIDDIQUI & CO. LTD.	48,809,067	8.95
J.S. BANK LIMITED	32,023,760	5.87
	<b>165,816,616</b>	<b>30.40</b>

(\*) During the year, Mr. Muhammad Ziaullah Khan Chishti purchased 2 million shares through MTS and release 0.1755 million shares.

Details of movement in the shares of Director / CEO and their spouses and minor children	Designation	Opening Balance July 1, 2016	Closing Balance June 30, 2017
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI (*)	CEO and Director	86,808,289	84,983,789
MR. MUHAMMAD ALI JAMEEL	Director	298	298
MR. MUHAMMADULLA KHAISHGI	Director	612,840	612,840
MR. RAFIQ DOSSANI	Director	3	3
MR. JOHN LEONE	Director	3	3
MR. PETER H. R. RIEPENHAUSEN	Chairman and Director	98,247	877,617
MR. AMEER S. SHABU QURESHI	Director	3	3
MR. PATRICK MCGINNIS	Director	3	3
MR. ZAFAR IQBAL SOBANI	Director	20,000	20,000
		<b>87,539,686</b>	<b>86,494,556</b>

(\*) During the year, Mr. Muhammad Ziaullah Khan Chishti purchased 2 million shares through MTS and release 0.1755 million shares.

### Details of Purchase of Shares by Directors

As at June 30, 2017

Name	Designation	Date of Purchase	Number of Shares	Rate
MR. PETER HANS RUDOLF RIEPENHAUSEN	Director	23/11/2016	779,370	At Par value
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI (*)	Director	27/03/2017	1,500,000	Rs.53.27
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI (*)	Director	28/04/2017	500,000	Rs.53.32

(\*) During the year, Mr. Muhammad Ziaullah Khan Chishti purchased 2 million shares through MTS and release 0.1755 million shares.

### Details of Sale of Shares by Directors

As at June 30, 2017

Name	Designation	Date of Purchase	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	27/03/2017	1,500,000	Rs.53.30
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	28/04/2017	500,000	Rs.57.27

## Historical Financial Information

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	------(Rupees in '000)-----									
Revenue	214,386	167,735	46,050	169	1,388	2,086	1,002	615	28,915	2,445
Expenses-net	207,984	58,685	39,933	(24,624)	(2,006,107)	26,799	71,740	1,617,447	737,411	(2,452,297)
Taxation	1,043	11,888	4,138	-	173	(173)	-	-	-	-
Net Profit / (loss)	5,359	97,162	1,979	(24,455)	2,007,668	(24,889)	(70,738)	(1,616,832)	766,326	(2,449,852)
Basic EPS	0.010	0.18	0.004	(0.06)	5.21	(0.06)	(0.18)	(4.20)	1.99	(6.36)
Non - Current Assets	15,007,481	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
Current Assets	226,711	691,423	49,363	3,872	3,361	9,113	13,527	16,063	15,113	24,464
Share Capital and Reserves	12,779,626	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
Non - Current Liabilities	2,228,329	2,106,344	1,983,595	1,957,432	-	173	-	206	566	-
Current Liabilities	226,237	81,308	93,903	184,554	161,874	96,000	69,261	56,824	39,989	35,589
Dividend	-	-	-	-	-	-	-	-	0.01	-
Market share price	40.09	33.55	30.55	14.03	10.19	3.42	2.56	4.11	1.35	6.25
Number of Employees	1	1	3	3	3	4	4	4	4	2
Number of Consolidating Subsidiaries	60	45	39	35	28	26	32	29	22	21



**Standalone Financial Statements**  
for the year ended June 30, 2017





## Auditors' Report to the Members

We have audited the annexed balance sheet of **TRG Pakistan Limited** ("the Company") as at June 30, 2017 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 repealed 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 accounts have been kept by the Company as required by the repealed 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 repealed 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 change as stated in note 3.11 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 repealed 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, 2017 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: January 09, 2018**

**Karachi**

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

## Balance Sheet

As at June 30, 2017

		2017	2016
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets	4	126	300
Long term investment	5	13,462,261	12,919,989
Long term loan to related party	6	1,523,226	929,551
Accrued mark-up		21,793	-
Long term deposits		75	75
		<b>15,007,481</b>	<b>13,849,915</b>
<b>Current assets</b>			
Current maturity of accrued mark-up		224,996	202,484
Receivable from related parties	7	-	16,856
Current maturity of long term loan	6	-	468,325
Cash and bank balances	8	1,715	3,758
		<b>226,711</b>	<b>691,423</b>
<b>Total assets</b>		<b>15,234,192</b>	<b>14,541,338</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	9	7,330,000	7,330,000
Issued, subscribed and paid-up capital	9	5,453,907	5,453,907
Foreign currency translation reserve		3,129,752	3,127,483
Fair value reserve - net of deferred tax		4,506,085	4,087,773
Accumulated losses		(310,118)	(315,477)
		<b>12,779,626</b>	<b>12,353,686</b>
<b>Non-current liability</b>			
Deferred tax - net	15.2	2,228,329	2,106,344
<b>Current liabilities</b>			
Accrued and other liabilities	10	68,838	64,722
Payable to related parties	11	142,664	2,901
Taxation - net		14,735	13,685
		<b>226,237</b>	<b>81,308</b>
<b>Total equity and liabilities</b>		<b>15,234,192</b>	<b>14,541,338</b>
<b>Contingencies and commitments</b>			
	12		

The annexed notes 1 to 25 form an integral part of these financial statements.

### STATEMENT UNDER SECTION 241(2) OF THE REPEALED 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 repealed Companies Ordinance, 1984.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## Profit and Loss Account

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
Revenue	13	214,386	167,735
Administrative and other expenses	14	(207,984)	(45,891)
Other expenses - finance cost		-	(12,794)
Profit before taxation		6,402	109,050
Taxation	15	(1,043)	(11,888)
<b>Profit for the year</b>		<b>5,359</b>	<b>97,162</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss subsequently</i>			
Available for sale investment - change in fair value net of deferred tax		418,312	131,028
Foreign currency translation difference - net of tax		2,269	310,697
		<b>420,581</b>	<b>441,725</b>
<b>Total comprehensive income for the year</b>		<b>425,940</b>	<b>538,887</b>
<b>(Rupee)</b>			
Earning per share - basic and diluted	16	0.010	0.180

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\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## Statement of Changes in Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Fair value reserve - net of deferred tax	Accumulated losses	Total
(Rupees in '000)					
<b>Balance as at July 1, 2015</b>	4,453,907	2,816,786	3,956,745	(412,639)	10,814,799
<b>Transactions with owners - contributions</b>					
Issue of shares	1,000,000	-	-	-	1,000,000
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	97,162	97,162
Available for sale investment - change in fair value net of 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>
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	5,359	5,359
Available for sale investment - change in fair value net of tax	-	-	418,312	-	418,312
Foreign currency translation difference - net of related tax	-	2,269	-	-	2,269
	-	2,269	418,312	5,359	425,940
<b>Balance as at June 30, 2017</b>	<b>5,453,907</b>	<b>3,129,752</b>	<b>4,506,085</b>	<b>(310,118)</b>	<b>12,779,626</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

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

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\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## Cash Flow Statement

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in operations	17	(46,577)	(66,369)
Long term loan to related party		(45,932)	(929,551)
Mark-up income received - net		90,663	4,422
Finance cost paid		-	(12,794)
Taxes paid		(17)	(444)
Net cash used in operating activities		(1,863)	(1,004,736)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		-	(264)
Net cash used in investing activities		-	(264)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of shares		-	1,000,000
Net cash from financing activities		-	1,000,000
Effects of exchange rate difference		(180)	(852)
Net decrease in cash and cash equivalents		(2,043)	(5,852)
Cash and cash equivalents at beginning of the year		3,758	9,610
Cash and cash equivalents at end of the year	8	1,715	3,758

The annexed notes 1 to 25 form an integral part of these financial statements.

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

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\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## Notes to the Financial Statements

For the year ended June 30, 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

## 2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are 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, 2017. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 01, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 01, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRS 9 'Financial Instruments' (effective for annual period beginning on or after July 01, 2018). IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. Currently management is assessing the impact that will be resulting from adoption of IFRS 9.
- IFRS 15 'Revenue from Contracts with Customers' (effective for annual period beginning on or after July 01, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Currently management is assessing the impact that will be resulting from adoption of IFRS 15.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.
  - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 01, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

- In addition, the Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 dated October 04, 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures which will be provided in financial statements for the year ending June 30, 2018.



### **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 and loss account.

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.

### 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 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 financial 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 Change in presentation**

IAS 1 – Presentation of Financial Statements and Fourth Schedule of the repealed Companies Ordinance 1984, allows the presentation of expenses either by nature or by function. Till June 30, 2016 management was presenting expenses

by nature. However, during the year management has adopted the presentation of expense by function, as the management believes that presenting the expenses by function results in financial statements providing reliable and more meaningful information about the financial performance of the Company.

### 3.12 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.

### 3.13 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.

### 3.14 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, 2015</b>			
Cost	895	110	1,005
Accumulated depreciation	(693)	(109)	(802)
Net book value	202	1	203
<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	300	-	300
<b>As at June 30, 2016</b>			
Cost	1,159	110	1,269
Accumulated depreciation	(859)	(110)	(969)
Net book value	300	-	300
<b>Year ended June 30, 2017</b>			
Opening net book value	300	-	300
Additions	-	-	-
Depreciation charge for the year	(174)	-	(174)
Net book value	126	-	126
<b>As at June 30, 2017</b>			
Cost	1,159	110	1,269
Accumulated depreciation	(1,033)	(110)	(1,143)
Net book value	126	-	126
Annual rate of depreciation	33.33%	20%	

**5. LONG TERM INVESTMENT - available for sale**

	Note	2017 (Rupees in '000)	2016
In unquoted subsidiary - The Resource Group International Limited (TRGIL) 60,450,000 (2016: 60,450,000) Series B Preferred Shares	5.1	13,462,261	12,919,989

5.1 This represents investment in a subsidiary incorporated in Bermuda. Par value of each share is US\$0.01 and the additional paid up capital per share amounts to US\$0.99. During the year, TRGIL repurchased 250,000 Series B Preference Shares for a total consideration of US\$ 99,000. The percentage of the Company's holding in TRGIL's ordinary shares is 57.32% (2016: 57.18%) whereas the percentage of voting interest of the Company is 58.65% (2016: 58.51%).

**5.2 Reconciliation of carrying amount of investment**

	2017 (Rupees in '000)	2016
Opening balance	12,919,989	12,374,331
Changes in fair value	539,756	169,068
Foreign currency translation difference	2,516	376,590
Closing balance	13,462,261	12,919,989

**6. LONG TERM LOAN TO RELATED PARTY - considered good**

	2017 (Rupees in '000)	2016
Loan amount	1,523,226	1,397,876
Less: current maturity	-	(468,325)
	1,523,226	929,551

This represents loans to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loans have a maturity period of two years from the latest last draw down from the available facility. The loans carry minimum mark-up 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. 1,523 million (2016: Rs. 1,398 million).

**6.1 ACCRUED MARK-UP**

	2017 (Rupees in '000)	2016
Accrued mark-up	246,789	202,484
Less: current maturity	(224,996)	(202,484)
	21,793	-

This represents mark-up on loan to TRG (Private) Limited as referred in note 6.

**7. RECEIVABLE FROM RELATED PARTIES - considered good**

Name of related party	Nature of relationship	2017 (Rupees in '000)	2016
TRG Holdings LLC	Indirect subsidiary	-	16,256
TRG Marketing Solutions, UK	Indirect subsidiary	-	600
		-	16,856

**8. CASH AND BANK BALANCES**

Balances with bank in			
- current account		625	625
- saving account		1,087	3,133
		1,712	3,758
Cash in hand		3	-
		1,715	3,758

- 8.1 The balance in saving account carries mark-up ranging from 5 % to 6 % per annum (2016: 5% to 6% per annum) under conventional banking.

## 9. SHARE CAPITAL

	2017		2016	
	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	535,765,687	5,357,657	535,765,687	5,357,657
- allotted for consideration other than cash (note 9.1)	9,624,978	96,250	9,624,978	96,250
	<b>545,390,665</b>	<b>5,453,907</b>	<b>545,390,665</b>	<b>5,453,907</b>

- 9.1 These shares were issued in exchange of 1,636,000 shares of The Resource Group International Limited (TRGIL) of US\$1 each in 2003.

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

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL (namely Series B Preferred Shares and Class A Common Shares), but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Company remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2017, requiring such an accrual or payment.

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

As of June 30, 2017, PineBridge Investors has invested the full US\$ 30 million committed to TRGIL.

## 10. ACCRUED AND OTHER LIABILITIES

	2017	2016
	(Rupees in '000)	
Accrued expenses	8,461	4,270
Unclaimed dividend	592	592
Payable to retirement benefit fund	16	13
Other liabilities	59,769	59,847
	<u>68,838</u>	<u>64,722</u>

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

Name of related party	Nature of relationship		
Trakker (Private) Limited	Associated company	2,178	2,178
The Resource Group International Limited	Subsidiary	140,486	-
TRG (Private) Limited	Indirect subsidiary	-	723
		<u>142,664</u>	<u>2,901</u>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

12.1.1 As at June 30, 2017, returns of income tax up to tax year 2016 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. 0.09 million and Rs. 0.60 million 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.

12.1.2 During the year, the Company was selected for audit under Section 177 of Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (CIR) through his notice dated November 18, 2016 for tax year 2011. While finalising the audit proceedings, the Assessing Officer passed an amended order under Section 122(1) of the Ordinance dated May 30, 2017 whereby the income was assessed at Rs. 1,007 million and tax demand of Rs. 352.64 million was created. Consequently, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A), who vide his order dated June 22, 2017, remanded back the case to the Commissioner Inland revenue (who holds the jurisdiction over the case) for fresh adjudication. After fresh proceedings, the revised assessment order dated July 31, 2017 was passed under Section 124(1) of the Ordinance wherein the Officer Inland Revenue (OIR) disregarded the declared loss of Rs. 14.388 million and assessed the revised income at Rs. 0.751 million and created tax demand of Rs. 0.272 million. Management is confident that the Company will not incur said liability, as sufficient refundable amounts arising from previous years against which such liability will be adjusted. The Company has preferred appeal against the above order to the CIR(A). The said appeal is pending adjudication. Accordingly, no provision has been made in this regard in these financial statements.

### 12.2 Commitments

There were no commitments outstanding as at June 30, 2017 and 2016.

## 13. REVENUE

	Note	2017	2016
		(Rupees in '000)	
- Return on bank balances	13.1	177	4,397
- Interest income on long term loan	6	214,209	163,338
		<u>214,386</u>	<u>167,735</u>

13.1 Interest income is earned from bank deposits.

## 14. ADMINISTRATIVE AND OTHER EXPENSES

This includes salaries and other employee costs of Rs. 2.315 million (2016: Rs. 1.761 million) including the Company's contribution to employees' retirement benefit fund amounting to Rs. 0.096 million (2016: Rs. 0.311 million). This also includes depreciation amounting to Rs. 0.174 million (2016: Rs. 0.167 million).

Administrative and other expenses also includes auditor's remuneration, as follows:

	2017	2016
	(Rupees in '000)	
<b>14.1 Auditors' remuneration</b>		
Fee for audit of separate financial statements	1,265	1,265
Fee for review of half yearly financial statements	400	400
Fee for the audit of consolidated financial statements	2,875	2,875
Sales tax	380	382
Other certifications	205	230
Out of pocket expenses	173	173
	<u>5,298</u>	<u>5,325</u>

**14.2** During the year, the Company entered into a Managerial Services Agreement with TRGIL. Under this agreement TRGIL charged Rs. 182 million (2016: Rs. nil) as asset under management fee capped @ 1% of the assets under management, so as to reimburse TRGIL for cost incurred in managing the asset portfolio.

