



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

Muhammad Ali Jameel

Ameer S. Qureshi

Patrick McGinnis

John Leone

Rafiq K. Dossani

Abu Bakar Chowdhury

Mohammadullah Khan Khaishgi

Saleem Butt

Audit Committee

Muhammad Ali Jameel - Chairman

Saleem Butt

Patrick McGinnis

HR Recruitment &

Remuneration Committee

Peter H.R. Riepenhausen - Chairman

John Leone

Rafiq K. Dossani

Company Secretary

Syed Muhammad Talib Raza

Chief Financial Officer

Hassan Farooq

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Shares Registrar

THK Associates (Pvt.) Ltd.

Share Department,

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

Dr. Ziauddin Ahmed Road, Karachi.

UAN: (021) 111-000-322

FAX: (021) 35655595

Registered Office

Centre Point Building, Level 18, Plot

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

Expressway, Near KPT Interchange

Flyover, Karachi-74900, Pakistan.

UAN: (021) 111-874-874

FAX: (021) 35805893

Notice of Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of TRG Pakistan Limited (the "Company") will be held at ICAP Auditorium, The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, Pakistan on October 31, 2015 at 12:00 p.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on September 04, 2015.
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, 2015.
3. To appoint the Auditors for the ensuing year ending June 30, 2016 and fix their remuneration.

Other Business

4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Karachi, October 08, 2015

Muhammad Ziaullah Khan Chishti
Chief Executive

NOTES:

1. The share transfer books of the Company will remain closed from October 23, 2015 to October 31, 2015 (both days inclusive). Transfers received by our registrars, Messrs THK Associates (Pvt.) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 22, 2015 will be treated in time for the purpose of attending the meeting.
2. A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak, and vote for him/her. A proxy need not be a member of the Company.
3. The instrument appointing a proxy and the power of attorney, or other authority under which it is signed, or a notarially certified copy of such power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. Members are requested to notify any change in their address immediately.
5. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending meeting:

- (i) In case of individual, 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 Computerised 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 individual the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolutions / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Report of the Directors

For the year ended June 30, 2015

Your Directors are pleased to present the standalone and consolidated Financial Statements of TRG Pakistan Limited for the year ended June 30, 2015.

Key Developments

FY 2015 continued to be a year of significant growth for TRG as all of our subsidiary companies grew their top lines substantially, resulting in an overall revenue increase of 31% compared to FY14. Noteworthy in their revenue growth trajectory during this past year are IBEX Global Solutions, one of our subsidiaries listed on the London Stock Exchange, and SATMAP and e-Telequote, two of our unlisted subsidiaries. Notwithstanding the above top line increases, the value of our two listed companies on the London Stock Exchange, declined during FY15 primarily due to an overall market index correction as well as lower than expected results at our associate Digital Globe Services, Ltd. (DGS). Offsetting these valuation declines were increases in the market value of our SATMAP and e-Telequote subsidiaries, each of which more than doubled its top line. During FY 2015, our SATMAP subsidiary closed its first substantial outside funding round, raising Rupees 2.5 billion from a variety of blue-chip investors.

During FY 2015, our IBEX Global Solutions subsidiary (which provides outsourced contact center services) recorded revenues of Rupees 24.0 billion, which represents a 29% increase over revenues in FY 2014 and continuing its growth trajectory established from FY 2011 onwards. The revenue increase in FY2015 was broad-based, with the IBEX's third and fourth largest clients generating a significant increase in revenues. More than 50% of IBEX's 13,000 person headcount is now outside the United States in two significant offshore locations – the Philippines and Pakistan. During FY 2015, IBEX Global Solutions recorded Earnings before Taxes, Interest, Depreciation and Amortization (EBITDA) of Rupees 1.68 billion, as against a figure of Rupees 937 million in FY 2014. IBEX continued to incur significant capital expenditures during the year, with 40% of its Rupees 1.2 billion capital expenditure spend dedicated to upgrading its existing infrastructure and the remainder allocated to growth of its platform.

During FY 2015, our SATMAP subsidiary (which provides call routing solutions for contact centers using artificial intelligence) realized its first enterprise-wide rollout with a large global telecommunications provider and at this point, the SATMAP product is deployed across the entire contact center estate of this client. We currently have enterprise level deployments actively underway for 3 additional large global enterprises, all of whom are top 10 global cable and telecommunications providers. Revenues doubled once again this past year to a total of Rupees 1.03 billion for FY15, as compared to Rupees 447 million a year earlier. During the fiscal year, we closed a significant funding round totaling Rupees 2.5 billion and used the proceeds to invest heavily within the business, which increased the cost base of the business from Rupees 1.42 billion in FY 2014 to Rupees 2.4 billion in FY 2015. We believe that SATMAP is now firmly established as the call center technology of choice among large global corporations seeking to optimize their contact center estates. As a result of the increase of its cost base, SATMAP's EBITDA loss widened to Rupees 1.4 billion in FY15 from a level of Rupees 974 million in FY 2014. SATMAP is targeting break-even performance (from a margin perspective) by the end of calendar 2015, driven primarily by ramps within the above clients. In addition to the interest that SATMAP has generated within the large enterprise segment, there is significant interest among the investment community to participate in SATMAP's upside and we are currently considering various options among multiple capital providers in relation to subsequent funding from within the private or public markets.

While our associate DGS (which provides customer acquisition and digital marketing services) also increased its annual revenues by 2%, it had a challenging fiscal year given the significant slowdown in its growth when compared to previous years where it posted annual growth levels in excess of 30%. The slowdown in DGS's growth was almost entirely attributable to the first half of the fiscal year, where two of its largest clients decreased their marketing spend significantly in order to temporarily curtail costs in anticipation of a merger. That merger did not materialize and the marketing spend recovered during the second half of the fiscal year, with the second half of FY15 being 1.2 times higher revenue-wise compared to the second half of FY14. The slowdown in revenues resulted in DGS's EBITDA declining to Rupees 299 million in FY15, down from Rupees 559 million in FY 14. We would like to highlight that the revenues (and costs) of DGS are no longer included within our consolidated revenues and costs as our current shareholding in DGS (subsequent to its listing) is below 50%, and these results are accounted for using the equity method.