## 15. TAXATION

	2017	2016
	(Rupees in '000)	
For the year:		
- current	1,070	11,911
- deferred	(27)	(23)
	<u>1,043</u>	<u>11,888</u>

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

Profit before taxation	6,402	109,050
Taxation	(1,043)	(11,888)
Profit after taxation	<u>5,359</u>	<u>97,162</u>
Applicable tax rate	31%	32%
Income tax expense using applicable tax rate	1,985	34,896
Non-deductible expenses	182	7,142
Tax effect of previously unrecognized tax losses	(2,193)	(30,150)
Effect of tax on reduced rate	1,069	-
	<u>1,043</u>	<u>11,888</u>



## 15.2 Deferred tax - net

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

	Note	2017 (Rupees in '000)	2016
<i>Taxable temporary differences</i>			
- Investment in associates classified as available for sale	15.3	2,228,356	2,106,367
<i>Deductible temporary differences</i>			
- Accelerated tax depreciation		(27)	(23)
		<u>2,228,329</u>	<u>2,106,344</u>

- 15.3** Deferred tax charge has been made in other comprehensive income amounting to Rs. 121.44 million (2016: Rs. 38.04 million) and Rs. 0.6 million (2016: Rs. 84.73 million) against change in fair value of available for sale investment and foreign currency translation difference, related to that valuation, respectively.

## 16. EARNING PER SHARE

	2017 (Rupees in '000)	2016
Earnings for the year	<u>5,359</u>	<u>97,162</u>
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	<u>545,390,665</u>	<u>539,933,096</u>
	(Rupee)	
Earning per share	<u>0.010</u>	<u>0.180</u>

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

## 17. CASH USED IN OPERATIONS

	Note	2017 (Rupees in '000)	2016
Profit for the year before taxation		6,402	109,050
Adjustments for :			
Depreciation		174	167
Interest on loan and return on bank balances		(214,386)	(167,735)
Finance cost		-	12,794
Exchange loss - net		498	19,690
Working capital changes	17.1	160,735	(40,335)
		<u>(52,979)</u>	<u>(175,419)</u>
		<u>(46,577)</u>	<u>(66,369)</u>

### 17.1 Working capital changes

	2017 (Rupees in '000)	2016
Decrease / (increase) in current assets:	16,856	(16,273)
Increase / (decrease) in current liabilities:		
Accrued and other liabilities	4,116	2,098
Payable to related parties - current account	139,763	(26,160)
	<u>143,879</u>	<u>(24,062)</u>
	<u>160,735</u>	<u>(40,335)</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:

	2017	2016
	(Rupees in '000)	
Managerial remuneration	2,219	5,655
Provident fund	96	311
Total	2,315	5,966
	(Numbers)	
Number of persons	1	2

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, 2017.

18.2 No remuneration was paid to the Chief Executive and directors (number of directors: 10 including Chief Executive) 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, long term loans to related party and mark-up accrued thereon and balances with banks.

Bank balances amounting to Rs. 1.71 million (2016: Rs. 3.76 million) are placed with banks having a short term credit rating of "A-I+" and above.

The maximum exposure to credit risk as at June 30, 2017, along with comparative is tabulated below:

<b>Financial assets</b>	<b>2017</b>	<b>2016</b>
	(Rupees in '000)	
Long term deposits	75	75
Accrued mark up - current portion	224,996	202,484
Accrued mark up - non-current portion	21,793	-
Receivable from related party	-	16,856
Long term loan to related party	1,523,226	1,397,876
Balances with banks	1,712	3,758
	<b>1,771,802</b>	<b>1,621,049</b>

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. The last draw down on this facility was made by related concern on May 08, 2017.

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:

Domestic	1,771,802	1,604,193
Foreigners	-	16,856
	<b>1,771,802</b>	<b>1,621,049</b>

## 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 fulfil its other financial obligations from the Company's future cash flows.

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

<b>Financial liabilities</b>	<b>2017</b>		
	Carrying amount	Contractual cash flows	Maturity up to one year
	(Rupees in '000)		
Accrued and other liabilities	68,230	68,230	68,230
Payable to related parties - current account	142,664	142,664	142,664
	<b>210,894</b>	<b>210,894</b>	<b>210,894</b>
	2016		
	Carrying amount	Contractual cash flows	Maturity up to one year
	(Rupees in '000)		
Accrued and other liabilities	64,130	64,130	64,130
Payable to related parties - current account	2,901	2,901	2,901
	<b>67,031</b>	<b>67,031</b>	<b>67,031</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 USD 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 financial 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:

	2017			
	Carrying amount			Fair value
	Other financial assets	Loan and receivables	Other financial liabilities	Level 3
	(Rupees in '000)			
<b>Financial assets measured at fair value</b>				
Long term investment	13,462,261	-	-	13,462,261
<b>Financial assets not measured at fair value</b>				
Long term loan to related party	-	1,523,226	-	-
Long term deposits	-	75	-	-
Current maturity of accrued mark-up	-	224,996	-	-
Non-current maturity of accrued mark-up	-	21,793	-	-
Cash and bank balances	-	1,715	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued and other liabilities	-	-	68,230	-
Payable to related parties	-	-	142,664	-
	2016			
	Carrying amount			Fair value
	Other financial assets	Loan and receivables	Other financial liabilities	Level 3
	(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 mark-up	-	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, loan and accrued mark-up receivable thereon, 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 while valuing underlying investee (included in these financial statements under Long Term Investment) which holds unquoted equity portfolio. The discounted cash flow approach includes significant unobservable inputs such as forecast of annual revenue growth (2017: averaging 29%), forecast of EBITDA margin of underlying unquoted equity portfolios (2017: averaging from -4% to 45%), discount rates (2017: averaging 11.14%), terminal value growth rate (2017: averaging 2.5%) 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 group companies (including subsidiaries and associates), directors and their close family members, staff retirement benefit fund and key management personnel of the Company. Transactions with related parties are carried out on agreed basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

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

Transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017 .....(Rupees in '000).....	2016
<b>Transaction with subsidiaries</b>		
Loan disbursed	125,350	929,551
Interest income on long term loan	214,209	163,338
<b>Contribution to the provident fund</b>	96	311

## 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:

	2017 .....(Rupees in '000)..... (Unaudited)	2016 (Unaudited)
Size of the Fund - total assets	698	500
Cost of investments made	698	500
Percentage of investments made	100%	100%
Fair value of investments	698	500

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

	(Unaudited)			
	2017 (Rupees in '000)	2016	2017 % of total investment	2016
Habib Metropolitan - Multiplier account	698	500	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 repealed Companies Ordinance, 1984, (now Section 218 of the Companies Act, 2017) and the rules formulated for this purpose.

### **23. NUMBER OF EMPLOYEES**

As at June 30, 2017, the Company had one employee (2016: one employee). Average number of employee was one (2016: two employees) during the year ended June 30, 2017.

### **24. GENERAL**

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

#### **24.1 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. "Other expenses" have been renamed as "Administrative and other expenses". There have been no significant rearrangements and reclassifications in these financial statements.

### **25. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 09 January 2018, by the Board of Directors of the Company.

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

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Consolidated Financial Statements**  
for the year ended June 30, 2017





## **Auditors' Report on Consolidated Financial Statements**

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, 2017 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 Holdings Limited 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 reports 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 company as at June 30, 2017 and the results of their operations for the year then ended.

**Date: January 09, 2018**

**Karachi**

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

## Consolidated Balance Sheet

As at June 30, 2017

	Note	2017 (Rupees in '000)	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	3,373,563	2,810,241
Intangible assets	5	4,170,345	2,193,714
Long term investment	6	30,783	3,387,612
Deferred tax assets	8	460,263	166,042
Long term loans and advances	9	972,180	1,020,731
Long term deposits, prepayments and other receivables	10	1,817,308	2,142,375
		<b>10,824,442</b>	<b>11,720,715</b>
<b>Current assets</b>			
Trade debts	11	5,888,611	5,614,369
Advances	12	93,454	10,629
Deposits, prepayments and other receivables	13	2,014,991	1,657,688
Advance tax		264,816	202,170
Cash and bank balances	14	3,073,986	5,259,909
		<b>11,335,858</b>	<b>12,744,765</b>
<b>Total assets</b>		<b>22,160,300</b>	<b>24,465,480</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized share capital	15	7,330,000	7,330,000
Issued, subscribed and paid-up capital	15	5,453,907	5,453,907
Foreign currency translation reserve		113,395	(216,539)
Accumulated losses		(8,712,985)	(2,633,235)
Equity attributable to shareholders of the Parent Company		(3,145,683)	2,604,133
Non-controlling interests		(1,291,560)	313,520
<b>Total equity</b>		<b>(4,437,243)</b>	<b>2,917,653</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term finances	16	9,326,511	7,534,809
Liabilities against assets subject to finance lease	18	759,215	836,512
Other non-current liabilities	19	379,301	259,089
Deferred tax liabilities	8	559,787	-
		<b>11,024,814</b>	<b>8,630,410</b>
<b>Current liabilities</b>			
Trade and other payables	20	7,326,274	6,519,915
Convertible preference shares	17	3,145,620	3,145,032
Short term borrowings	21	3,482,915	1,863,944
Current maturity of:			
- Long-term finances	16	874,789	666,158
- Liabilities against assets subject to finance lease	18	684,327	472,509
Taxes payable		58,804	249,859
		<b>15,572,729</b>	<b>12,917,417</b>
<b>Total liabilities</b>		<b>26,597,543</b>	<b>21,547,827</b>
<b>Total equity and liabilities</b>		<b>22,160,300</b>	<b>24,465,480</b>
<b>Contingencies and commitments</b>	22		

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

### STATEMENT UNDER SECTION 241(2) OF THE REPEALED 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 repealed Companies Ordinance, 1984.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## Consolidated Profit and Loss Account

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
Revenue	33.1	35,990,660	30,694,527
Cost of services	23	(32,840,271)	(26,601,507)
Gross profit		3,150,389	4,093,020
Administrative and general expenses	24	(11,215,537)	(4,910,661)
Other income	25	592,943	180,194
Other charges	26	(506,170)	(40,444)
		(7,978,375)	(677,891)
Finance cost	27	(1,719,815)	(594,526)
Share of profit / (loss) of equity accounted associate / joint venture - net of tax	6	9,818	(239,461)
Loss before tax		(9,688,372)	(1,511,878)
Taxation	28	46,939	(150,773)
Loss for the year		(9,641,433)	(1,662,651)
<b>Other comprehensive income / (loss)</b>			
<i>Items that are or may be reclassified to profit or loss subsequently</i>			
Foreign currency translation differences		327,753	(23,206)
Equity-accounted associate - share of other comprehensive loss		-	(4,749)
<i>Items that will not be reclassified to profit or loss subsequently</i>			
Actuarial gain on retirement benefit		7,130	13,838
Total other comprehensive income / (loss) for the year		334,883	(14,117)
<b>Total comprehensive loss for the year</b>		<b>(9,306,550)</b>	<b>(1,676,768)</b>
Loss attributable to :			
- Shareholders of the Parent Company		(4,378,217)	(809,927)
- Non-controlling interests		(5,263,216)	(852,724)
		(9,641,433)	(1,662,651)
Total comprehensive loss attributable to :			
- Shareholders of the Parent Company		(4,041,661)	(874,199)
- Non-controlling interests		(5,264,889)	(802,569)
		(9,306,550)	(1,676,768)
		(Rupees)	
Loss per share attributable to ordinary shareholders of the Parent Company - basic and diluted	29	(8.03)	(1.50)

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

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

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Director

Chief Financial Officer

Director

TRG Pakistan Limited

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## Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

	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 1, 2015</b>	4,453,907	(147,184)	(3,949,244)	357,479	1,645,222	2,002,701
<b>Comprehensive loss for the year</b>						
Loss for the year ended June 30, 2016	-	-	(809,927)	(809,927)	(852,724)	(1,662,651)
<b>Other comprehensive income / (loss)</b>						
Foreign currency translation differences	-	(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	-	-	828,047	828,047	(828,047)	-
Non-controlling interests arising on new issue of shares of a subsidiary	-	-	-	-	286,621	286,621
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	-	(143,203)	(143,203)
Right shares issued at par by Parent Company	1,000,000	-	-	1,000,000	-	1,000,000
Gain arising on new issue of shares of a subsidiary without losing control	-	-	1,270,744	1,270,744	-	1,270,744
Purchase of treasury shares by a foreign subsidiary	-	-	(1,770)	(1,770)	(2,321)	(4,091)
Stock warrants	-	-	-	-	59,353	59,353
Equity accounted associate-share of net assets	-	-	23,832	23,832	-	23,832
Share based payment transactions	-	-	-	-	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>	5,453,907	(216,539)	(2,633,235)	2,604,133	313,520	2,917,653
<b>Comprehensive (loss) / income for the year</b>						
Loss for the year ended June 30, 2017	-	-	(4,378,217)	(4,378,217)	(5,263,216)	(9,641,433)
<b>Other comprehensive (loss) / income</b>						
Foreign currency translation differences	-	329,934	-	329,934	(2,181)	327,753
Actuarial gain on retirement benefit	-	-	6,622	6,622	508	7,130
<b>Total comprehensive loss for the year ended June 30, 2017</b>	-	329,934	(4,371,595)	(4,041,661)	(5,264,889)	(9,306,550)
<b>Transactions with owners</b>						
<b>Contributions and distributions</b>						
Buy back of own shares by a foreign subsidiary	-	-	(7,648)	(7,648)	(2,732)	(10,380)
Transactions with non controlling interests (refer note 1.3.1)	-	-	-	-	(451,275)	(451,275)
Issue of preference shares by an indirect subsidiary (refer note 1.3.2)	-	-	(459,183)	(459,183)	1,493,412	1,034,229
Acquisition of an indirect subsidiary (refer note 7)	-	-	-	-	15,766	15,766
Loss arising on purchase/sale of shares of indirect subsidiaries (refer note 1.3.1)	-	-	(1,220,087)	(1,220,087)	-	(1,220,087)
Stock warrants (refer note 1.3.3)	-	-	-	-	42,104	42,104
Senior preferred shares	-	-	-	-	2,097,080	2,097,080
Reversal of share of net assets of equity accounted associate	-	-	(23,837)	(23,837)	-	(23,837)
Share based payment transactions (refer note 23.1)	-	-	2,600	2,600	465,454	468,054
	-	-	(1,708,155)	(1,708,155)	3,659,809	1,951,654
<b>Balance as at June 30, 2017</b>	5,453,907	113,395	(8,712,985)	(3,145,683)	(1,291,560)	(4,437,243)

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

### STATEMENT UNDER SECTION 241(2) OF THE REPEALED 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 repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

## Consolidated Cash Flow Statement

For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in operations	30	(3,172,656)	(728,939)
Interest received		7,160	14,672
Taxes paid		(352,934)	(98,154)
Mark up / interest paid on borrowings / leases		(1,719,815)	(594,526)
Long term loans and advances		48,551	(766,168)
Long term deposits, prepayments and other receivables		325,067	(1,817,061)
		(1,691,971)	(3,261,237)
Net cash used in operating activities		(4,864,627)	(3,990,176)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(1,736,247)	(1,871,368)
Purchase of intangibles		(455,187)	(263,179)
Proceeds from sale of property and equipment		7,699	115,884
Proceeds from sale of intangibles		-	43,142
Dividend received from associate		-	96,916
Buy back of shares		(1,671,362)	-
Acquisition of subsidiary-net of cash acquired		(660,004)	-
Net cash used in investing activities		(4,515,101)	(1,878,605)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Repayments of) / proceeds from finance lease liability		(45,920)	200,752
Proceeds from borrowings - net		5,826,727	8,096,424
Proceeds from issuance of shares		1,034,229	2,557,365
Purchase of treasury shares by a foreign subsidiary		(10,380)	(4,091)
Dividend paid to minority shareholders by indirect subsidiary		-	(143,203)
Net cash generated from financing activities		6,804,656	10,707,247
Effects of exchange rate changes		389,149	(184,433)
Net (decrease) / increase in cash and cash equivalents		(2,185,923)	4,654,033
Cash and cash equivalents at beginning of the year		5,259,909	605,876
Cash and cash equivalents at end of the year	14	3,073,986	5,259,909

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

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

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\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

### 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 repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Parent Company is situated at 18th Floor, Center 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, software, 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 principal activity of the Company is to manage a global portfolio of investments in the Business Process Outsourcing (BPO) and related software sector.

The Parent Company's voting interest in TRGIL is 58.65% (2016: 58.51%) whereas its holding in TRGIL's ordinary shares is 57.32% (2016: 57.18%).

Subsidiaries of TRGIL (indirect subsidiaries of the Parent Company)	Note	Location	Nature of business	Effective ownership of the Parent Company (%)	
				2017	2016
TRG International Holdings Limited (formerly CV Services Limited)		British Virgin Islands	Holding Company	<b>57.32</b>	57.18
IBEX Holdings Limited	1.3.1	Bermuda	Holding Company	<b>53.24</b>	-
TRG Holdings, LLC.		USA	Corporate	<b>57.32</b>	57.18
TRG SATMAP IP BVI		British Virgin Islands	Holding Company	<b>57.32</b>	57.18
TRG Marketing Services, Inc.		USA	Call Center	<b>57.32</b>	57.18
TRG Healthcare, Inc.		USA	Holding Company	<b>57.32</b>	57.18
Central Voice LLC		USA	Call Center	<b>57.32</b>	57.18
TRG (Private) Limited		Pakistan	Call Center	<b>57.32</b>	57.18
TRG Field Solutions, Inc.		USA	Door to Door Marketing	<b>57.32</b>	57.18
TRG Field Solutions (Canada), Inc.		Canada	Door to Door Marketing	<b>57.32</b>	57.18
Alert Communications, Inc.		USA	Call Center	<b>57.32</b>	57.18
BPO Solutions, Inc.		USA	Call Center	<b>57.32</b>	57.18
India Bidco Limited		Bermuda	Holding company	<b>57.32</b>	-
Afiniti International Holdings Limited	1.3.2	Bermuda	Holding Company	<b>30.93</b>	30.88

Subsidiaries of TRGIL (indirect subsidiaries of the Parent Company)	Note	Location	Nature of business	Effective ownership of the Parent Company (%)	
				2017	2016
Following entities are indirect subsidiaries of the Parent Company through IBEX Holdings Limited as at June 30, 2017:					
IBEX Global Limited	1.3.1	Bermuda	Holding company	53.24	-
IBEX Holdings Bermuda		Bermuda	Holding company	53.24	-
IBEX Global Solutions Limited		England	Holding Company	53.24	40.60
TRG Customer Solutions, Inc. (TRG CS) (trading as IBEX Global Solutions)		USA	Call Center	53.24	40.60
TRG Customer Solutions (Canada), Inc		Canada	Call Center	53.24	40.60
Virtual World (Private) Limited		Pakistan	Call Center	53.24	40.60
IBEX Global Solutions Senegal S.A. (formerly TRG Senegal SA.)		Senegal	Call Center	53.24	40.60
IBEX Philippines Inc.		Philippines	Call Center	53.24	40.60
IBEX Global Solutions (Philippines) Inc.		Philippines	Call Center	53.24	40.60
TRG Customer Solutions (Philippines), Inc.		Philippines	Call Center	53.24	40.60
TRG Marketing Solutions Limited		England	Call Center	53.24	40.60
IBEX Global Solutions (Private) Limited		Pakistan	Call Center	53.24	40.60
Lovercius Consultants Limited		Cyprus	Call Center	53.24	40.60
IBEX Global Europe S.a.r.l.		Luxembourg	Call Center	53.24	40.60
IBEX Global MENA FZE		Dubai	Call Center	53.24	40.60
IBEX I.P. Holdings Ireland Limited		Ireland	Holding Company	53.24	40.60
IBEX Global Bermuda Limited		Bermuda	Call Center	53.24	40.60
IBEX Global Solutions Nicaragua SA		Nicaragua	Call Center	53.24	40.60
IBEX Global St. Lucia Limited		St. Lucia	Holding Company	53.24	40.60
IBEX Global Jamaica Limited		Jamaica	Call Center	53.24	40.60
IBEX Global Solutions France S.a.r.l.		France	Call Center	53.24	-
IBEX Global ROHQ		Philippines	Regional headquarter	53.24	-
iSky, Inc.		USA	Market Research	53.24	57.18
iSky Canada Technologies Inc.		Canada	Market Research	53.24	-
DGS Limited	1.3.1	Bermuda	Holding company	53.24	-
Digital Globe Services, Inc.		USA	Internet marketing for residential cable services	53.24	26.53
Telsat Online, Inc.		USA	Internet marketing for non-cable telco services	53.24	26.53
DGS Worldwide Marketing Limited		Cyprus	Holding company and global marketing	53.24	26.53
DGS (Private) Limited		Pakistan	Call centre and support services	53.24	26.53
DGS Tech, Limited		Ireland	Tech support services	53.24	26.53
DGS EDU LLC		USA	Internet marketing for education industry	53.24	26.53
DGS Auto LLC		USA	Motor vehicle licensing	53.24	26.53
7 Degrees LLC		USA	Digital marketing agency	53.24	26.53
Etelequote Limited	1.3.1	Bermuda	Holding company	53.24	-
e - Telequote, Plc		England	Holding Company	53.24	45.74



Subsidiaries of TRGIL (indirect subsidiaries of the Parent Company)	Note	Location	Nature of business	Effective ownership of the Parent Company (%)	
e - Telequote Insurance Inc.		USA	Call Center	53.24	45.74
Etelequote (Private) Limited		Pakistan	Call Center	53.24	45.74
ETQ HK SPV, Inc.		USA	Profit Center	53.24	45.74
Etelequote HK Limited		Hong Kong	Licensing & Billing	53.24	45.74

Following entities are indirect subsidiaries of the Parent Company through Afiniti International Holdings Limited as at June 30, 2017:

SATMAP, Inc. (dba Afiniti)		USA	Software / Technology	30.93	30.88
Afiniti Software Solutions (Private) Limited		Pakistan	Support Services	30.93	30.88
Afiniti Europe Technologies Limited		United Kingdom	Software / Technology	30.93	30.88
Afiniti Worldwide Marketing Limited		Cyprus	Software / Technology	30.93	30.88
Afiniti Canada Inc.		Canada	Software / Technology	30.93	30.88
Afiniti Brazil Solucoes em Tecnologia Ltda		Brazil	Software / Technology	30.93	30.88
AETL S.a.r.l		Luxembourg	Software / Technology	30.93	30.88
Afiniti France S.a.r.l.		France	Software / Technology	30.93	30.88
Afiniti Spain S.L.		Spain	Software / Technology	30.93	30.88
Afiniti Italia S.R.L.		Italy	Software / Technology	30.93	-
Afiniti Germany GmbH		Germany	Software / Technology	30.93	-
Afiniti Technologies FZ-LLC		Dubai	Software / Technology	30.93	-
Afiniti HK Pacific		Hong kong	Software / Technology	30.93	-
Afiniti Technologies, S. de R.L. de C.V.		Mexico	Software / Technology	30.93	-
Afiniti Australia Pty Ltd		Australia	Software / Technology	30.93	-

#### **Associate**

DGS Lakeball LLC	6.2	USA	Internet marketing for commercial cable services	27.23	-
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**1.3.1** During the year, TRGIL delisted IBEX and DGS from Alternative Investment Market (AIM) of the London Stock Exchange by acquiring 32.7% equity interests in Digital Globe Services Limited (previously held 46.4%) and 29% in IBEX Global Solutions (previously held 71%) on November 30, 2016 and December 1, 2016, respectively. On March 3, 2017, TRGIL incorporated "IBEX Holdings Limited", an intermediate holding company, and transferred its ownership in IBEX and DGS to IBEX Holdings Limited. Furthermore, during the same year, TRGIL also transferred its ownership in ETQ and iSKY, to IBEX Holdings Limited. During the year an executive of DGS Limited and another executive of e-Telequote Plc contributed their equity interests in DGS Limited and e-Telequote Plc, respectively, in exchange for newly issued shares of the IBEX Holdings Limited. The said shares exchange ratios were determined on the basis of independent third-party valuations. As a result of these transactions, TRGIL now owns approx. 93% of IBEX Holdings Limited, which in turn owns a 100% of IBEX, DGS, ETQ and iSKY. As a result of these transactions, the Group recognised a decrease in non-controlling interests of Rs. 459 million (US\$ 4.3 million) and a decrease in equity attributable shareholders of the Holding Company of Rs. 1,220 million (US\$ 11.6 million).

**1.3.2** During the year, Afiniti International Holdings Limited, issued 245,302 class D preference shares to outside investors amounting to Rs. 1,033.86 million (US\$ 9.86 million) at a price of US\$ 40.21 per share. The Group recognised an increase in non-controlling interests of Rs. 1,493 million (US\$ 14.2 million) and a decrease in equity attributable to shareholders of the Holding Company of Rs. 459 million (US\$ 4.4 million).

**1.3.3** On October 28, 2015, Satmap Incorporated USA, Inc 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 276,100 Class C preference shares of the Company with an Initial Exercise Price of US\$ 2.7164 adjustable on the terms provided in the applicable warrant agreement.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These consolidated 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 provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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, for ease in local reporting purposes, 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 (note 3.15 and 3.14).
- (b) Provision for taxation (note 3.17).
- (c) Recognition and measurement of provisions and contingencies (note 3.13).
- (d) Useful lives of property and equipment and intangibles, residual values, methods of depreciation, amortisation and impairment (note 3.2 and 3.4).
- (e) Impairment testing of goodwill and other intangible assets (note 3.4.1 and 3.4.2).
- (f) Determination of functional currency of the entities (note 2.3).
- (g) Fair value of employee share options (note 3.16).
- (h) Revenue recognition (note 3.11).
- (i) Acquisition of subsidiary (note 3.1).

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

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

## 2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are 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 1, 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 1, 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. 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 1, 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. To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.
  - 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 1, 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on these consolidated financial statements.
  - Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on these consolidated financial statements.
  - IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The IFRIC will not have significant impact on consolidated financial statements.
  - IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
  - IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. Currently management is assessing the impact that will be resulting from adoption of IFRS 9.
- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Currently management is assessing the impact that will be resulting from adoption of IFRS 15.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 1, 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on these consolidated financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on these consolidated financial statements.
- In addition, the Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 dated October 4, 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires certain additional disclosures which will be incorporated in financial statements for the period beginning on or after January 1, 2018.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of consolidation

The consolidated financial statements consists of financial statements of the Parent Company and its subsidiaries as disclosed in note 1.3 (hereinafter referred as "the 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. 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.

### **Joint arrangements**

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- (a) *Joint ventures*: where the group has rights to only the net assets of the joint arrangement.
- (b) *Joint operations*: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

Joint ventures are initially recognized in the consolidated balance sheet at cost. Subsequently joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognized in the consolidated profit and loss account and other comprehensive income (except for losses in excess of the Group's investment in the joint ventures unless there is an obligation to make good those losses).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **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 and declining balance methods. 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' depreciation method, 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 Borrowing costs**

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

### **3.4 Intangible assets**

#### **3.4.1 Goodwill**

Goodwill that arises upon the acquisition of subsidiary 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. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The Group evaluates goodwill for impairment at least annually, or more frequently when there is an indication that the unit may be impaired.

#### **3.4.2 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.

The amortization method, residual value and 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.

### **3.5 Impairment of non financial assets**

The carrying amount of the Group's assets, other than deferred tax assets, are reviewed at each year end to determine whether there is any indication of impairment loss. If any such indication exists, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognised in the consolidated profit and loss account. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **3.6 Financial instruments**

### **3.6.1 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 debts, deposits and prepayments, 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 in this category short-term trade and other payables, finance lease liabilities, long term finances, short term borrowing and liability portion of convertible preference shares.

### **3.6.2 Recognition**

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

### **3.6.3 Initial measurement**

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

### **3.6.4 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 consolidated profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

### **3.6.5 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.



### **3.6.6 Impairment of financial assets**

The entities assess 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 a 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 profit or loss.

### **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 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 Renewal Receivables**

Renewal receivables are recognized against insurance commission on policies already sold but expected to be renewed and collected in future years. These expected revenues are estimated based on historical policy retention patterns and discounted at an appropriate discount rate. Renewal receivables are subsequently adjusted when related revenue is realized or in the event where the policies are not renewed.

### **3.10 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the consolidated cash flow statement - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated balance sheet.

### **3.11 Revenue recognition**

Revenues are measured at the fair value of consideration received or receivable, net of rebates, discount and related taxes.

- Revenues from Customer Engagement and Customer Expansion divisions of the Customer Management segment are recognized as the services are performed on the basis of the number of billable hours or other contractually agreed metrics.

- Revenues from inbound and outbound telephonic and internet-based communication services are recognized at the contractual rates as services are provided.

- Revenues for the initial training that occurs upon commencement of a new client contract are deferred over the estimated life of the client program and matched against the associated expenses if that training is billed separately to a client. Training revenues are then recognized on a straight-line basis over the life of the client contract, as it is not considered to have a standalone value to the customer. The related incremental direct expenses are deferred and charged to selling, general and administrative expenses on a straight-line basis over the life of the client contract as the related revenues are recognized. These incremental direct expenses relate directly to each contract, generate or enhance resources that will be used in satisfying performance obligations in the future and are expected to be recovered in full.

- Revenues from Customer Acquisition, excluding those from Medicare insurance policies, are recognized upon the successful purchase of clients' services as reported to the Group in monthly, semi-monthly or weekly intervals by clients. The data provided by clients to the Group includes detail on pricing and product level activations from all channels on the basis of which the clients calculate the payments owed to the Group. The payments received are reconciled to the activation data transmitted to the Group by the clients.

- Revenues from Medicare insurance agency consist of commissions earned primarily from the sale to customers of Medicare private insurance policies offered by leading U.S. insurance carriers. The commissions paid by the carriers are dependent on the type of Medicare policy sold; commission revenue is recognized in the month in which the policy is sold and includes the first-year commission as well as renewal commission revenues that are highly probable to be earned in future years, discounted at appropriate discount rate. The expected renewal commission revenues are based on historical policy retention patterns the Group has experienced for each carrier and product. Commission amounts are subject to forfeiture in the event that an insured who has prepaid his or her premium for a future period of coverage subsequently cancels his or her policy before the completion of that period to switch to another plan. Under the general agency agreements with the carriers, any such policy "returns" are charged back. The Group estimates and records an allowance for these charge-backs based on historical "return" rates and records revenues net of the estimated charge-backs.

- Revenues from the Education business are recognized on a monthly basis at an agreed rate per successful lead, click and data delivered to the institution during the month, net of an allowance for returns / disqualifications or duplicates. The leads are sourced primarily through the business unit's proprietary online web-portal and affiliate partnerships.

- Revenues from Customer Experience division of the Customer Management segment are recognized over the period of a client's subscription contract on a basis that reflects usage of the product at the client's location. Revenues and expenses related to set-up fees to customize the customer experience solution for client's specific needs (are deferred and recognized on a straight-line basis over the period in which the related service delivery is expected to be performed. Revenues related to additional consulting services are recognized as the related services are performed on a per hour basis).

- 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. Revenue is also earned from rendering of services over subscription periods ranging from one to ten years. Subscription revenue is recognized rateably over the term of the contract.