Our e-Telequote subsidiary (which provides customer acquisition services focused on the insurance industry) continues to significantly increase in scale, with its FY15 revenues of Rupees 677 million representing a doubling of its FY14 revenues of Rupees 323 million. We believe that these accounting revenues significantly understate the economic performance of e-Telequote as they fail to take into account future renewal commission revenues associated with the acquisition of a customer, which, from an accounting perspective, are recognized in subsequent years and therefore result in an accounting loss upon initial acquisition of a customer, offset by revenues in those subsequent years. In fact, as e-Telequote grows and its renewal commissions increase in scale, it would attain accounting breakeven and its accounting results would better reflect its already-significantly profitable economic performance. We expect this accounting breakeven to be attained during the second half of FY 2016.

Amongst our other operations, we would like to highlight the performance of our iSky subsidiary, which provides customer experience management services mainly aimed at the automotive sector. For the last 3 years, iSky has been actively engaged in developing a brand new software platform, which was completed in FY 2014. As a rapid validation of the commercial viability of its new platform, iSky was successful (in FY 15) in bringing on board as a new customer one of the largest global automotive companies.

Financial Performance

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

Consolidated Financial Statements

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

For the year ended June 30, 2015, our consolidated revenues amounted to Rupees 26.4 billion, which represents 31% increase from revenues of Rupees 20.1 billion for the comparative period in 2014. The above revenue results do not include revenues associated with DGS subsequent to its listing (as it has been accounted for based on the equity method); were these revenues included, the company's revenues for the current year would be at Rupees 30.4 billion.

Our recurring subsidiary revenue were offset by net recurring cash operating costs (excluding interest) of Rupees 26.5 billion, resulting in recurring earnings before interest, taxes, depreciation and amortization of negative Rupees 126 million (adjusted for our share of profit from our associated company accounted for under equity method).

Our operating subsidiaries incurred a net interest expense of Rupees 300 million to service their respective loans and lines of credit. As a result, our recurring operating cash income from our subsidiaries was negative Rupees 426 million over the year ended June 30, 2015.

Our total corporate overheads for the year were Rupees 471 million as compared to Rupees 453 million incurred during the year ended June 30, 2014.

In non-cash adjustments, we had depreciation and amortization expenses of Rupees 903 million, a non-cash stock option expense of Rupees 84 million, an exchange loss of Rupees 4 million, other non-recurring expenses of Rupees 267 million and current and deferred tax expense of Rupees 105 million.

The net result of the above was a loss for the year of Rupees 2.3 billion as compared to a loss of Rupees 2.1 billion during the same period in 2014.

TRG Pakistan Limited Stand Alone Financial Statements

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

The company recognized nominal income of Rupees 46.1 million mainly as a return on its cash balances, whereas it incurred expenses of Rupees 30.8 million for payroll, professional services and audit fees associated with its holding company activities. In addition, finance cost and tax expense amounting to Rupees 9.1 million and Rupees 4.1 million respectively were also incurred during the year. As a result, TRG Pakistan Limited earned a net profit of Rupees 1.9 million for the year ended June 30, 2015.

Results of TRG International Limited

From FY 14, TRG Pakistan Limited's sole direct subsidiary, The Resource Group International Limited (TRGIL) started preparing its audited Financial Statements under IFRS 10 as an "investment entity". TRGIL's stake in its operating subsidiaries is reflected as investment in portfolio companies and carried at fair value / market value. TRGIL's audited results for FY 15 have gross assets of Rupees 20.6 billion and Net Asset Value of Rupees 211 per share.

Matter of Emphasis in Auditors Opinion

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

Corporate and Financial Reporting Framework

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

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b) Proper books of account of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the Company's ability to continue as a going concern;
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h) The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not trade in shares of the company except as disclosed in the Pattern of Shareholding; and
- i) The value of investments of the recognized provident fund for TRG Pakistan Limited (on a stand-alone basis) as at June 30, 2015 was Rupees 2.6 million (unaudited) and as at June 30, 2014 was Rupees 1.5 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	5
Mr. Muhammad Ali Jameel	3
Mr. Mohammedullah Khaishgi	5
Mr. Rafiq Dossani	4
Mr. John Leone	4
Mr. Peter H. R. Riepenhausen	3
Mr. Ameer Shabu Qureshi	4
Mr. Patrick McGinnis	4
Mr. Abu Bakar Chowdhury	3
Mr. Saleem Butt	3

Board Audit Committee meetings during the year

Following was the Board Audit Committee attendance:

Name of Director	Meetings attended
Mr. Muhammad Ali Jameel	2
Mr. Patrick McGinnis	2
Mr. Saleem Butt	2

Board HR Recruitment & Compensation Committee Meeting during the Year

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

Appropriations

The directors do not recommend any appropriations for the current year on account of losses.

Earnings per Share

The loss per share of the Company on a consolidated basis was Rupees 3.92. On a stand-alone basis, the company recognized earnings per share of Rupees 0.01.

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, 2016.

Shareholding Pattern

A statement showing pattern of shareholding of the Company and relevant additional information as at June 30, 2015 is included in this report.

Outlook

Our strategic plan continues to consist of executing on the realization of shareholder value for our operating assets. The rapid accretion in value of our SATMAP subsidiary during FY15 has made this entity a key upside driver for TRG with the possibility of driving highly significant returns, possibly within the coming fiscal year. We are equally focused on exercising our significant shareholding in our listed companies in a manner that maximizes earnings and therefore generates valuation growth at these entities. In addition, during the upcoming year, we will continue to realize the growth potential of our e-Telequote subsidiary which has already become a significant player within its industry segment.

Shareholder Acknowledgment

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

Karachi
Dated: October 07, 2015

On behalf of the Board of Director
Chief Executive

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2015

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board during the year ended 30th June 2015.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. The Company is in process of placing it on its website.
6. The Board has developed a vision / mission statement, overall corporate strategy and relevant significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. No new appointment of Chief Executive (CEO), other executive and non-executive directors has taken place during the year and no remuneration is paid to directors and CEO.
8. The Chairman and CEO are not the same persons and the Chairman is amongst the non-executive directors of the Company.
9. During the last four quarters of the year, five meetings of the Board were held, which were presided over by the Chairman. Written notices of the board meetings, along with the agenda and working papers, were made at least seven days prior to the meetings except for one urgent meeting with a reduced notice period. The minutes of the meetings were appropriately recorded and circulated.