- 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.

- Profit / interest on loans and advances is recorded on accrual basis taking into account the effective yield.

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

### 3.12 Operating leases

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

### 3.13 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.

### 3.14 Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.15 Retirement benefits

#### **Defined contribution plans**

Contributions to defined contribution pension schemes are expensed in the year to which they relate.

#### ***United States based subsidiaries***

The Group's United States ("US") based subsidiaries have qualified defined contribution plans. Employees who meet certain eligibility requirements, as defined, are able to contribute up to federal annual maximums. The Retirement Plan provides for company matching contributions of 25.0% of the first 6.0% of employee contributions to the Retirement Plan, which vests 25.0% per year over a four-year period.

#### ***TRG Marketing Solutions Limited***

This subsidiary operates a defined contribution plan with a third party. Under this scheme, TRG Marketing Solutions Limited makes contributions for employees who have not opted out of the voluntary pension scheme.

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

Parent Company, TRG (Private) Limited, Virtual World (Private) Limited and IBEX Global Solutions (Private) Limited operate a defined contribution plan (i.e. recognized provident fund scheme) for all its permanent employees. Equal monthly contributions at the rate of 6.5% of the basic salary for Virtual World (Private) Limited and 6.5% of the gross salary for the Parent Company, TRG (Private) Limited and IBEX Global Solutions (Private) Limited are made to the Provident Fund (the Fund) both by the subsidiaries and the employees. The assets of the Fund are held separately under the control of trustees for such fund. Contributions made by the subsidiaries are charged to the consolidated profit and loss account.

#### **Defined benefit schemes**

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less

- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognized directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognized in the consolidated profit and loss account and include current and past service costs as well as gains and losses on curtailments.

Net interest expense / income is recognized in the consolidated profit and loss account, and is calculated by applying the discount rate used to measure the defined benefit obligation / asset at the beginning of the annual period to the balance of the net defined benefit obligation / asset, considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognized immediately in the consolidated profit and loss account. Settlements of defined benefit schemes are recognized in the period in which the settlement occurs.

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

Under the plan, pension costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. All actuarial gains and losses are recognized in the year in which they arise, with re-measurements presented within other comprehensive income. The net interest cost is derived by applying a single discount rate to the net surplus or deficit of the fund.

### **3.16 Employee stock option plan**

For equity settled share based payment plans, the Group 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 to the consolidated financial statements.

### **3.17 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.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### 3.18 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 account. If the Group disposes of 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 translation 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).

Entity	Functional Currency
TRG (Private) Limited	Pakistan Rupee
TRG Field Solutions (Canada), Inc.	Canadian Dollar
TRG Customer Solutions (Canada), Inc.	Canadian Dollar
IBEX Global Solutions (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 MENA FZE	UAE Dirham
IBEX Global Solutions Nicaragua SA	Nicaraguan Cordoba
IBEX Global Jamaica Limited	Jamaican Dollar
IBEX Global Solutions France SARL	Euro
DGS (Private) Limited	Pakistan Rupee
e - Telequote (Private) Limited	Pakistan Rupee
e - Telequote Hong Kong	Hong Kong Dollar

### Foreign currency transactions

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

### 3.19 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.

### 3.20 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.

### 3.21 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.

### 3.22 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

Note ..... 2017 ..... 2016 .....  
 (Rupees in '000)

Operating assets	4.1	3,254,531	2,679,226
Capital work-in-progress (CWIP)	4.4	119,032	131,015
		<u>3,373,563</u>	<u>2,810,241</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, 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	<u>8,283</u>	<u>59,782</u>	<u>361,098</u>	<u>539,184</u>	<u>987,017</u>	<u>5,391</u>	<u>1,960,755</u>
<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	<u>8,284</u>	<u>56,217</u>	<u>519,042</u>	<u>827,281</u>	<u>1,262,499</u>	<u>5,903</u>	<u>2,679,226</u>
<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	<u>8,284</u>	<u>56,217</u>	<u>519,042</u>	<u>827,281</u>	<u>1,262,499</u>	<u>5,903</u>	<u>2,679,226</u>
<b>Year ended June 30, 2017</b>							
Net book value as on June 30, 2016	8,284	56,217	519,042	827,281	1,262,499	5,903	2,679,226
Acquisition through business combination	-	49,794	-	28,453	32,164	-	110,411
Additions / transfers from capital work-in-progress	-	2,429	511,478	236,333	1,047,183	1,728	1,799,151
Foreign currency translation difference-net	-	(4)	(11,703)	(47,235)	(15,129)	(299)	(74,370)
Disposals	-	-	(2,875)	(4,078)	(310)	(436)	(7,699)
Depreciation charge	-	(8,758)	(220,348)	(274,035)	(745,510)	(3,537)	(1,252,188)
Net book value as at June 30, 2017	<u>8,284</u>	<u>99,678</u>	<u>795,594</u>	<u>766,719</u>	<u>1,580,897</u>	<u>3,359</u>	<u>3,254,531</u>
<b>At June 30, 2017</b>							
Cost	48,690	122,869	1,816,620	1,546,548	5,466,295	30,251	9,031,273
Accumulated depreciation	(40,406)	(23,191)	(1,021,026)	(779,829)	(3,879,545)	(26,892)	(5,770,889)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	<u>8,284</u>	<u>99,678</u>	<u>795,594</u>	<u>766,719</u>	<u>1,580,897</u>	<u>3,359</u>	<u>3,254,531</u>
Depreciation rate		<u>2.86% to 10.00%</u>	<u>2.86% to 33.33%</u>	<u>10% to 33.33%</u>	<u>8.33% to 33.33%</u>	<u>14.29% to 20.00%</u>	

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, 2017	<u>124,256</u>	<u>527,602</u>	<u>651,301</u>	<u>2,631</u>	<u>1,305,790</u>
June 30, 2016	<u>207,140</u>	<u>694,123</u>	<u>558,940</u>	<u>2,831</u>	<u>1,463,034</u>

4.2 The net book value of property and equipment at June 30, 2017 and 2016 includes Rs.1,153.39million (US\$ 11.0 million) and Rs. 1,572.52 million (US\$ 15.0 million), respectively, of assets that are pledged as security for liabilities.

#### 4.3 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
Computer and other accessories	11	1,367,401	-	24,326	Negotiation	Individual
Communications Equipment	343	7,189,524	46,660	149,102	Negotiation	Individual
Furniture & fixtures	282	13,475,836	1,060,179	899,438	Negotiation	Individual
Office Equipment	29	2,370,854	215,580	775,500	Negotiation	Individual
Leasehold improvements	49	19,688,121	2,876,355	1,307,529	Negotiation	Individual

#### 4.4 Capital work in progress

This includes an amount of Rs. 116.4 million (2016: Rs. 120 million) in respect of office and building improvements.

#### 4.5 Allocation of depreciation charge

	Note	2017	2016
		(Rupees in '000)	
Cost of services	23	878,841	741,442
Administrative and general expenses	24	373,347	191,716
		<u>1,252,188</u>	<u>933,158</u>

### 5. INTANGIBLE ASSETS

	Goodwill	Patents / trade marks	Non-compete covenants	Customer lists	Computer software	Total
(Rupees in '000)						
<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>
<b>Year ended June 30, 2017</b>						
Net book value as on June 30, 2016	1,399,293	2,529	-	-	791,892	2,193,714
Acquisition through business combination	1,821,843	-	-	66,619	187,294	2,075,756
Additions	-	113,593	-	-	341,593	455,186
Foreign currency translation difference-net	257	1	-	(6)	(475)	(223)
Impairment charge	(5,686)	-	-	-	-	(5,686)
Amortisation charge	-	(2,050)	-	(13,318)	(533,034)	(548,402)
Net book value as at June 30, 2017	<u>3,215,707</u>	<u>114,073</u>	<u>-</u>	<u>53,295</u>	<u>787,270</u>	<u>4,170,345</u>
<b>At June 30, 2017</b>						
Cost	3,807,779	133,092	28,829	184,937	2,274,930	6,429,567
Accumulated amortisation	-	(19,019)	(26,800)	(114,689)	(1,484,706)	(1,645,214)
Accumulated impairment	(592,072)	-	(2,029)	(16,953)	(2,954)	(614,008)
Net book value	<u>3,215,707</u>	<u>114,073</u>	<u>-</u>	<u>53,295</u>	<u>787,270</u>	<u>4,170,345</u>

Amortisation rate	9% to 20.00%	16.67% to 50.00%	20.00% to 33.33%
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Net book value of software licenses held under finance lease is Rs. 74.85 million (US\$ 0.714 million) [2016: Rs. 90.57 million (US\$ 0.864 million)].



5.1 Software includes Rs. 220.2 million (US\$ 2.1 million) [2016: Rs. 220 million (US\$ 2.1 million)] capitalized for an internally generated software titled as "Clearview". During management's annual review of useful life, management has re-assessed the remaining useful life of Clearview to be 3.83 years. The reassessment affects current period amortization charge by Rs. 57 million (US\$ 547,826) and the expected increase in amortization charge amounts to Rs. 57 million (US\$ 547,826), Rs. 57 million (US\$ 547,826) and Rs. 48 million (US\$ 456,521) for 2018, 2019 and 2020 respectively.

5.2 Allocation of amortisation charge:	Note	2017 (Rupees in '000)	2016
Cost of services delivery	23	281,532	254,888
Administrative and general expenses	24	266,870	57,059
		<u>548,402</u>	<u>311,947</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.	175,273	178,175
Digital Globe Services Limited	1,816,414	-
IBEX Global Solutions Limited	1,224,020	1,221,118
	<u>3,215,707</u>	<u>1,399,293</u>

The recoverable amount of the cash generating unit is determined on a "value in use" basis using cash flow projections prepared by management covering a five-year period. The first year of the projections is based on budgets prepared by management as part of the Group's performance and control procedures. Subsequent years are based on extrapolations using the key assumptions listed below which are management approved projections. The discount rate applied to cash flow projections beyond five-years is extrapolated using a terminal growth rate which represents the expected long-term growth rate of the Business Process Outsourcing ("BPO") sector.

	Revenue growth rate %	Discount rates (discrete period) %
iSky, Inc.	22.5	15.3
Digital Globe Services Limited	9	10.5
IBEX Global Solutions, Inc.	11	12.5

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 services and gross margin

Cost of services have been projected on the basis of multiple strategies planned by the management to ensure profitable operations. These strategies include cost cutting mechanism such as offshore migration of labour, centralization of support activities and increasing efficiency of service delivery 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 are calculated by using the weighted average cost of capital which reflects 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.

### 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.

### 6. LONG TERM INVESTMENT - Related party

	Note	2017 (Rupees in '000)	2016
Digital Globe Services Limited	6.1	-	3,387,612
DGS Lakeball LLC	6.2	30,783	-
		<u>30,783</u>	<u>3,387,612</u>

- 6.1 On December 1, 2016, the Group's equity interest in its associate, DGS, increased from 46.4% to 78.56% and DGS became a subsidiary from that date (refer note 7).

The information for 2016 presented in the below table includes the results of DGS for the year ended June 30, 2016. The information for 2017 includes the results of DGS only for the period from July 1, 2016 to November 30, 2016, due to acquisition of control by the Holding Company on December 1, 2016.

Summarized financial information of DGS is as follows:

	June 30, 2017 (Audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
Current assets	-	953,291
Non-current assets	-	461,929
Total assets	-	1,415,220
Current liabilities	-	840,200
Non-current liabilities	-	42,467
Total liabilities	-	(882,667)
	-	<u>532,553</u>
	<b>From July 1, 2016 to Nov 30, 2016</b>	<b>For the year ended June 30, 2016</b>
	(Rupees in '000)	
	<b>(Audited)</b>	<b>(Audited)</b>
Revenue	<u>2,281,892</u>	<u>4,984,028</u>
Profit / (loss) after tax	<u>19,811</u>	<u>(516,080)</u>
Other comprehensive loss	<u>-</u>	<u>(10,234)</u>

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

	June 30, 2017 (Rupees in '000)	June 30, 2016
	(Rupees in '000)	
<b>Net Assets</b>	-	532,553
<b>Holding Company's share of net assets</b>	-	247,226
<b>Goodwill</b>	-	3,140,386
<b>Carrying amount</b>	-	<u>3,387,612</u>

The Group received dividend of Rs. Nil (US\$ Nil) [2016: Rs. 96.96 million (US\$ 0.929 million)] during the year.

- 6.2 One of the indirect subsidiaries of the Group made a 47.5% investment in a Joint Venture DGS Lakeball LLC, with a purpose to procure and sell commercial leads for the Subsidiary's customers. The country of incorporation and principle place of business of DGS Lakeball LLC is the United States of America. The investment is accounted for under the equity method of accounting. The market value of the investment amounts to Rs. 30.4 million (US\$ 0.29 million). The details of the investment are as follows:

	June 30, 2017 (Rupees in '000)
Acquired through business combination	30,155
Share of profit for the year	622
Foreign exchange difference	6
Ending balance	<u>30,783</u>

Revenues from the Joint Venture during the year ended June 30, 2017 amounted to Rs. 73.36 million (US\$ 0.7 million) [2016: Rs. 20.87 million (US\$ 0.2 million)] and the net profit of Rs. 1.05 million (US\$ 0.01 million) [2016: net loss of Rs. 8.35 million (US\$ 0.08 million) excluding pre-operating expenses of Rs. 20.96 million (US\$ 0.2 million)].

Summarized financial information of equity accounted Joint Venture from the financial statements of DGS Lakeball is as follows:

	From Dec 1, 2016 to June 30, 2017 (Rupees in '000)
Revenue	47,013
Profit after tax	2,415
Other comprehensive income	-
Total comprehensive income	<u>2,415</u>

## 7. BUSINESS COMBINATION

- 7.1 On December 1, 2016 TRGIL acquired further 32.14% (previously held equity interest was 46.4%) of the outstanding ordinary shares of DGS and obtained control of DGS.
- 7.2 For the seven months ended June 30, 2017, DGS contributed revenue of Rs. 3,458 million (US\$ 33 million) and loss after tax of Rs. 12.58 million (US\$ 0.12 million) to the Group's results. If the acquisition had occurred on July 1, 2016, management estimates that consolidated revenue would have been Rs. 37,255 million (US\$ 355.44 million).
- 7.3 The goodwill of Rs. 1,794.5 million (US\$ 17.11 million) arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of TRGIL and DGS. Further, none of the goodwill recognised is deductible for tax purposes. The following table summarises the consideration paid for DGS and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	June 30, 2017 (Rupees in '000)
Total consideration transferred	757,530
Fair value of equity interest held before business combination	1,094,761
	<u>1,852,291</u>
<b>Assets</b>	
Property and equipment	161,332
Intangibles	281,241
Investment in Joint Venture	30,161
Deferred tax assets	175,950
Trade debts	807,463
Advances, deposits, prepayments and other receivables	121,589
Cash and bank balances	97,526
	<u>1,675,262</u>
<b>Liabilities</b>	
Deferred tax liability	559,871
Short term borrowing	180,441
Trade and other payables	861,406
	<u>(1,601,718)</u>
Total identifiable net assets acquired	73,544
Non controlling interest in DGS	(15,767)
Goodwill	1,794,514
	<u>1,852,291</u>

TRGIL previous interest, 46.4%, in DGS was remeasured to fair value and resulting loss of Rs. 2,285 million (US\$ 21.8 million) was taken to miscellaneous expenses.

7.4 On the date of acquisition, there is no significant difference between the carrying values and the fair values of the identifiable assets and liabilities of DGS.