10. The directors of the Company are individuals with vast diversified experience of financial and corporate affairs. They are well conversant with local laws, practices, requirements of CCG and their responsibilities to effectively manage the affairs of the Company on behalf of shareholders. The Company intends to facilitate further training for the directors especially under the directors' training program in near future as defined in the CCG.
11. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.
12. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of the shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three members and all of them are non-executive directors. The Chairman of the committee is not an independent director.
17. The meetings of the Audit Committee were held only in two quarters prior to the approval of financial results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance. No meetings were held for the remaining two quarters as quarterly financial statements were not prepared and circulated as the Company has applied to SECP for granting exemption from preparing and circulating quarterly consolidated financial statements of the Company.
18. The related party transactions along with their relevant details were placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same were placed before the board for review and approval.
19. The board has formed an HR Recruitment & Compensation Committee. It comprises three (3) members and two of them are non-executive directors and the Chairman of the Committee is not an independent director.
20. The Board is in the process of further strengthening the internal audit function of the Company. In this regard, a new Head of Internal Audit has recently been hired by the Company.
21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The 'closed period' prior to the announcement of interim / final results which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
24. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
25. We confirm that all other material principles enshrined in the CCG have been complied.

On behalf of the Board of Directors

Karachi

Chief Executive

Dated: October 07, 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of TRG Pakistan Limited (“the Company”) for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of Karachi Stock Exchange where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

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

- i. Paragraph 10 relating to training of directors. As per management, Company intends to comply with the mandatory requirement in near future.
- ii. Paragraph 17 relating to Audit Committee meetings held during the year and the reasons for holding lesser number of meetings.

Dated: October 07, 2015

Karachi

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

Pattern of Shareholding

As at 30-06-2015

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
341	1	100	8339	9	345001	350000	3139705
773	101	500	359013	1	350001	355000	351000
966	501	1000	945807	2	355001	360000	718000
1716	1001	5000	5031211	1	360001	365000	362274
538	5001	10000	4597860	4	370001	375000	1500000
183	10001	15000	2449011	1	375001	380000	378762
155	15001	20000	2936152	1	380001	385000	383500
101	20001	25000	2419866	1	385001	390000	388000
65	25001	30000	1851604	2	390001	395000	790000
41	30001	35000	1379325	5	395001	400000	2000000
23	35001	40000	895320	1	425001	430000	430000
17	40001	45000	743901	1	440001	445000	445000
82	45001	50000	4068567	1	445001	450000	450000
20	50001	55000	1064208	1	455001	460000	460000
14	55001	60000	822953	1	460001	465000	462274
10	60001	65000	640235	1	485001	490000	490000
9	65001	70000	623149	2	495001	500000	1000000
13	70001	75000	962119	2	500001	505000	1001500
18	75001	80000	1424799	2	520001	525000	1047000
7	80001	85000	584388	1	530001	535000	534000
6	85001	90000	540000	1	535001	540000	537000
5	90001	95000	465721	1	540001	545000	545000
50	95001	100000	4998000	4	545001	550000	2200000
3	100001	105000	303068	1	550001	555000	555000
2	105001	110000	216898	1	580001	585000	582840
2	110001	115000	225500	1	595001	600000	600000
3	115001	120000	353724	1	675001	680000	679500
5	120001	125000	625000	1	745001	750000	750000
2	125001	130000	252500	1	770001	775000	775000
4	130001	135000	535000	1	795001	800000	800000
2	135001	140000	277383	1	810001	815000	815000
7	140001	145000	1001068	1	845001	850000	850000
12	145001	150000	1799351	1	860001	865000	862500
2	150001	155000	307000	1	885001	890000	886000
4	160001	165000	651460	1	895001	900000	900000
2	165001	170000	335570	1	945001	950000	950000
2	170001	175000	350000	2	995001	1000000	2000000
1	175001	180000	180000	2	1015001	1020000	2039713
3	185001	190000	560000	1	1030001	1035000	1035000
1	190001	195000	195000	1	1080001	1085000	1082957
16	195001	200000	3198000	2	1095001	1100000	2200000
3	200001	205000	601882	1	1135001	1140000	1136500
2	205001	210000	418980	1	1195001	1200000	1200000
2	210001	215000	430000	1	1225001	1230000	1226182
2	215001	220000	440000	1	1260001	1265000	1265000
1	220001	225000	222000	1	1270001	1275000	1272410
2	230001	235000	464000	1	1280001	1285000	1283000
4	235001	240000	960000	1	1295001	1300000	1300000
1	240001	245000	245000	2	1400001	1405000	2801500
7	245001	250000	1750000	1	1445001	1450000	1449000
1	250001	255000	251500	1	1450001	1455000	1455000
2	255001	260000	520000	1	1455001	1460000	1460000
2	270001	275000	550000	1	1460001	1465000	1462117
2	275001	280000	556555	1	1495001	1500000	1500000
1	285001	290000	290000	1	1500001	1505000	1505000
1	290001	295000	291000	1	1740001	1745000	1744211
14	295001	300000	4200000	1	1755001	1760000	1760000
1	300001	305000	300500	1	1785001	1790000	1786823
2	310001	315000	622000	1	1860001	1865000	1864666
2	325001	330000	654125	1	1965001	1970000	1968500
1	330001	335000	332000	2	1995001	2000000	4000000
1	340001	345000	344000	1	2195001	2200000	2199000

Pattern of Shareholding

As at June 30, 2015

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
1	2225001	2230000	2227485	1	6365001	6370000	6365265
1	2275001	2280000	2276000	1	6500001	6505000	6500244
1	2295001	2300000	2300000	1	6555001	6560000	6556860
1	2435001	2440000	2436185	1	6880001	6885000	6884999
1	2950001	2955000	2954151	1	7960001	7965000	7964500
1	2955001	2960000	2960000	1	9565001	9570000	9566027
1	3785001	3790000	3786250	1	9655001	9660000	9656172
1	4045001	4050000	4050000	1	11995001	12000000	12000000
1	4195001	4200000	4200000	1	13620001	13625000	13621361
1	4320001	4325000	4322000	1	16920001	16925000	16923000
1	4995001	5000000	5000000	1	19870001	19875000	19874250
1	5240001	5245000	5242000	1	30950001	30955000	30951000
1	5390001	5395000	5395000	1	32360001	32365000	32361665
1	5505001	5510000	5506273	1	68460001	68465000	68464432
1	5805001	5810000	5808500				
				5,399	Company Total		445,390,665