## 8. DEFERRED TAXATION - net

	2017	2016
	..... (Rupees in '000) .....	
Tax effect of deductible temporary differences		
- Provisions against trade debts	147,854	48,166
- Unpaid accrued expenses / compensation	486,973	41,740
- Tax losses and credits	6,621,483	4,551,468
- Deferred revenue	90,650	115,937
	<u>7,346,960</u>	<u>4,757,311</u>
Less: deferred tax assets not recognised	<u>(6,003,515)</u>	<u>(4,270,303)</u>
	1,343,445	487,008
Setoff of tax	(883,182)	(320,966)
Net deferred tax assets	<u>460,263</u>	<u>166,042</u>
Tax effect of taxable temporary differences		
- Property and equipment	(80,843)	(79,640)
- Intangible assets	(11,454)	(154,656)
- Accrued income	(1,306,512)	-
- Development cost	(44,160)	(86,670)
	<u>(1,442,969)</u>	<u>(320,966)</u>
Setoff of tax	883,182	320,966
Net deferred tax liabilities	<u>(559,787)</u>	<u>-</u>

### 8.1 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. 6,003 million (US\$ 57.28 million) [2016: Rs. 4,270 million (US\$ 40.73 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, 2017, group's U.S. federal and state net operating loss carry forwards for income tax purposes are Rs. 16,058 million (US\$ 153.14 million) [2016: Rs. 11,022 million (US\$ 105.6 million)] and Rs. 12,954 million (US\$ 123.54 million) [2016: Rs. 10,540 million (US\$ 100.98 million)] respectively which will begin to expire in 2024. The Group's European subsidiaries have net operating loss carry forward of Rs.3,881 million (US\$ 37.02 million) [(2016: Rs. 1,203 million (US\$ 11.52 million)]. Group's net operating loss carry forwards for other subsidiaries (Canada and Brazil) are Rs. 402 million (US\$ 3.83 million) [2016: Rs. 233 million (US\$ 2.31 million)]. These amounts are based on the income tax returns filed for the year ended June 30, 2016 and the estimated amounts yet to be filed for the year ended June 30, 2017.

## 9. LONG TERM LOANS AND ADVANCES

The Group has issued 4 year promissory notes amounting Rs. 122.4 million (US\$ 1,167,345) [Rs. 122.4 million (2016: US\$ 1,167,345)] against allotment of shares of a subsidiary and 5 year promissory notes amounting to Rs. 682 million (US\$ 6,508,763) [Rs. 682 million (2016: US\$ 6,508,763)] against exercise of stock options of a subsidiary, to certain executives of the group. This also includes a 5 year promissory note amounting Rs. 167 million (US\$ 1,595,664) [Rs. 167 million (2016: US\$ 1,595,664)] by the CEO against sale of restricted common shares held in a subsidiary.

## 10. LONG TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017	2016
		..... (Rupees in '000) .....	
Long term deposits and other receivables	10.1 & 10.2	1,573,318	2,037,331
Long term prepayments	10.3	243,990	105,044
		<u>1,817,308</u>	<u>2,142,375</u>

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

- 10.2** This also includes renewal receivable relating to insurance policies amounting to Rs. 1,426 million (US\$ 13.6 million) [Rs. 1,793 million (2016: Rs. 17.1 million)]
- 10.3** These include amounts incurred for initial training conducted for new clients where the expected duration of the contract exceeds twelve months.

## 11. TRADE DEBTS - Unsecured

	Note	2017 (Rupees in '000)	2016
Considered good		5,888,611	5,614,369
Considered doubtful		385,640	63,278
		<b>6,274,251</b>	<b>5,677,647</b>
Less: Allowance for doubtful debts	11.1	(385,640)	(63,278)
Closing balance - net		<b>5,888,611</b>	<b>5,614,369</b>
<b>11.1 Allowance for doubtful debts</b>			
Opening balance		63,278	54,398
Acquisition through business combination		199,776	-
Foreign currency translation differences		(141)	100
Reversal / (write off) of trade debts against allowance		15,508	(17,559)
Allowance made during the year		107,219	26,339
Closing balance		<b>385,640</b>	<b>63,278</b>
<b>12. ADVANCES - considered good</b>			
Advances		<b>93,454</b>	<b>10,629</b>

- 12.1** 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.

## 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

These include deposits placed and prepayments made to various service providers, suppliers and landlords in the normal course of business. This also includes deferred expenses related to revenue over initial training that occurs upon commencement of a new client contract. These deferred expenses are deferred and charged to other operating expenses on a straight-line basis over the life of the client contract as the related revenue is recognised. These also includes an amount of Rs. 555.76 million (US\$ 5.3 million) being current portion of renewal receivable.

## 14. CASH AND BANK BALANCES

	Note	2017 (Rupees in '000)	2016
Balances with banks in:			
- current accounts		2,937,129	4,613,904
- deposit accounts (with a maturity of 3 months or less)	14.1	118,823	89,589
		<b>3,055,952</b>	<b>4,703,493</b>
Cash in hand		18,034	556,416
		<b>3,073,986</b>	<b>5,259,909</b>

- 14.1** Rate of return on deposit accounts ranges from 0.2% to 6% per annum (2016: 0.2% to 7% per annum).

## 15. SHARE CAPITAL

	2017		2016	
	(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	535,765,687	5,357,657	535,765,687	5,357,657
- shares allotted for consideration in cash				
- shares allotted for consideration other than cash (note 15.1)	9,624,978	96,250	9,624,978	96,250
	<b>545,390,665</b>	<b>5,453,907</b>	<b>545,390,665</b>	<b>5,453,907</b>

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

### 15.2 Non-controlling interest

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

	June 30, 2017 (Rupees in '000)	
	IBEX Holdings	Other significant entities
NCI Percentage (%)	53.24%	30.93%
Non-current assets	6,673,558	1,371,018
Current assets	9,288,202	1,880,326
Non-current liabilities	2,475,226	1,974,150
Current liabilities	10,473,361	3,696,441
Net assets / liabilities attributable to NCI	1,604,213	(748,273)
Revenue	35,008,439	3,195,213
Loss for the year	(944,569)	(3,435,289)
Loss attributable to NCI	(502,889)	(1,062,535)
Other comprehensive income attributable to NCI	12,786	-
Total comprehensive income attributable to NCI	6,807	-
Dividend paid to NCI	-	-

	<b>June 30, 2016</b> <b>(Rupees in '000)</b>	
	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 / liabilities attributable to NCI	1,705,639	(194,175)
Revenue	26,668,550	1,748,745
Profit for the year	676,969	1,286,598
Profit attributable to NCI	399,411	694,763
Other Comprehensive Income attributable to NCI	51,330	-
Total Comprehensive Income attributable to NCI	450,741	694,763
Dividend paid to NCI	(143,203)	-

#### 16. LONG TERM FINANCES - secured

	2017	2016
Note	..... (Rupees in '000) .....	
<b>Financial Institutions</b>		
IBM Credit LLC	16.1 93,320	366,606
CIT Finance LLC	16.2 9,437	78,731
PNC Bank, N.A.	21.1 1,728,833	813,410
Orix Ventures LLC	16.3 1,425,546	1,528,289
CSC, CCA and Farnam	16.4 168,983	172,211
17Capital Fund (senior preferred shares)	16.5 6,775,181	5,241,720
	<b>10,201,300</b>	8,200,967
Less: current maturity of long term finances	<b>(874,789)</b>	(666,158)
	<b>9,326,511</b>	7,534,809

- 16.1** In June 2014, the Group entered into a Rs. 346 million (US\$ 3.3 million) three-year financing agreement ("IBM Agreement") with IBM Credit LLC ("IBM") to finance the purchase of software licenses (under a Select Agreement) from Microsoft Corporation ("Microsoft"). Also in June 2014, the Group entered into a three-year Enterprise Agreement with Microsoft for the use of certain cloud software services for approximately Rs. 115 million (US\$ 1.1 million) in year one, with minimum service commitments of approximately Rs. 5.2 million (US\$ 50,000) in each of years two and three. The monthly financing payments under the IBM Agreement are approximately Rs. 11 million (US\$ 103,000) per month for 36 months which began in July 2014.

**16.2** In addition, the Group has financed the purchase of various property and equipment and software during the fiscal year 2017 and 2016 with CIT Finance LLC ("CIT"), IBM and PNC. As of June 30, 2017 and 2016, the Group has financed Rs. 954.17 million (US\$ 9.1 million) and Rs. 1,278.98 million (US\$ 12.2 million), respectively, of assets at interest rates ranging from 6% to 8% per annum.

**16.3** On October 28, 2015, Satmap Incorporated USA, Inc ("the Subsidiary"), subsidiary of Afiniti International Holding 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 276,100 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 Holding 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).

**16.4** During the year, financing arrangement has been made between SATMAP Inc. d/b/a Afiniti and various leasing companies namely CSC Leasing Company, CCA Financial LLC and Farnam Street Financial Incorporation for the period of 3 years. Under which they have a long term outstanding amount Rs. 43.97 million (US\$ 419,342) [2016: 65.38 million (US\$ 623,685)], Rs. 55.49 million (US\$ 529,226) [2016: Rs. 69.60 million (US\$ 663,901)] and Rs. 69.52 million (US\$ 663,032) [2016: Rs. 30.47 million (US\$ 290,683)] respectively. The rate of interest varies from 2% to 14% per annum. These finances are obtained against various maintenance and implementation expenses during the year.

**16.5** 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 Afiniti International Holdings Limited 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.

On June 28, 2017, the company entered into an agreement with a consortium of related investors, comprised of 17Capital Fund 3, L.P. and 17Capital Fund 3 Luxembourg S.C.Sp. ("Subscribers") whereby, the parties agreed to redeem 1,538,462 Senior Preferred Shares in accordance with Preferred Share Subscription Agreement dated June 6, 2016 on a cash-free basis in exchange for the Company procuring that its indirect subsidiary, e-Telequote Limited, shall issue to the Subscribers the 1,538,462 e-Telequote Senior Preferred Shares in accordance with Preferred Share Subscription Agreement dated June 28, 2017.

## 17. CONVERTIBLE PREFERENCE SHARES

Following is the movement in preferred stock during the year:

	2017	2016
	..... (Rupees in '000) .....	
Opening balance	3,145,032	3,053,361
Foreign currency translation difference	588	91,671
Closing balance	<u>3,145,620</u>	<u>3,145,032</u>

On October 4, 2005, TRGIL 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 million. The PineBridge investors have the right to have their preference shares purchased back at the original issue price (US\$ 1.12 per share) or force liquidation of TRGIL's assets or to require TRGIL's ordinary shares to be sold, for redemption of their investment. Alternatively, the investors have a right to convert these preference shares into ordinary shares. To date, PineBridge investors have not exercised either of these rights. Management is confident that PineBridge Investors would continue with their investment in the preference shares of TRGIL in foreseeable future.

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, 2017, requiring such an accrual or payment.

The holders of Series A Preferred Shares will be entitled to an aggregate preference equal to the greater of (A) US\$ 46.50 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 million, less any amount paid as the preference to the holders of Series A Preferred Shares or Series B Preferred Shares on liquidating or non-liquidation distributions, prior to payment of any distribution in respect of Common Shares, subject to reduction for any non-liquidating distributions received.

As of June 30, 2017, PineBridge Investors has invested the full Rs. 3,146 million (US\$ 30 million) committed to TRGIL.

## 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2017		2016	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	(Rupees in '000)			
Within one year	759,740	684,327	560,189	472,509
After one year but not more than five years	809,633	759,215	885,536	836,512
Total minimum lease payments	1,569,373	1,443,542	1,445,725	1,309,021
Less: amounts representing finance charges	(125,831)	-	(136,704)	-
Present value of minimum lease payments	1,443,542	1,443,542	1,309,021	1,309,021
Less: current portion shown under current liabilities	(684,327)	(684,327)	(472,509)	(472,509)
	759,215	759,215	836,512	836,512

The leases have interest rates ranging from 5% to 10% per annum (2016: 6% to 8% 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.

## 19. OTHER NON - CURRENT LIABILITIES

	Note	2017 (Rupees in '000)	2016
Following are the details of other long term liabilities:			
Long term deferred revenue	19.1	262,493	144,295
Long term deferred rent		27,472	44,869
Payable under employee share option plan	23.1	7,759	2,726
Defined benefit scheme	19.2	76,229	66,360
Other		5,348	839
		<b>379,301</b>	<b>259,089</b>

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

**19.2** Two of the Group subsidiaries ("the subsidiaries") operate 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, 2017. 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:

	2017	2016
Discount rate	5.00%	5.40%
Expected rate of salary increase	3.00%	3.00%

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

	2017 (Rupees in '000)	2016
Current service cost	23,278	24,945
Interest on obligation	2,097	2,505
	<b>25,375</b>	<b>27,450</b>

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

	2017 (Rupees in '000)	2016
Present value of unfunded defined benefit obligation	<b>76,229</b>	66,360

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

	2017 (Rupees in '000)	2016
Present value of defined benefit obligation at beginning of the year	66,360	50,279
Foreign currency translation difference	(8,376)	2,469
Current service cost	23,278	24,945
Interest cost	2,097	2,505
Actuarial gains recognised in OCI	(7,130)	(13,838)
Present value of defined benefit obligation at end of the year	<b>76,229</b>	<b>66,360</b>

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

	2017	2016	2015	2014
	(Rupees in '000)			
Present value of defined benefit obligation	76,229	66,360	50,279	17,092

## 20. TRADE AND OTHER PAYABLES

	2017	2016
	(Rupees in '000)	
Trade creditors	1,816,209	1,596,918
Accrued expenses	3,684,623	2,778,796
Payable to employee defined contribution plans	6,701	1,875
Value added tax payable by indirect subsidiaries	119,385	113,206
Legal and professional charges	227,495	117,683
Deferred revenue	592,675	1,028,076
Unclaimed dividends	592	592
Advances received for issuance of shares of Afiniti	146,208	675,778
Phantom stock option liability	18,684	-
Provision for charge back	60,992	154,580
Others	652,710	52,411
	<b>7,326,274</b>	<b>6,519,915</b>

## 21. SHORT TERM BORROWINGS - secured

	Note	2017	2016
		(Rupees in '000)	
<i>From financial institutions:</i>			
- PNC Bank, N.A	21.1	2,192,183	1,784,806
- Seacoast Business Funding	21.2	31,857	39,444
- JS Bank Limited	21.3	39,875	39,694
- Heritage Bank of Commerce	21.4	261,683	-
- Private Lender Financing	21.5	957,317	-
		<b>3,482,915</b>	<b>1,863,944</b>

- 21.1** The Group's subsidiary TRG Customer Solutions, Inc. entered have a revolving credit facility (as amended, the "PNC Credit Facility") with PNC Bank, N.A. ("PNC") with the maturity date up to May 2020. Borrowings under the PNC Credit Facility bear interest at LIBOR plus a margin of 1.75% and/or at the PNC Commercial Lending Rate for domestic loans. In this agreement, TRG Customer Solutions, Inc. derived 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. 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.

The PNC Credit Facility was amended in June 2016 to include a Rs. 315 million (US\$ 3.0 million) non-revolving line of credit for purchases of equipment, which was drawn down in full. The balance of this line as of June 30, 2017 is Rs. 241 million (US\$ 2.3 million) [2016: Rs. 189 million (2016: US\$ 1.8 million)] as included in note 16. In November 2016, the PNC Credit Facility was amended by adding a Term Loan C of Rs. 1,678 million (US\$ 16.0 million) which was drawn down in full with Rs. 629 million (US\$ 6.0 million) applied to repay in full Term Loan A. Term Loan C is required to be repaid in 54 equal monthly instalments (commencing six months after the drawdown date). The term loan balance as of June 30, 2017 is Rs. 1,489 million (US\$ 14.2 million) [2016: Rs. 629 million (2016: US\$ 6 million)] as included in note 16.