Category of Shareholders

As at June 30, 2015

Categories	Share Holders	Share Holding	Percentage
DIRECTORS, CEO & CHILDREN	13	72,869,209	16.3607
ASSOCIATED COMPANIES	2	3,834,250	0.8609
BANKS, DFI & NBFI	5	31,158,776	6.9958
INSURANCE COMPANIES	2	30,500	0.0068
MODARABAS & MUTUAL FUNDS	4	18,013,180	4.0444
GENERAL PUBLIC (LOCAL)	5130	193,292,374	43.3984
GENERAL PUBLIC (FOREIGN)	137	23,027,850	5.1703
OTHERS	105	103,154,526	23.1605
FOREIGN COMPANIES	1	10,000	0.0022
Company Total	5,399	445,390,665	100

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

Detail of Directors, CEO and their spouse and minor children	Number of Share Held
MR. MUHAMMAD ZIAULLAH CHISTI	71,481,053
MR. MUHAMMAD ALI JAMEEL	298
MR. MUHAMMADULLA KHAISHGI	612,840
MR. RAFIQ DOSSANI	3
MR. JOHN LEONE	3
MR. PETER H. R. RIEPENHAUSEN	3
MR. AMEER S. SHABU QURESHI	3
MR. PATRICK MCGINNIS	3
MR. ABU BAKAR CHOWDHURY	3
MR. SALEEM BUTT	775,000
	72,869,209

Pattern of Shareholding As Per Requirement of Code of Corporate Governance

As at June 30, 2015

Banks, Development Finance Institutions, Non-Banking Finance institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
FAYSAL BANK LIMITED	200,000
SONERI BANK LIMITED	500
J S BANK LIMITED.	30,951,000
NATIONAL BANK OF PAKISTAN	276
ESCORTS INVESTMENT BANK LIMITED	7,000
EXCEL INSURANCE CO.LTD.	500
ASKARI GENERAL INSURANCE CO. LTD.	30,000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	9,566,027
CDC - TRUSTEE AKD INDEX TRACKER FUND	81,888
CDC - TRUSTEE AKD OPPORTUNITY FUND	6,365,265
MCBFSL - TRUSTEE NAMCO BALANCED FUND	2,000,000
IGI FINEX SECURITIES LIMITED	1
MAHA SECURITIES (PRIVATE) LIMITED	164,960
AR MANAGEMENT SERVICES (PRIVATE) LIMITED	115,500
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LIMITED	75,000
TRUSTEE CITY SCHOOLS PROVIDENT FUND TRUST	20,000
INTERMARKET SECURITIES LIMITED	2,276,000
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	501,000
EVERFRESH FARMS (PVT) LIMITED	150,000
FIRST CAPITAL EQUITIES LIMITED	1
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	950,000
SHAFI FOODS (PRIVATE) LIMITED	150,000
EVERFRESH FARMS (PVT) LIMITED	150,000
PRUDENTIAL SECURITIES LIMITED	534
SOUTH ASIAN SECURITIES (PVT.) LTD.	50,000
PREMIER FASHIONS (PVT) LTD	346,000
TRUSTEES MOOSA LAWAI FOUNDATION	10,000
SHAKOO (PVT) LTD.	100,000
GARIBSONS (PVT.) LTD.	40,000
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	362,274
IMGC GLOBAL (PVT.) LIMITED	5,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	45,035
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,580
INSTITUTE OF BUSINESS & TECHNOLOGY	388,000
D.S.INDUSTRIES LTD	1,000
NH SECURITIES (PVT) LIMITED.	33,000
TRUSTEES KAUKAB MIR MEMORIAL WELFARE TRUST	125,000
MAPLE LEAF CAPITAL LIMITED	1

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

As at June 30, 2015

Banks, Development Finance Institutions, Non-Banking Finance institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
EXCEL SECURITIES (PVT.) LTD.	450
PEARL SECURITIES LIMITED	19,874,250
PEARL SECURITIES LIMITED	13,621,361
M.R.A. SECURITIES (PVT) LIMITED	300,000
AZEE SECURITIES (PRIVATE) LIMITED	3,500
RAFI SECURITIES (PRIVATE) LIMITED	10,000
DALAL SECURITIES (PVT) LTD.	50,000
RAO SYSTEMS (PVT.) LTD.	10,000
MULTILINE SECURITIES (PVT) LIMITED	29,500
MULTILINE SECURITIES (PVT) LIMITED	500
SARWAR LOGISTICS SOLUTION	1,500
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	15,193
FDM CAPITAL SECURITIES (PVT) LIMITED	100,000
FDM CAPITAL SECURITIES (PVT) LIMITED	250,000
SHAFI LIFESTYLE (PVT) LIMITED	300,000
EVER FRESH FARMS (PVT) LIMITED	300,000
AKHAI SECURITIES (PRIVATE) LIMITED	4,000
DJM SECURITIES (PRIVATE) LIMITED	2,436,185
SHERMAN SECURITIES (PRIVATE) LIMITED	886,000
TIME SECURITIES (PVT.) LTD.	137,383
JAHANGIR SIDDIQUI & CO. LTD.	32,361,665
FAIR EDGE SECURITIES (PRIVATE) LIMITED	2,500
INVESTFORUM (SMC-PVT) LIMITED	6,000
STOCK MASTER SECURITIES (PRIVATE) LTD.	902
FIRST NATIONAL EQUITIES LIMITED	180
INDUS BASIN CAPITAL (PVT.) LIMITED	2,500
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	186,500
SHAFI POULTRY N PRODUCTS (PVT.) LTD	50,000
SHAFI FOODS (PRIVATE) LIMITED	291,000
EVERFRESH FARMS (PVT.) LIMITED	326,000
DARSON SECURITIES (PVT) LIMITED	107,501
STOCK STREET (PVT) LIMITED.	92
SAAO CAPITAL (PVT) LIMITED	378,762
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	4,050,000
ZAHID LATIF KHAN SECURITIES (PVT) LTD	1,455,000
MAAN SECURITIES (PVT) LTD.	800,000
IFI ASSOCIATES	360,000
TRUST IQBAL ADAMJEE	522,000
H. H. K. SECURITIES PRIVATE LIMITED	50,000
AWJ SECURITIES (PRIVATE) LIMITED.	1,024
PASHA SECURITIES (PVT) LTD.	500
FAIR DEAL SECURITIES (PVT) LTD.	4,012
MAM SECURITIES (PVT) LIMITED	500
WASI SECURITIES (SMC-PVT) LTD.	6,001
DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	1,500
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	1,401,000
Y.H. SECURITIES (PVT.) LTD.	850,000
VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED	791
KSR STOCK BROKERAGE (PVT) LTD.	6,637
SNM SECURITIES (PVT) LTD.	5,000
H.S.Z. SECURITIES (PRIVATE) LIMITED	1
MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	5,950
SALIM SOZER SECURITIES (PVT.) LTD.	75,300
AKD SECURITIES LIMITED - AKD TRADE	500
TRUSTEE KAUKAB MIR MEMORIAL WELFARE TRUST	15,000
PAIR INVESTMENT COMPANY LIMITED	275,000
S. Z. SECURITIES (PVT.) LIMITED	5,000
RAH SECURITIES (PVT) LIMITED	10,000
JSK SECURITIES LIMITED	40,000
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	251,500
ISPI CORPORATION (PRIVATE) LIMITED	19,500
MUHAMMAD SHAFI TANNERIES (PVT.) LIMITED	100,000
AEROTEC SYSTEMS	30,000
GLOBAL SECURITIES PAKISTAN LIMITED - MF	98,000
PEARL SECURITIES LIMITED - MF	160,500
IMPERIAL INVESTMENT (PVT) LTD.	3,200
JS GLOBAL CAPITAL LIMITED - MF	1,449,000
CYAN LIMITED	7,964,500
FIKREE'S (SMC-PVT) LTD.	9,500
MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	300
DIN CAPITAL (PVT) LTD.	100,000
R.A. SECURITIES (PVT.) LIMITED	500
MULTILINE SECURITIES (PVT) LIMITED - MF	250,000
GOLDMAN COMMODITIES (PVT.) LTD.	101,000
R.T. SECURITIES (PVT) LIMITED	500
MUHAMMAD ANAF KAPADIA SECURITIES (SMC-PVT) LIMITED	4,322,000
STAR SECURITIES (PVT) LTD.	500
INSTITUTE OF BUSINESS AND TECHNOLOGY	250,000
HABIB BANK AG ZURICH, DEIRA DUBAI	10,000
TOTAL	152,366,982

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

As at June 30, 2015

Shareholders Holding 5% or More Voting Interest	Number of Shares Held	Voting Interest
MR. MUHAMMAD ZIAULLAH CHISTI	71,481,053	16.05
PEARL SECURITIES LIMITED	33,656,111	7.56
JAHANGIR SIDDIQUI & COMPANY	32,361,665	7.27
J.S. BANK LIMITED	30,951,000	6.95
	168,449,829	37.83

Detail of movement in the shares of Directors / CEO and their spouses and minor children	Designation	Opening Balance July 1, 2014	Closing Balance June 30, 2015
MR. MUHAMMAD ZIAULLAH CHISTI	CEO and Director	46,651,034	71,481,053
MR. MUHAMMAD ALI JAMEEL	Director	344,589	298
MR. MUHAMMADULLAH KHAISHGI	Director	612,840	612,840
MR. RAFIQ DOSSANI	Director	3	3
MR. JOHN LEONE	Director	3	3
MR. PETER H. R. RIEPENHAUSEN	Chairman and Director	3	3
MR. AMEER S. SHABU QURESHI	Director	3	3
MR. PATRICK MCGINNIS	Director	3	3
MR. ABU BAKAR CHOWDHURY	Director	3	3
MR. SALEEM BUTT	Director	775,000	775,000
		48,383,481	72,869,209

Details of Purchase of Shares by Directors

As at June 30, 2015

Name	Designation	Date of Purchase	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	10/04/2015	344,291	At Par value
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	10/11/2014	14,346,213	At Par value
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	10/11/2014	10,139,515	At Par value

Details of Sale of Shares by Directors

As at June 30, 2015

Name	Designation	Date of Transfer	Number of Shares	Rate
MR. MUHAMMAD ALI JAMEEL	Director	10/04/2015	344,291	At Par value

Historical Financial Information

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	(Rupees in '000)									
Revenue	46,050	169	1,388	2,086	1,002	615	28,915	2,445	8,300	2,934
Expenses-net	399,33	24,624	(2,006,107)	26,799	71,740	1,617,447	(737,411)	2,452,297	59,334	165,252
Taxation	4,138	-	173	173	-	-	-	-	-	-
Net Profit / (loss)	1,979	(24,455)	2,007,668	(24,889)	(70,738)	(1,616,832)	766,326	(2,449,852)	(51,034)	(135,912)
Basic EPS	0.01	(0.06)	5.21	(0.06)	(0.18)	(4.20)	1.99	(6.36)	(0.10)	(0.56)
Non - Current Assets	3,841,346	3,274,450	3,304,027	1,105,316	1,006,387	1,056,665	2,534,500	1,475,975	3,561,889	3,586,836
Current Assets	49,363	3,872	3,361	9,113	13,527	16,063	15,113	24,464	33,720	74,265
Share Capital and Reserves	3,796,806	3,093,768	3,145,514	1,018,256	950,653	1,015,698	2,509,058	1,464,850	3,566,394	2,176,636
Non - Current Liabilities	-	-	-	173	-	206	566	-	-	3,069
Current Liabilities	93,903	184,554	161,874	96,000	69,261	56,824	39,989	35,589	29,215	1,481,396
Dividend	-	-	-	-	-	-	0.01	-	-	-
Market share price	30.55	14.03	10.19	3.42	2.56	4.11	1.35	6.25	16.4	10.05
Number of Employees	3	3	3	4	4	4	4	2	5	4
Number of Consolidating Subsidiaries	35	35	28	26	32	29	22	21	15	16



Standalone Financial Statements
for the year ended June 30, 2015



Auditors' Report to the Members

We have audited the annexed balance sheet of TRG Pakistan Limited ("the Company") as at June 30, 2015 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1.4 to the annexed financial statements which describes uncertainty relating to the options available to the preference shareholders (PineBridge Investors).