- 21.2** In July 2011, a subsidiary of the Group, iSky, Inc. entered into a purchasing agreement (the "Seacoast Receivables Financing Agreement") with the predecessor to Seacoast National Bank ("Seacoast"). Pursuant to the Seacoast Receivables Financing Agreement, Seacoast provides payment to iSky, Inc. for up to Rs. 157 million (US\$ 1.5 million) of accounts receivable owed to iSky, Inc. All payments from Seacoast to iSky, Inc. are subject to a discount of 1.0% for receivables outstanding 30 days or less and an additional 0.5% for each additional 15 days that such receivable is outstanding. The average discount during the fiscal year ended June 30, 2017 was approximately 1.5% of net sales. Under the Seacoast Receivables Financing Agreement, Seacoast may also advance an amount up to 85% of iSky, Inc.'s receivables to iSky, Inc. at a rate of LIBOR plus 7.0%.

The Seacoast Receivables Financing Agreement requires iSky, Inc. to sell Rs. 21 million (US\$ 0.2 million) of receivables per month to Seacoast, subject to a penalty based on the discount fee if such minimum is not met. The Seacoast Receivables Financing Agreement is automatically renewed for successive 12-month periods unless terminated in accordance with its terms.

**21.3** This represents short term running finance obtained from a commercial bank amounting to Rs. 39.87 million (2016: Rs. 39.69 million) against total facility of Rs. 40 million (2016: Rs. 40 million). The facility will expire on December 31, 2017 and is secured by way of mortgage of Rs. 49 million over land of the Company located in Lahore and first hypothecation charge of Rs. 27 million (2016: Rs. 27 million) over all present and future receivables of TRG (Private) Limited. This facility carries annual markup at the rate of 3 month KIBOR + 3.25%. Interest is payable on quarterly basis.

**21.4** In March 2015, the subsidiaries of the Group, Digital Globe Services, Inc., Telsat Online Inc. and DGS EDU, LLC entered into a one-year Rs. 367 million (US\$ 3.5 million) revolving credit facility (as amended, the "HBC Credit Facility") with Heritage Bank of Commerce ("HBC"). In March 2016, the HBC Credit Facility was amended to increase the credit line capacity to Rs. 524 million (US\$ 5.0 million) and extend its maturity date until March 31, 2018, subject to collateral review. As of June 30, 2017, Rs. 262 million (US\$ 2.5 million) of indebtedness was outstanding under the HBC Credit Facility.

Borrowings under the HBC Credit Facility bear interest at the Prime Rate plus a margin of 2.50%. Amounts owed under the HBC Loan Facility are secured by our substantially all of the borrowers' assets.

Availability of amounts under the HBC Credit Facility is subject to the achievement of EBITDA (as defined in the HBC Loan Agreement) of at least Rs. 79 million (US\$ 750,000) by Digital Globe Services, Inc., Telsat Online Inc., and DGS EDU, LLC for the trailing six months ending on each quarter end during the term of the facility.

The HBC Credit Facility also contains negative covenants limiting mergers and consolidations, acquisitions and sales of assets, liens, the making of loans and guarantees and dividends, storage of inventory, and payments of subordinated debt, which are subject to exceptions and qualifications.

The HBC Credit Facility contains customary events of default, including payment default, failure to comply with covenants or other obligations, material misrepresentations, events which have a material adverse effect, certain bankruptcy events, and changes of control. At June 30, 2017, the borrowers under the HBC Credit Facility were fully compliant with the reporting and financial covenants except for certain events of default for six-month rolling adjusted EBITDA covenants for June 2016, September 2016 and June 2017. Under the terms of the loan agreement, such defaults give HBC the right to call for immediate repayment of the balance owed. HBC has waived these defaults on September 30, 2016, December 14, 2016 and September 1, 2017 respectively.

**21.5** During the year, e-Telequote Insurance, Inc. obtained a private lender financing by issuing Rs. 954 million (US\$ 9.1 million) aggregate principal amount of 12% Senior Secured Notes due June 12, 2018, guaranteed by TRGIL, with an option of early settlement by the borrower.

## **22. CONTINGENCIES AND COMMITMENTS**

### **22.1 Contingencies**

The Group is 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.

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

In November 2014, a group of current and former employees filed a collective action under the US Fair Labor Standards Act ("FLSA") and Tennessee law in the US District Court of Tennessee against TRG Customer Solutions, Inc. d/b/a IBEX Global Solutions, alleging that such plaintiffs were forced to work "off the clock" without being paid for that time. In December 2014, a similar FLSA collection action case was filed against IBEX Global Solutions in the US District Court for the District of Columbia. In February 2015, the two cases were consolidated in Tennessee and the plaintiffs agreed to submit all claims to binding arbitration before the American Arbitration Association. Presently, there are approximately 3,500 individuals who have opted into the FLSA class action claims, and there are pending wage and hour class action claims under Oregon, Pennsylvania, and Tennessee state laws involving approximately 25,000 potential class action claimants. State class certification motions are currently due to be filed in November 2017. Discovery and internal investigations into this matter are ongoing. The plaintiffs have not identified the amount of damages sought at this time, and the management cannot reasonably determine such damages at this time. We intend to vigorously defend this action and have made a reserve against this matter of \$1,000,000 reflecting the cost of defense.

In June 2017, the plaintiffs' lawyers in the above matter filed a tag-along nationwide collective action in Tennessee federal court, asserting FLSA and state law wage and hour class action claims. In August 2017, the court found that all such class action claims are precluded by class action waivers signed by the named plaintiffs as a condition of their employment with IBEX Global Solutions and directed the parties to meet and confer to arbitrate plaintiffs' individual claims before the American Arbitration Association. In November 2017, the Court granted IBEX's motion to compel arbitration of those plaintiffs who have signed class action waivers, but allowed the plaintiff to amend their complaint with any plaintiffs they allege to have not signed a class action waiver. We intend to vigorously defend this action and have not made any reserve given that the probability for liability or settlement, as well as the amount of any damages, are not estimable at this time.

In June 2017, a group of current and former employees filed a lawsuit against IBEX Global Solutions in Tennessee federal court alleging wage and hour claims under the FLSA and various state laws. On August 21, 2017, the management filed a motion to dismiss the class allegations and to compel arbitration of the individual claims. In November 2017, the Court granted IBEX's motion to compel arbitration, but allowed the plaintiff to amend their complaint with any suitable plaintiffs to the extent they exist. We intend to vigorously defend this action and have not made any reserve given that the probability for liability or settlement, as well as the amount of any damages, are not estimable at this time.

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.

In December 2017, a confidential arbitration proceeding was commenced to resolve allegations brought by a SATMAP Inc. employee against the Company and one of its officers asserting Title VII and related tort claims. The Company is in the process of continuing to investigate these allegations and has filed a claim with its provider of employment practices liability insurance. The matter is in the earliest phases of litigation and discovery has yet to commence. Defendants are vigorously defending and no amount of damages, if any, can be reasonably estimated this time.

As at June 30, 2017, returns of income tax up to tax year 2016 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. 88,303 and Rs. 604,687 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 consolidated financial statements.

During the year, the Company was selected for audit under Section 177 of Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (CIR) through his notice dated 18 November 2016 for tax year 2011. While finalising the audit proceedings, the Assessing Officer passed an amended order under Section 122(1) of the Ordinance dated 30 May 2017 whereby the income was assessed at Rs. 1,007 million and tax demand of Rs. 352.64 million was created. Consequently, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A), who vide his order dated 22 June 2017, remanded back the case to the Commissioner Inland revenue (who holds the jurisdiction over the case) for fresh adjudication. After fresh proceedings, the revised assessment order dated 31 July 2017 was passed under Section 124(1) of the Ordinance wherein the Officer Inland Revenue (OIR) disregarded the declared loss of Rs. 14.388 million and assessed the revised income at Rs. 0.751 million and created tax demand of Rs. 0.272 million. Management is confident that the Company will not incur said liability, as sufficient refundable amounts arising from previous years against which such liability will be adjusted. The Company has preferred appeal against the above order to the CIR(A). The said appeal is pending adjudication. Accordingly no provision has been made in this regard in these financial statements.

## 22.2 Commitments

- 22.2.1** 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. 209.71 million (US\$ 2 million). No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely.
- 22.2.2** 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.
- 22.2.3** 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 2017.
- 22.2.4** IBEX Global Solutions Limited 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 million (US\$ 0.69 million).
- 22.2.5** IBEX Global Solutions Limited is also subject to early termination provisions in certain telecommunications contracts, which if enforced by the telecommunications providers, would subject IBEX Global Solutions to the obligation to pay early termination fees. To date, these early termination provisions have not been triggered by IBEX Global Solutions.

## 22.3 Operating leases commitment

Certain Group companies have access to computer equipment, software, office facilities, furniture and fixtures and office premises under operating lease arrangements. Rent expense is recognized 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:

	2017	2016
	..... (Rupees in '000) .....	
Within one year	1,089,435	753,017
After one year but not more than five years	2,191,225	1,574,089
More than five years	69,518	-
	<u>3,350,178</u>	<u>2,327,106</u>

Rental expenditure was approximately Rs. 1,231 million (US\$ 11.75 million) and Rs. 1,075 million (US\$ 10.3 million) for the years ended June 30, 2017 and 2016, respectively.

## 23. COST OF SERVICES

	Note	2017	2016
		..... (Rupees in '000) .....	
Salaries and other employee costs		23,411,798	20,687,498
Travelling, transportation and conveyance		673,236	273,942
Affiliates / leads		1,706,539	1,270,272
Communication, rent, utilities and repair and maintenance		3,269,973	2,836,671
Depreciation	4.5	878,841	741,442
Amortisation	5.2	281,532	254,888
Employee stock option plan expense	23.1	465,454	98,465
Miscellaneous		2,152,898	438,329
		<u>32,840,271</u>	<u>26,601,507</u>

## 23.1 Employee Stock Option Plan

As at June 30, 2017, the Group maintained the following stock option plans: TRGIL 2016 share incentive plan, IBEX Pre-IPO stock plan 2013, IBEX Post-IPO stock plan 2013, IBEX group Phantom stock option plan (a cash settled share-based payment), Afiniti stock option plan, e-Telequote stock option plan and DGS Limited stock option plan.

On June 20, 2017, the IBEX Holdings Limited adopted a 2017 Stock Option Plan to enable certain executives and employees to be granted options and restricted stock awards, up to a maximum of 2,007,498 common shares of the IBEX Holdings Limited. As of June 30, 2017, there has been no movement under the said stock option plan.

The details of above mentioned stock option plans are as below:

### 23.1.1 TRGIL 2016 share incentive plan

In 2016 TRGIL adopted an option plan of up to 1,147,171 non-voting Class B Common Shares for all of the Group's employees, officers and directors, as well as consultants and advisors.

During the year ended June 30, 2017, the TRGIL granted 150,000 share options to director of the Parent Company. The options so granted had an exercise price of US\$ 0.10 per share, an expected term of ten years and nil expected average dividend yield. The management used volatility of 30% for these options and used risk-free rate of 1.4% being compounded United States nominal treasury rate corresponding to the term of the option.

As at June 30, 2017, 150,000 options were outstanding as at end of the year with weighted average remaining life of 9 years and exercise price of US\$ 0.10, whereas 75,000 options were exercisable with weighted average remaining life of 9 years and exercise price of US\$ 0.10. The grant date fair value of stock options granted during the year ended June 30, 2017 is US\$ 1.95. The amount recognized as share-based payment expense pertaining to this plan for the year ended June 30, 2017 is Rs. 30.66 million (US\$ 292,500).

### 23.1.2 IBEX stock plan 2013

The IBEX Stock Plan 2013 was adopted on June 4, 2013 and is comprised of a plan adopted prior to the AIM flotation of IBEX Global Solutions Limited (Pre-IPO plan) and a plan adopted after the completion of the AIM flotation on June 28, 2013 (Post-IPO plan). The Pre-IPO plan was adopted to enable certain executives and employees to be granted options by TRGI to acquire ordinary shares and restricted stock awards (TRGI Options) not to exceed the maximum of 4,301,890 shares, with 1,760,892 and 1,760,892 options for ordinary shares.

IBEX Global Solutions Limited held by TRGI outstanding under the Pre-IPO plan as of June 30, 2017 and 2016, respectively. The maximum allowable shares under the Post-IPO plan is 5,008,341, with 3,200,427 and 2,853,687 authorized as of June 30, 2017 and 2016, respectively, and 3,200,427 and 2,750,427 options outstanding as of June 30, 2017 and 2016, respectively. When an employee leaves with unexercised stock options under the Pre-IPO plan, the ordinary shares of IBEX Global Solutions Limited underlying these options become unencumbered with respect to TRGI. In contrast, the options under the Post-IPO plan are returned to the plan for reissuance.

During the year ended June 30, 2017, the IBEX Global Solutions Limited granted 450,000 (2016: 920,523) share options under the Post-IPO plan to its employees. There were no options granted under the Pre-IPO plan in either such fiscal year. The weighted average exercise price of options granted during fiscal year 2017 was US\$ 1.12 (2016: US\$ 1.71). 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 fiscal year 2017, nil (2016: 29,888) options were exercised under Pre-IPO plan.

#### **Expected term**

The expected term of options granted is ten years. In estimating the expected term, IBEX Global Solutions Limited assumes all options will be exercised at the contractual term of the option.

#### **Volatility**

The expected volatility was determined by reference to historical data of IBEX Limited's shares over a period of time consistent with option life. Management used an average volatility of 24.5% (2016: 25.5%) for grant calculations for the year ended June 30, 2017.



### Expected dividends

The expected average dividend yield of IBEX is 7.3% (2016: 7.3%) for the year ended June 30, 2017.

### 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, 2017 was 1.4% (2016: 1.9%).

	2017		2016	
	Weighted average exercise price (US\$)	Share options (Number)	Weighted average exercise price (US\$)	Share options (Number)
Options outstanding as at beginning of the year	1.78	4,511,319	1.70	6,026,891
Options granted during the year	1.12	450,000	1.71	920,523
Options exercised during the year	-	-	1.55	(29,888)
Options cancelled during the year	-	-	1.59	(2,406,207)
Options outstanding as at end of the year	1.68	4,961,319	1.78	4,511,319
Pre-IPO plan		1,760,892		1,760,892
Post-IPO plan		3,200,427		2,750,427
Options outstanding as at end of the year		4,961,319		4,511,319
Options exercisable as at end of the year		-		2,513,265

A summary of the stock options outstanding and exercisable as at June 30, 2017 and 2016 is as follows:

Exercise price or range US\$	2017					
	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\$
1.07 - 3.37	4,961,319	7.03	1.68	-	-	-

Exercise price or range US\$	2016					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.55 - 3.37	4,511,319	8.16	1.78	2,513,265	7.34	1.75

The weighted average grant date fair value of stock options granted during the year ended June 30, 2017 is US\$ 0.068 (2016: US\$ 0.729). The amount recognized as share-based payment expense pertaining to this plan for the year ended June 30, 2017 is Rs. 10.5 million (US\$ 0.1 million) [Rs. 52.2 million (2016: US\$ 0.5 million)].

### 23.1.3 IBEX group Phantom stock option plan

The Group maintains a phantom stock option plan for employees of certain subsidiaries of IBEX Global Solutions Limited.

A Phantom stock option is the right to receive upon exercise an amount equal to the difference between;

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

During the year ended June 30, 2016, the subsidiaries of the Group included in this plan granted 239,864 Phantom Stock Options to their respective employees. There were no Phantom stock options granted in fiscal year 2017. The weighted average exercise price of all options granted in 2016 was US\$ 1.58 (2017: 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 fiscal year 2016, 42,339 options were exercised under the Phantom Stock plan (2017: nil).