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

Date: October 07, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Balance Sheet

As at June 30, 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
Non-current assets			
Property and equipment	4	203	188
Long term investment	5	3,372,743	3,274,187
Long term loan to related party	6	468,325	-
Long term deposits		75	75
		<u>3,841,346</u>	<u>3,274,450</u>
Current assets			
Accrued markup		39,170	7
Receivable from related party	7	583	566
Taxation - net		-	1,231
Cash and bank balances	8	9,610	2,068
		<u>49,363</u>	<u>3,872</u>
Total assets		<u><u>3,890,709</u></u>	<u><u>3,278,322</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	9	<u>7,330,000</u>	<u>7,330,000</u>
Issued, subscribed and paid-up capital	9	4,453,907	3,853,907
Foreign exchange translation reserve		997,934	896,875
Accumulated losses		(1,655,035)	(1,657,014)
		<u>3,796,806</u>	<u>3,093,768</u>
Current liabilities			
Accrued and other liabilities	10	62,624	62,626
Payable to related parties - current account	11	29,061	121,928
Taxation - net		2,218	-
		<u>93,903</u>	<u>184,554</u>
Total equity and liabilities		<u><u>3,890,709</u></u>	<u><u>3,278,322</u></u>
Contingencies and commitments	12		

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

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

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

Director

Director

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Interest income	13	46,050	169
Other expenses	14	(30,813)	(24,624)
Finance cost		(9,120)	-
Profit / (loss) before taxation		6,117	(24,455)
Taxation	15	(4,138)	-
Profit / (loss) for the year		1,979	(24,455)
Other comprehensive income			
Foreign currency translation difference		101,059	(27,291)
Total comprehensive income / (loss) for the year		103,038	(51,746)
		(Rupee)	
Earnings / (loss) per share - basic and diluted	16	0.01	(0.06)

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

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

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

Director

Director

Statement of Changes in Equity

For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Accumulated losses	Total
	(Rupees in '000)			
Balance as at June 30, 2013	3,853,907	924,166	(1,632,559)	3,145,514
Total comprehensive income / (loss)				
Loss for the year	-	-	(24,455)	(24,455)
Foreign currency translation difference	-	(27,291)	-	(27,291)
	-	(27,291)	(24,455)	(51,746)
Balance as at June 30, 2014	3,853,907	896,875	(1,657,014)	3,093,768
Transactions with owners				
Issue of shares (refer note 9.1)	600,000	-	-	600,000
Total comprehensive income / (loss)				
Profit for the year	-	-	1,979	1,979
Foreign currency translation difference	-	101,059	-	101,059
	-	101,059	1,979	103,038
Balance as at June 30, 2015	4,453,907	997,934	(1,655,035)	3,796,806

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

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

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

Director

Director

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	17	(126,540)	(1,515)
Long term loan to related party		(468,325)	-
Markup income received		6,887	169
Taxes paid		(689)	(17)
Net cash used in operating activities		(588,667)	(1,363)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(119)	(196)
Net cash used in investing activities		(119)	(196)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares		600,000	-
Net cash generated from financing activities		600,000	-
Effects of exchange rate difference		(3,672)	2,058
Net increase in cash and cash equivalents		7,542	499
Cash and cash equivalents at beginning of the year		2,068	1,569
Cash and cash equivalents at end of the year	8	9,610	2,068

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

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

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

Director

Director

Notes to the Financial Statements

For the year ended June 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The Company obtained the certificate of commencement of business on February 27, 2003. The operations of the Company effectively started on April 11, 2003. The registered office of the Company is situated at 18th Floor, Center Point, Plot # 66/3-2, Off. Shaheed-e-Millat Expressway, Korangi, Karachi, Pakistan. The Company obtained a license on May 14, 2003 from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Regulations 17(1) & (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 were relaxed for the Company, permitting the Company to expose up to 100% of its equity attributable to venture capital investment in its subsidiary. The Company filed an application with SECP under section 21 of the Companies Ordinance, 1984, seeking approval for the exit of the Company from NBFC Regime and continue to operate as a listed company. The SECP vide its letter (NBFC/PE/TRG/VC/167/2012) dated January 18, 2012 approved the Company's application.
- 1.2** The principal activity of the Company is to acquire, invest and manage operations relating to business process outsourcing, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited.
- 1.3** These financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for in accordance with accounting policy as stated in note 3.2. Consolidated financial statements are prepared separately.
- 1.4** As stated in note 9.4, TRGIL has not consummated a qualified public offering within the specified time period. Accordingly, the rights available to the PineBridge Investors (formerly AIG Investors) to cause the subsidiary to liquidate its assets or to force the sale of the TRGIL's ordinary shares to a third party have become exercisable. If the PineBridge Investors exercise their right, TRGIL may, as an alternative, be required by the PineBridge Investors to purchase back their preference shares from them (PineBridge Investors) instead, at a price not less than the original issue price (i.e. US\$1.12 per share). These options indicate the existence of uncertainty related to the future outcome if the PineBridge Investors exercise any of the aforementioned options. However, management is confident that the PineBridge Investors would continue with their investment in the preference shares of TRGIL in foreseeable future.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

In the process of applying the Company's accounting policies, management has made certain estimates and judgments which are significant to the financial statements, relating to impairment testing of long term investment (note 3.2).

Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected.

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

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

2.6 Standards, interpretations and amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The management is in the process of evaluating the impact of this standard on the Company's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The management is in the process of evaluating the impact of this standard on the Company's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The management is in the process of evaluating the impact of this standard on the Company's financial statements.
- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
 - IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
 - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

3.1.1 Owned property and equipment and related depreciation

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

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

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

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

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

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

3.1.2 Impairment of property and equipment

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

3.2 Long term investment

Investment in a subsidiary company is carried at cost, less impairment losses, if any. The Company assesses at each balance sheet date whether there is any indication that the investment in subsidiary company may be impaired.

If such indication exists, the carrying amount of investment is reviewed to assess whether it is recorded in excess of its recoverable amount. The recoverable amount is greater of value in use and fair value less cost to sell. Value in use is based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the asset. Where carrying value exceeds the recoverable amount, investment is written down to its recoverable amount and the resulting impairment charge is recognized in the profit and loss account.

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

3.3 Revenue and other income

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

3.4 Taxation

3.4.1 Current taxation

Provision for current year taxation is based on the taxable income determined in accordance with the prevailing law for taxation at the current rate of tax or one percent of turnover, whichever is higher, after taking into account applicable tax credits, rebates and exemptions available, if any. Due to change in the Company's status from NBFC to normal company, as stated in note 1 to the financial statements, the Company is not entitled to avail the tax exemption available under clause 101 part 1 of second schedule of Income Tax Ordinance, 2001, w.e.f. January 18, 2012.

3.4.2 Deferred taxation

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

Deferred tax asset, amounting to Rs. 978 million (2014: Rs. 964 million), has not been recognized in these financial statements, as the management is of the view that it is not probable that sufficient taxable profit will be available in the foreseeable future against which deductible temporary differences and unused tax losses can be utilized. At the year end, the Company's tax losses amounted to Rs. 112 million (2014: Rs. 137 million).

3.5 Provisions

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

3.6 Foreign currency

3.6.1 Foreign currency transactions

Transactions in foreign currencies are translated into 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.

3.6.2 Foreign currency translations

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each profit and loss account are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

3.7 Cash and cash equivalents

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

3.8 Financial instruments

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

3.9 Offsetting of financial assets and financial liabilities

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

3.10 Staff retirement benefits

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

3.11 Dividend

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

3.12 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. PROPERTY AND EQUIPMENT

	Owned		Total
	Computers and office equipments	Motor vehicles	
	(Rupees in '000)		
As at June 30, 2013			
Cost	580	110	690
Accumulated depreciation	(519)	(78)	(597)
Net book value	61	32	93
Year ended June 30, 2014			
Opening net book value	61	32	93
Additions	196	-	196
Depreciation charge for the year	(79)	(22)	(101)
Net book value	178	10	188
As at June 30, 2014			
Cost	776	110	886
Accumulated depreciation	(598)	(100)	(698)
Net book value	178	10	188
Year ended June 30, 2015			
Opening net book value	178	10	188
Additions	119	-	119
Depreciation charge for the year	(95)	(9)	(104)
Net book value	202	1	203
As at June 30, 2015			
Cost	895	110	1,005
Accumulated depreciation	(693)	(109)	(802)
Net book value	202	1	203
Annual rate of depreciation	33.33%	20%	

5. LONG TERM INVESTMENT

		2015	2014
		(Rupees in '000)	
In unquoted subsidiary - at cost			
The Resource Group International Limited (TRGIL)			
60,450,000 (2014: 60,450,000) ordinary shares	5.1	6,152,522	5,972,738
Less: Accumulated impairment	5.2	(2,779,779)	(2,698,551)
		3,372,743	3,274,187

This represents investment in a subsidiary incorporated in Bermuda. Par value of each share is US\$0.01 and the additional paid up capital per share amounts to US\$0.99. The percentage of the Company's holding in TRGIL's ordinary shares is 82.3% (2014: 82.3%) whereas the percentage of voting interest of the Company in TRGIL is 60.31% (2014: 60.31%).

5.1 Movement in investment at cost

	2015	2014
	(Rupees in '000)	
Opening balance	5,972,738	6,026,865
Currency translation difference	179,784	(54,127)
Closing balance	6,152,522	5,972,738

5.2 Movement in accumulated impairment

	Note	2015	2014
		(Rupees in '000)	
Opening balance		2,698,551	2,723,006
Currency translation difference		81,228	(24,455)
Closing balance	5.3	<u>2,779,779</u>	<u>2,698,551</u>

5.3 This represents the difference between recoverable amount and carrying value of the investment. Cash generating units of the Company comprise indirect subsidiaries of the Company which are smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets or other group companies. The recoverable amount of the cash generating units have been determined based on higher of "fair value less cost to sell" and "value in use". Recoverable amount is determined, using cash flow projections prepared by the management using discount rate of 13.94% to 15.48%.

6. LONG TERM LOAN TO RELATED PARTY

This represents loan to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loan has a maturity period of two years. The loan carries markup at a rate of 15% per annum to be paid annually.

7. RECEIVABLES FROM RELATED PARTY - considered good

TRG Marketing Solutions, UK - Indirect subsidiary	7.1	<u>583</u>	<u>566</u>
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7.1 The above balance represents the maximum aggregate amount outstanding during the year.

8. CASH AND BANK BALANCES

Balance with bank in			
- current account		625	625
- saving account	8.1	8,968	1,434
		<u>9,593</u>	<u>2,059</u>
Cash in hand		17	9
		<u>9,610</u>	<u>2,068</u>

8.1 The balance in saving account carries markup ranging from 5% to 8% per annum (2014: 6% to 8% per annum).

9. SHARE CAPITAL

	2015		2014	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
Authorized share capital				
- Ordinary class 'A' shares of Rs.10 each	720,000,000	7,200,000	720,000,000	7,200,000
- Ordinary class 'B' shares of Rs.10 each	13,000,000	130,000	13,000,000	130,000
	733,000,000	7,330,000	733,000,000	7,330,000
Issued, subscribed and paid-up capital				
Ordinary class 'A' shares of Rs. 10 each				
- allotted for consideration paid in cash (refer note 9.1)	435,765,687	4,357,657	375,765,687	3,757,657
- allotted for consideration other than cash (refer note 9.2)	9,624,978	96,250	9,624,978	96,250
	445,390,665	4,453,907	385,390,665	3,853,907

- 9.1** During the current period, Company has issued one right share at par for every 6.423 Ordinary Class 'A' shares held.
- 9.2** These shares were issued in exchange of share of 1,636,000 shares of The Resource Group International Limited of US\$1 each in 2003.
- 9.3** Subsequent to year end, the Company has offered one right share at par for every 4.454 Ordinary shares held. The closure of share transfer books of the Company for entitlement of right has been determined between August 28, 2015 to Septemeber 4, 2015 both days inclusive.
- 9.4** On October 4, 2005, TRGIL entered into a series A preferred stock purchase agreement with a consortium of related investors, comprised of AIG Global Emerging Markets Fund II, L.P., AIG Annuity Insurance Company, American General Life Insurance Company and Variable Annuity Life Insurance Company (the PineBridge Investors; formerly AIG Investors). The agreement allowed for the purchase of up to 26,785,714 shares of Series A Preferred Stock for an initially determined purchase price of US\$1.12 per share. The total committed amount was up to US\$30,000,000.

The preferred stock is entitled to the same voting rights and dividend entitlements as ordinary share, but rank higher in the event of liquidation. The preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that TRGIL remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2015, requiring such an accrual or payment.