The grants of the Phantom stock options are treated as cash settled share-based payment transactions under IFRS 2 'Share-based Payment'. The fair value of the liability is measured at the end of each reporting period and settlement date and changes in fair value are recognized in the consolidated profit and loss account for the period. The entity uses 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 recognized in the consolidated profit and loss account. These include estimates of the expected term of stock options, expected volatility of the entity'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, the subsidiary assumes all options will be exercised at the contractual term of the option.

#### **Volatility**

Management used a volatility of 27.1% (2016: 24.5%) for measurement of fair value of options as at June 30, 2017.

#### **Expected dividends**

The expected dividend yield is 7.3% (2016: 7.3%) for the year ended June 30, 2017.

#### **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, 2017 was 2.1% (2016: 1.3%).

	2017		2016	
	Weighted average exercise price (US\$)	Share options (Number)	Weighted average exercise price (US\$)	Share options (Number)
Options outstanding as at beginning of the year	1.79	875,625	1.88	697,924
Options granted during the year	-	-	1.58	239,864
Options exercised during the year	-	-	1.55	(42,339)
Options cancelled during the year	-	-	1.81	(19,824)
Options outstanding as at end of the year	1.79	875,625	1.79	875,625
Options exercisable as at end of the year	-	-	-	591,130

A summary of the stock options outstanding and exercisable as at June 30, 2017 and 2016 is as follows:

Exercise price or range US\$	2017					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.55 - 3.37	875,625	6.76	1.79	-	-	-

Exercise price or range US\$	2016					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.55 - 3.37	875,625	7.78	1.79	591,130	6.98	1.77

The weighted average fair value of the Phantom stock options as at June 30, 2017 is US\$ 0.10 (2016: US\$ .051). For the year ended June 30, 2017, the Subsidiary recognized an expense of share-based payment amounting to Rs. 5 million (US\$ 47,524) [2016: income of Rs. 14 million (US\$ 135,137)] in the consolidated profit and loss account. There were no Phantom Stock options with intrinsic value as of June 30, 2017 and 2016. The liability under the Phantom stock option plan as at June 30, 2017 and 2016 was included as other non-current liabilities in note 19.

#### 23.1.4 Afiniti Phantom stock option plan

The Company maintains a phantom stock option plan for employees of the Group.

A Phantom stock option is the right to receive upon exercise an amount equal to the difference between;

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

During the year ended June 30, 2017, the subsidiaries of the Group included in this plan granted 507,012 Phantom Stock Options to their respective employees. The weighted average exercise price of all options granted in 2017 was US\$ 1.72. In fiscal year 2017 no options were exercised under the Phantom Stock plan.

The grants of the Phantom stock options are treated as cash settled share-based payment transactions under IFRS 2 'Share-based Payment'. The fair value of the liability is measured at the end of each reporting period and settlement date and changes in fair value are recognized in the consolidated profit and loss account for the period. The entity uses 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 recognized in the consolidated profit and loss account. These include estimates of the expected term of stock options, expected volatility of the entity's shares, expected dividends and the risk-free interest rate:

##### **Expected term**

The expected term of options granted is six years. In estimating the expected term, the subsidiary assumes all options will be exercised at the contractual term of the option.

##### **Volatility**

Management used a volatility of 42.2% for measurement of fair value of options as at June 30, 2017.

##### **Expected dividends**

The expected dividend yield is 0.0% for the year ended June 30, 2017.

### **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, 2017 was 1.6%.

	2017	
	Weighted average exercise price (US\$)	Share options (Number)
Options outstanding as at beginning of the year		
Options granted during the year	1.72	507,012
Options exercised during the year		-
Options cancelled during the year		-
Options outstanding as at end of the year	1.72	507,012
Options exercisable as at end of the year		-

A summary of the stock options outstanding and exercisable as at June 30, 2017 is as follows:

Exercise price or range US\$	2017					
	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\$
1.72	507,012	9.40	1.72	-	-	-

The weighted average fair value of the Phantom stock options as at June 30, 2017 is US\$ 1.07. For the year ended June 30, 2017, the Subsidiary recognized an expense of share-based payment amounting to Rs. 18.8 million (US\$ 0.18 million) in the consolidated statement comprehensive income. The liability under the Phantom stock option plan as at June 30, 2017 was included as other trade and other payables in note 20.

### **23.1.5 Afiniti stock option plan**

Afiniti International Holdings 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 common shares of Afiniti. The exercise price of options granted during 2016 was US\$ 1.3.

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 2016 was 5.27 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.

#### **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.

	2017		2016	
	Weighted average exercise price (US\$)	Share options (Number)	Weighted average exercise price (US\$)	Share options (Number)
Options outstanding as at June 30, 2016	1.11	2,688,340	0.91	3,540,921
Options granted during the year	1.30	1,205,847	1.30	3,351,241
Options exercised during the year	-	-	1.11	(3,659,147)
Options forfeited/cancelled/expired during the year	-	-	1.05	(544,675)
Options outstanding as at June 30, 2017	1.11	3,894,187	1.11	2,688,340
Options exercisable as at June 30, 2017	1.10	2,425,075	1.10	2,274,474

A summary of the stock options outstanding and exercisable as at June 30, 2017 and 2016 is as follows:

Exercise price or range US\$	2017					
	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\$
0.7 - 1.31	3,894,187	7.08	1.11	2,425,075	7.91	1.10

Exercise price or range US\$	2016					
	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\$
0.7 - 1.31	2,688,340	8.08	1.11	2,274,474	8.91	1.10

Based on the above assumptions, the fair value of all options granted during 2016 were US\$ 0.55. The amount recognized as share-based payment expense for the year ended June 30, 2017 and June 30, 2016 was Rs. 150 million (US\$ 1,430,351) and Rs. 71 million (US\$ 674,805) respectively.

### 23.1.6 e - Telequote stock option plan

The e-Telequote stock plan was adopted in March 2014 to enable certain executives and employees of e-Telequote Plc to be granted options to acquire common shares of e-Telequote Plc not to exceed a maximum of 1,050,000 common shares. The exercise price of options granted during the year is US\$ 1.6 (2016: 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 recognized 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 65.4% (2016: 40%) for grant calculation as of June 30, 2017.

### 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 June 30, 2017 is 1% (2016: 1%).

	2017		2016	
	Weighted average exercise price (US\$)	Share options (Number)	Weighted average exercise price (US\$)	Share options (Number)
Options outstanding as at beginning of the year	0.05	28,600,000	0.05	33,600,000
Options granted during the year	0.05	11,100,000	0.05	1,200,000
Options exercised during the year		-		-
Options forfeited / cancelled / expired during the year		-	0.05	(6,200,000)
Options outstanding as at end of the year	0.05	<u>39,700,000</u>	0.05	<u>28,600,000</u>
Options exercisable as at end of the year	0.05	<u>33,633,600</u>	0.05	<u>21,580,822</u>

A summary of the stock options outstanding and exercisable as at June 30, 2017 and 2016 is as follows:

Exercise price or range US\$	2017					
	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\$
0.05	<u>39,700,000</u>	<u>10.00</u>	<u>0.05</u>	<u>33,633,600</u>	<u>10.00</u>	<u>0.05</u>

Exercise price or range US\$	2016					
	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\$
0.05	<u>28,600,000</u>	<u>10.00</u>	<u>0.05</u>	<u>21,580,822</u>	<u>10.00</u>	<u>0.05</u>

Based on the above assumptions, the amount recognized as share-based payment expense for the year ended June 30, 2017 was Rs. 0.24 million (US\$ 2,290) [2016: Rs. 1.4 million (2016: US\$ 13,792)]. The number of shares of e-tequote have been adjusted through a share split resulting in adjustment of share options.

### **23.1.7 DGS Limited stock option plan**

One of the subsidiaries of the Group (Digital Globe Services Limited ("DGSL") maintained a Stock Option Plan ("2013 Stock Plan"), which authorized the granting of stock options to employees of DGSL. Under the plan, the exercise price of each option equals the price per share that an external investor pays for its investment into DGSL.

The amount recognized as compensation cost in the consolidated profit and loss account for the year ended June 30, 2017 is Rs. 10.5 million (US\$ 0.1 million).

The options have a maximum contractual term of no longer than ten years from their date of grant. These options become exercisable as and when they become vested. The vesting date of options varies and depends on the terms of agreement specified in the agreement with the respective employee / director.

During the year ended June 30, 2017, all options granted under the DGSL Stock Plan 2015 were transferred to DGSL Stock Plan 2013 with similar vesting, strike price and number of options granted, the only change being the management document for the 2015 Plan being replaced by the 2013 Stock Plan. Subsequently the options granted under the 2013 Stock Plan were transferred to the "DGS Limited Stock Option Plan".

#### ***Eligibility***

Options may be granted under the DGS Limited stock option plan at the discretion of the board of DGS Limited or a committee of the board of DGS Limited to employees and directors.

#### ***Scheme limit***

The number of grants that may be made pursuant to the DGS Limited stock option plan are limited in the aggregate to 2,645,567 ordinary shares of DGS Limited.

#### ***Grant of options***

Options may be granted at any time, at the discretion of the board of DGS Limited or a committee of the board of DGS Limited provided that the grant of such DGS Limited stock option would not breach the terms of any share dealing or corporate governance code adopted by the DGS Limited from time to time or applicable or regulation, or exceed the number of shares authorized and reserved for the DGS Limited stock option plan.

#### ***Amendment and Termination***

The DGS Limited stock option plan may be altered or terminated at any time, save that a termination or amendment which materially and adversely affects or impairs the rights of subsisting Option holders shall not be made unless the Option holder consents.

#### ***Change of Control***

In the event of a change of control of DGS Limited, the administrator of the DGS Limited stock option plan has discretion as to how such options are determined.

During the year ended June 30, 2017 no share options were granted to employees of DGS Limited under the stock option plan. 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 36 months in accordance with terms of the grant agreement. A total of 87,784 options have been exercised as at June 30, 2017.

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

### Expected term

The expected term of options granted during the year ended June 30, 2017 is 3 years. In estimating the expected term, DGS Limited applied the "simplified method", which assumes all options will be exercised midway between the vesting date and the contractual term of the option.

### Volatility

Management used a volatility of 83.97% for grant calculations for the year ended June 30, 2017.

### Expected dividends

The expected dividend yield is 4.20% for the year ended June 30, 2017.

### Risk-free rate

The risk free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The risk free rate used for options granted during the year ended June 30, 2017 is 2.01%.

	2017	
	Weighted average exercise price (US\$)	Share options (Number)
Options outstanding as at beginning of the year	1.63	1,565,733
Options granted during the year		-
Options exercised during the year	0.30	(87,784)
Options forfeited / cancelled / expired during the year	2.11	(346,219)
Options outstanding as at end of the year	1.50	1,131,730
Options exercisable as at end of the year	1.80	737,308

A summary of the stock options outstanding and exercisable as at June 30, 2017 is as follows:

Exercise price or range US\$	2017					
	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\$
0.01 - 3.01	1,131,730	6.46	1.50	737,308	6.09	1.80

There were no stock options granted during the year ended 30 June 2017. The amount recognized as share-based payment expense pertaining to this plan for the year ended June 30, 2017 is US\$ 0.1 million.

As at June 30, 2017, there was Rs. 21 million (US\$ 0.2 million) of total unrecognized compensation cost related to 394,422 unvested stock options granted under the Plan with weighted average grant date fair value of US\$ 0.94 per share. That cost is expected to be recognized over a weighted average period of 7.2 years. The total fair value of shares vested during the years ended June 30, 2017 was Rs. 10.5 million (US\$ 0.1 million).

DGS Limited currently uses authorized and unissued shares to satisfy share award exercises.



## 24. ADMINISTRATIVE AND GENERAL EXPENSES

		2017	2016
	Note	(Rupees in '000)	
Salaries and other employee costs		2,808,348	2,097,939
Travelling, transportation and conveyance		1,047,635	669,042
Communication, rent, utilities and repair and maintenance		898,058	464,313
Marketing		1,590,943	490,841
Amortisation	5.2	266,870	57,059
Depreciation	4.5	373,347	191,716
Legal and professional charges		935,183	224,339
Auditors' remuneration	24.1	144,063	92,745
Miscellaneous		3,151,090	622,667
		<u>11,215,537</u>	<u>4,910,661</u>
<b>24.1 Auditors' remuneration</b>			
Parent Company's auditors	24.1.1	33,483	32,549
Remuneration of subsidiaries' auditors	24.1.2	110,580	60,196
		<u>144,063</u>	<u>92,745</u>
<b>24.1.1 Remuneration of Parent Company's auditors</b>			
Annual audit fee - for the Parent Company		1,265	1,265
Annual audit fee - for subsidiaries		28,185	27,224
Half yearly review		400	400
Audit of consolidated financial statements		2,875	2,875
Sales tax		380	382
Other certifications		205	230
Out of pocket expenses		173	173
		<u>33,483</u>	<u>32,549</u>
<b>24.1.2 Remuneration of subsidiaries' auditors</b>			
Annual audit fee		110,580	55,917
Services relating to tax and other certification		-	4,279
		<u>110,580</u>	<u>60,196</u>
<b>25. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on bank balances		1,438	4,597
Interest income on advances		5,722	10,075
Exchange gain		-	31,491
		<u>7,160</u>	<u>46,163</u>
<b>Income from assets other than financial assets</b>			
Other income		585,783	134,031
		<u>592,943</u>	<u>180,194</u>
<b>26. OTHER CHARGES</b>			
Exchange loss		361,936	-
Provision for doubtful debts		107,219	26,339
Others		37,015	14,105
		<u>506,170</u>	<u>40,444</u>

One of the subsidiary DGS entered into a "Profit Share Agreement" with the Chief Executive DGS, whereby, in exchange for his provision of services as chief executive officer of that entity, he will receive a defined percentage of cash dividends paid by DGS Limited.

		2017	2016
		(Rupees in '000)	
<b>27. FINANCE COST</b>			
Interest on borrowings		1,642,164	448,007
Factoring fees		157	7,263
Finance charges on leased assets		53,614	124,720
Bank charges		23,880	14,536
		<u>1,719,815</u>	<u>594,526</u>

## 28. TAXATION

	Note	2017 (Rupees in '000)	2016
Current - for the year	28.1	70,923	207,521
Deferred - for the year	8	(117,862)	(56,748)
		<b>(46,939)</b>	<b>150,773</b>

28.1 The tax provision includes the following entities: Parent Company, TRG Pakistan (Private) Limited, and IBEX Holdings Limited. 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

	2017		2016	
	%	(Rupees in '000)	%	(Rupees in '000)
Net loss for the year		(9,641,433)		(1,662,651)
Income tax (benefit) / expense		(46,939)		150,773
Net loss excluding income tax		<b>(9,688,372)</b>		<b>(1,511,878)</b>
Income tax benefit using applicable tax rate	34.00%	(3,300,032)	32-34%	(518,723)
State taxes, net of federal effect	3.17%	(306,813)	2.81%	(38,311)
Effect of tax rates in foreign jurisdictions	-8.46%	973,907	-78.03%	1,062,011
Non-deductible expenses	-0.77%	71,097	62.71%	(853,566)
Effect of acquisition of subsidiaries	-4.08%	380,436		
Change in unrecognised temporary differences	-23.26%	2,104,546	-47.25%	643,105
Effect of exchange rate changes	-0.16%	29,920	10.56%	(143,743)
	0.44%	<b>(46,939)</b>	-49.20%	<b>150,773</b>

## 29. LOSS PER SHARE

	2017 (Rupees in '000)	2016
Net loss for the year (attributable to shareholders of the Parent Company)	(4,378,217)	(809,927)
	(Shares)	
Weighted average number of shares outstanding during the year	545,390,665	539,933,096
	(Rupees)	
Basic loss per share	(8.03)	(1.50)

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

### 30. CASH USED IN OPERATIONS

	2017	2016
	(Rupees in '000)	
Loss before tax	(9,688,372)	(1,511,878)
Adjustments for:		
Depreciation, amortization and impairment	1,806,276	1,245,105
Share of (profit) / loss of equity accounted associate	(9,818)	239,461
Remeasurement loss of equity accounted associate	2,283,618	-
Provision for retirement benefits	25,375	27,450
Finance cost	1,719,815	594,526
Employees' stock option plan expense	510,158	98,465
	6,335,424	2,205,007
	(3,352,948)	693,129
Working capital changes:		
Decrease / (Increase) in current assets		
Trade debts	605,779	(2,148,509)
Advances, deposits, prepayments and other receivables	(398,257)	(633,505)
	207,522	(2,782,014)
(Decrease) / increase in current liabilities	(27,230)	1,359,946
Net cash used in operations	(3,172,656)	(728,939)

### 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:

	2017	2016
	(Rupees in '000)	
<b>Financial assets</b>		
Loans and advances	1,065,634	1,031,360
Long term deposits and other receivables	1,573,318	2,037,331
Trade debts	5,888,611	5,614,369
Deposits and other receivables	2,014,991	1,366,597
Cash and bank balances	3,073,986	5,259,909
	13,616,540	15,309,566
<b>Financial liabilities</b>		
Long term finances	10,201,300	8,200,967
Liabilities against assets subject to finance lease	1,443,542	1,309,021
Other liabilities	5,348	839
Trade and other payables	6,448,730	4,702,263
Convertible preference shares	3,145,620	3,145,032
Short term borrowings	3,482,915	1,863,944
	24,727,455	19,222,066

Risk managed and measured by the Group are explained below:

## 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, 2017, 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. 39.7 million (2016: Rs. 54.84 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, Euro, Hong Kong Dollar, Dubai Dirham, Ireland Euro, and Senegal Franc. However majority of the transaction of the Group are denominated in United States Dollar (US\$).

### 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:

	2017	2016
	(Rupees in '000)	
AA	110,411	111,544
AA-	725,264	165,925
A-1 +	125,045	35,142
A-1	101,371	2,604,343
A+	1,544,243	1,510,105
A	23,907	32,689
A-	185,069	155,365
A-2	2,599	1,286
A-3	130,232	-
BBB	-	84,076
BBB+	274	-
BBB-	7,130	-
Non-rated	100,407	3,018
	<u>3,055,952</u>	<u>4,703,493</u>

The maximum exposure to credit risk as at June 30, 2017, along with comparatives is tabulated below:

#### Financial assets

Loans and advances	1,065,634	1,031,360
Long term deposits and other receivables	1,573,318	2,037,331
Trade debts	5,888,611	5,614,369
Deposits and other receivables	2,014,991	1,366,597
Balances with banks	3,055,952	4,703,493
	<u>13,598,506</u>	<u>14,753,150</u>

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

	2017			
	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	10,270,261	29%	1,539,152	25%
Client 2	7,531,838	21%	717,306	11%
Client 3	4,994,377	14%	806,235	13%
	<b>22,796,476</b>	<b>64%</b>	<b>3,062,693</b>	<b>49%</b>
Others	13,194,184	36%	3,211,558	51%
	<b>35,990,660</b>	<b>100%</b>	<b>6,274,251</b>	<b>100%</b>

	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%
	<b>20,579,799</b>	<b>78%</b>	<b>3,746,153</b>	<b>76%</b>
Others	6,088,750	22%	1,167,226	24%
	<b>26,668,549</b>	<b>100%</b>	<b>4,913,379</b>	<b>100%</b>

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

	2017	2016
	.....(Rupees in '000).....	
Dues 0 to 30 days	5,161,798	7,012,781
Dues 31 to 60 days	478,270	209,257
Dues 61 to 90 days	83,967	70,963
Dues 91 to 180 days	290,315	27,972
Dues over 180 days	259,902	146,736
Less: Provision for doubtful debts	(385,641)	(63,278)
	<b>5,888,611</b>	<b>7,404,431</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 fulfil its financial obligations from the Group's future cash flows.

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

	<b>2017</b>				
	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	10,201,300	10,201,300	874,789	8,767,523	558,988
Liabilities against assets subject to finance lease	1,443,542	1,569,373	759,740	809,633	-
Other liabilities	5,348	5,348	-	5,348	-
Trade and other payables	6,448,730	6,448,730	6,448,730	-	-
Convertible preference shares	3,145,620	3,145,620	3,145,620	-	-
Short term borrowings	3,482,915	3,482,915	3,482,915	-	-
	<b>24,727,455</b>	<b>24,853,286</b>	<b>14,711,794</b>	<b>9,582,504</b>	<b>558,988</b>

	<b>2016</b>				
	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>

### 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:

	<b>2017</b>				<b>2016</b>			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
(Rupees in '000)								
Managerial remuneration (note 32.1)	-	80,071	15,261,805	15,341,876	-	28,807	12,933,733	12,962,540
Provident fund	-	-	-	-	-	-	561	561
Commission / bonus	-	7,205	1,088,698	1,095,903	-	-	905,326	905,326
House rent	11,242	3,856	139,347	154,445	10,966	-	88,300	99,266
Medical allowance	-	-	23,947	23,947	-	-	10,337	10,337
Insurance	-	202	72,132	72,334	-	-	40,143	40,143
Other benefits and allowances	-	289	148,036	148,325	-	-	193,735	193,735
Total	<b>11,242</b>	<b>91,623</b>	<b>16,733,965</b>	<b>16,836,830</b>	<b>10,966</b>	<b>28,807</b>	<b>14,172,135</b>	<b>14,211,908</b>
Number of persons	<b>1</b>	<b>2</b>	<b>5,696</b>	<b>5,699</b>	<b>1</b>	<b>1</b>	<b>5,184</b>	<b>5,186</b>

- 32.1** During the year, amount of Rs. 59.11 million (2016: Rs. 28.81 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 three operating segments, namely, customer management, customer acquisition and software and artificial intelligence (AI) business.

Each of the operating segments identified above have their own management and leadership teams and face unique sets of market dynamics. A brief description of segments and type of revenues they generate is given below:

- Customer Management - Customer Management segment comprises the Engagement, Expansion and Experience solutions. The suite of customer engagement solutions consist of customer service, technical support and other value added outsourced back office services. This omni-channel offering is delivered through voice, email, chat, SMS, social media and other communication applications. The customer expansion solution is a derivative of the segment's customer engagement solution, combining traditional BPO solutions with the segment's sales and acquisition oriented contact center capability to allow existing clients to further mine their existing customer base. The segment's customer experience solution is comprised of a comprehensive suite of proprietary software tools to measure, monitor and manage the customer experience.
- Customer Acquisition - In the Customer Acquisition segment, the segment works with consumer-facing businesses and acquires customers for them. Most of the customer acquisition solutions are based on two steps: (a) generating or purchasing a lead or a prospect, and (b) converting that lead or prospect into a customer, most frequently through a voice-based channel. In this segment, customers are primarily acquired for clients in the telecommunications, cable, technology and insurance industries. The segment's activity for the insurance industry is conducted through segment's Medicare Insurance division, which acquires customers for the leading health insurance carriers.
- Software and AI business - Software and AI business provides optimized call outcomes for contact centers by pairing agents with callers based on behaviours and other related data.

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

- Third party revenue for each operating segment; and
- Adjusted EBITDA

Adjusted EBITDA represents the Group's net (loss) / profit before finance cost, share of profit / (loss) of equity accounted associate, income tax expense, non-cash items of depreciation and amortization and corporate overhead and other expenses. Adjustment is also made, if necessary, to eliminate the effect of non-recurring charges. The management believes that Adjusted EBITDA is a meaningful indicator of the health of the Group's business as it reflects the ability to generate cash that can be used to fund recurring capital expenditures as well as growth and it also disregards non-cash or non-recurring charges that the management believe are not reflective of the Group's long-term performance.

### 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, 2017 is as follows:

	2017			
	Customer Management	Customer Acquisition	Software and AI business	Total
	(Rupees in '000)			
Segment revenue	27,126,078	5,800,258	3,250,925	36,177,261
Less: inter-segment revenue	(182,268)	-	(4,333)	(186,601)
Revenue from external customers	26,943,810	5,800,258	3,246,592	35,990,660
Adjusted EBITDA	853,427	817,584	(2,594,343)	(923,332)

	2016			
	Customer Management	Customer Acquisition	Software and AI business	Total
	(Rupees in '000)			
Segment revenue	27,244,317	1,748,745	2,362,702	31,355,764
Less: inter-segment revenue	(194,413)	-	(466,824)	(661,237)
Revenue from external customers	27,485,160	1,748,745	1,895,878	30,694,527
Adjusted EBITDA	1,776,129	632,000	(2,233,391)	174,738

Management has reviewed the existing operating segments and have merged two of its segments namely "Call Centre" and "Market Research" into one i.e. "Customer Management". Accordingly the comparative notes have been restated to conform to new segments.

	2017	2016
	(Rupees in '000)	
<b>33.2 Adjusted EBITDA for reportable segments for the year</b>	<b>(923,332)</b>	174,738
Share of profit / (loss) of equity accounted associate	9,818	(239,461)
Corporate overhead expenses	(499,000)	(478,928)
Depreciation, amortisation and other non cash costs	(2,627,043)	(1,312,548)
Purchase of shares of indirect subsidiary	(3,303,000)	-
Finance costs - net	(1,719,815)	(594,526)
Taxation	46,939	(150,773)
Others	(626,000)	938,847
Loss for the year	<b>(9,641,433)</b>	<b>(1,662,651)</b>

	2017	2016
	(Rupees in '000)	
<b>33.3 Total revenue by location</b>		
United States of America	34,009,669	29,254,411
Others	1,980,991	1,440,116
	<b>35,990,660</b>	<b>30,694,527</b>

	2017	2016
	(Rupees in '000)	
<b>33.4 Non current assets by location</b>		
United States of America	4,806,717	3,594,667
Others	5,557,462	7,960,006
Total	<b>10,364,179</b>	<b>11,554,673</b>



### 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:

	2017	2016
	..... (Rupees in '000) .....	
<b>CEO of the Parent Company</b>		
Interest receivable	-	1,371
<b>TPL Trakker Limited - (common directorship)</b>		
Revenue	13,224	13,128
Services acquired	12,520	10,050
<b>TPL Direct Insurance Limited - (common directorship)</b>		
Revenue	8,506	8,064
<b>Services from Affiliates</b>		
Consultancy services received	183,304	381,486
<b>Director of the Ultimate Holding Company</b>		
Consultancy services received	7,999	-
<b>Staff retirement benefits</b>		
Employees' provident fund - Contribution made	48,880	29,796

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:

	2017	2016
	..... (Rupees in '000) .....	
	(Unaudited)	(Unaudited)
Size of the Fund - total assets	698	500
Cost of investments made	698	500
Percentage of investments made	100%	100%
Fair value of investments	698	500

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

	2017 (Unaudited) (Rupees in '000)	2016 (Unaudited)	2017 (Unaudited) % of total investment	2016 (Unaudited)
Habib Metropolitan - Multiplier account	698	500	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 repealed Companies Ordinance, 1984, (now Section 218 of the Companies Act, 2017) and the rules formulated for this purpose.

### 36.2 Subsidiary Companies

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

	2017 (Unaudited) (Rupees in '000)	2016 (Unaudited)
Size of the Funds - total assets	397,474	215,562
Cost of investments made	310,559	183,251
Percentage of investments made	78%	85%
Fair value of investments	310,114	183,251

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

	2017 (Unaudited) (Rupees in '000)	2016 (Unaudited)	2017 (Unaudited) % of total investment	2016 (Unaudited)
Bank Deposits	234,456	142,710	76%	78%
Mutual funds	37,295	40,541	12%	22%
National Saving Schemes	38,363	-	12%	-
	310,114	183,251	100%	100%

The investments out of provident funds of the subsidiaries have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984, (now Section 218 of the Companies Act, 2017) and the rules formulated for this purpose.

### 37. NUMBER OF EMPLOYEES

	2017 (Number)	2016
<i>Parent Company</i>		
Average number of employees during the year ended	1	2
Number of employee as at year end	1	1
<i>Subsidiary companies</i>		
Average number of employees during the year ended	17,800	16,035
Number of employees as at year end	18,584	17,015

### 38. GENERAL

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

#### 38.1 Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant rearrangements and reclassifications in these consolidated financial statements other than the following:

FROM	TO	2017 (Rupees in '000)
Trade receivables	Long term deposits, prepayment and other receivables	1,790,062

### 39. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on January 09, 2018 by the Board of Directors of the Parent Company.

#### STATEMENT UNDER SECTION 241(2) OF THE REPEALED 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 repealed Companies Ordinance, 1984.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

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







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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 Fifteenth Annual General Meeting of the Company to be held on January 31, 2018 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.) Ltd. Share Department, 1st Floor, 40-C, Block-6, P.E.C.H.S., 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.

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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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## مختار نامہ

سینٹر پوائنٹ بلڈنگ، لیول 18، پلاٹ نمبر 2-66/3 آف شہید ملت روڈ، ایکسپریس وے، نزد کے پی ٹی انٹرجینج فلائی اوور، کراچی 74900 پاکستان۔  
 میں/ہم \_\_\_\_\_ کا/کے  
 بحیثیت رکن ٹی آر جی پاکستان لمیٹڈ اور حامل عام حصص، بمقام شیئر رجسٹرار جیو نمبر \_\_\_\_\_ اور/یا سی ڈی سی  
 پارٹنر شپ (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور سب اکاؤنٹ (ذیلی کھاتہ نمبر) \_\_\_\_\_  
 محترم/محترمہ \_\_\_\_\_ کو اپنے/ہمارے ایما پر \_\_\_\_\_ 2018 کو دن \_\_\_\_\_  
 میں منعقد ہونے والے کمپنی کے 15 ویں سالانہ اجلاس عام  
 میں حق رائے وہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2018 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 ہوا ہو یا پانچ ٹکٹ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق کو پیش کر سکتا ہے۔
- ۲۔ ایک نمبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم مکمل کرنے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل بکری، بی، آئی پاکستان لمیٹڈ کو رجسٹر آفس پر ارسال کرے۔
- ۳۔ سی ڈی سی شیئر ہولڈر ہونے کی صورت میں، حث والا کے علاوہ رجسٹرڈ ایڈریس پر بھی ایل کرنا ہوگا۔  
 (الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا فرد کی بیک ریجسٹر کرپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تصدیقات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کھلی کیا جانب سے دی گئی ہدایات کی روشنی میں پراسی فارم پُر کرنا ہوگا۔  
 (ب) مختار نامے پر بطور گواہان وہ افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر پر فارم پُر کرنا ہوگا۔  
 (ج) تنظیمی ہوز (اسٹیلڈ ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل بھی منسلک کرنی ہوگی جسے ہم ملتا نامے کے سر اوپر لکھ کرے گا۔  
 (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔  
 (ه) کارپوریت ادارہ ہونے کی صورت میں تنظیمی نمبر (رکن) اور آئی ڈی نمبر ذی قرار اور/یا نامہ کارڈ نمبر/انہما کی نمونہ دستخط یا پارٹ آف انارٹی (اگر پہلے فراہم نہ کئے گئے ہوں) پراسی فارم (فارم نامے) کے سر اوپر لکھنی ہیں پُر کرنا ہوگا۔

ٹی آر جی پاکستان لمیٹڈ

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سینٹر پوائنٹ بلڈنگ، لیول 18،  
پلاٹ نمبر 66/3-266، آف شہید ملت  
ایکسپریس وے، نزد کے پی ٹی انٹر چینج فلائی اوور،  
کراچی 74900 پاکستان۔

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**TRG PAKISTAN LTD.**

CENTRE POINT BUILDING, LEVEL 18,  
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<http://trgpcorp.com>