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

If TRGIL has not consummated a qualified public offering on or before the third anniversary of the initial closing date, then the PineBridge Investors have the right to cause the TRGIL to sell to a third party all or a portion of either (1) the TRGIL issued ordinary shares or (2) the consolidated assets of the Group. If the PineBridge Investors exercise this right, TRGIL as an alternative be required by PineBridge Investors to purchase back their preference shares from them at a price not less than the original issue price (US\$1.12). However, according to section 4.06(e) of the Investor Rights Agreement {an agreement between the Company and International Finance Corporation (IFC)},

the Company shall not, without the approval of its shareholders by a special resolution, undertake or permit, amongst other things, change in control of any key subsidiary (which includes TRGIL). Further, section 4.06(e) of the Investor Rights Agreement has been made part of the aforementioned Preferred Stock Purchase Agreement. Nonetheless, according to paragraph 8.7(c)(iii) of the Preferred Stock Purchase Agreement, the Company, TRGIL and the management shareholders are required to take all necessary steps to enable the PineBridge Investors to cause sale of the TRGIL's issued ordinary shares.

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

- 125% of the liquidation amount (US\$1.12) if the liquidity event occurs within 21 months of the initial closing date.
- 135% of the liquidation amount (US\$1.12) if the liquidity event occurs between 21 months and 36 months of the initial closing date.
- 145% of the liquidation amount (US\$1.12) if the liquidity event occurs between 36 months and 54 months of the initial closing date.
- 155% of the liquidation amount (US\$1.12) if the liquidity event occurs after 54 months from the initial closing date.

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

As of June 30, 2015, PineBridge Investors has invested the full US\$30 million committed to the TRGIL.

10. ACCRUED AND OTHER LIABILITIES

	2015	2014
	(Rupees in '000)	
Accrued expenses	4,270	4,516
Unclaimed dividend	592	592
Other liabilities	57,762	57,518
	62,624	62,626

11. PAYABLE TO RELATED PARTIES - Current account - Unsecured

Name of related party	Nature of relationship		
TRGIL	Subsidiary	11,587	11,248
Trakker (Private) Limited	Associated company	2,178	2,178
TRG Holding LLC	Indirect subsidiary	14,573	107,779
TRG (Private) Limited	Indirect subsidiary	723	723
		29,061	121,928

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 As at June, 30 2015, returns of income tax up to tax year 2014 have been filed by the Company. However, deemed assessments for the tax years 2003 and 2004 had been amended by the Taxation Officer (TO) whereby the exemption claimed under clause (101) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) were rejected in both these years and tax demands of Rs. 604,687 and Rs. 88,303 had been created respectively. The first appeal filed by the Company before Commissioner Inland Revenue (Appeals) against the amended orders had been rejected. The Company preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who decided the appeal in the favour of the Company through the consolidated order dated March 28, 2013. Application has been filled with the tax authorities for passing the appeal effect orders which are currently pending. Accordingly, no provision has been made for the said matters in these financial statements.

12.1.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on public company that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

12.2 Commitments

There were no commitments outstanding as at June 30, 2015 and 2014.

13. INTEREST INCOME

Note	2015	2014
	(Rupees in '000)	
Interest from financial assets		
- Return on bank balances	6,918	169
- Interest income on long term loan	39,132	-
	<u>46,050</u>	<u>169</u>

14. OTHER EXPENSES

Salaries and other employee costs	14.1	9,875	11,367
Printing, stationery and courier		2,467	3,325
Insurance		1,241	1,181
Communication		368	260
Legal and professional charges		2,325	1,640
Auditors' remuneration	14.2	4,947	4,897
Depreciation	4	104	101
Exchange loss - net		6,175	323
Miscellaneous expenses		3,311	1,530
		<u>30,813</u>	<u>24,624</u>

14.1 This includes the Company's contribution to employees' retirement benefit fund amounting to Rs. 0.522 million (2014: Rs. 0.516 million).

14.2 Auditors' remuneration

Fee for audit of separate financial statements		1,265	1,265
Fee for review of half yearly financial statements		400	400
Fee for the audit of consolidated financial statements		2,875	2,875
Other certifications		180	130
Out of pocket expenses		227	227
		<u>4,947</u>	<u>4,897</u>

15. TAXATION

	2015		2014	
	(%)	(Rupees in '000)	(%)	(Rupees in '000)
For the year:				
- current		4,138		-
- deferred		-		-
		<u>4,138</u>		<u>-</u>

15.1 Rate reconciliation

Profit / (loss) before taxation		6,117		(24,455)
Taxation		(4,138)		-
Profit / (loss) after taxation		<u>1,979</u>		<u>(24,455)</u>
Income tax (expense) / benefit using applicable tax rate	33%	2,019	34%	(8,315)
Non-deductible expenses	33%	2,119	34%	110
Tax effect of previously unrecognized tax losses	33%	-	34%	8,205
		<u>4,138</u>		<u>-</u>

16. EARNINGS / (LOSS) PER SHARE

	2015	2014
	(Rupees in '000)	
Earnings / (loss) for the year	1,979	(24,455)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	435,797,410	387,831,135
	(Rupee)	
Earnings / (loss) per share	0.01	(0.06)

16.1 Comparative information has been restated due to issuance of right shares during the year. Company also offered right shares after the year end as explained in note 9.3 to the financial statements. These will result in restatement of EPS on allotment.

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

17. CASH USED IN OPERATIONS

	Note	2015	2014
		(Rupees in '000)	
Profit / (loss) for the year before taxation		6,117	(24,455)
Adjustments for :			
Depreciation		104	101
Interest on long term loan and return on bank balances		(46,050)	(169)
Exchange loss		6,175	323
Working capital changes	17.1	(92,886)	22,685
		(132,657)	22,940
		<u>(126,540)</u>	<u>(1,515)</u>
17.1 Working capital changes			
(Increase) / decrease in current assets:			
Receivables from related party		(17)	5
(Decrease) / increase in current liabilities:			
Accrued and other liabilities		(2)	130
Payable to related parties		(92,867)	22,550
		<u>(92,869)</u>	<u>22,680</u>
		<u>(92,886)</u>	<u>22,685</u>

18. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	2015 Executives	2014 Executives
	(Rupees in '000)	
Managerial remuneration	9,353	9,750
Provident fund	522	516
Bonus	-	1,077
Total	9,875	11,343
	(Numbers)	
Number of persons	3	3

- 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, 2015.
- 18.2** Certain executives of an indirect subsidiary are providing services to the Company and no remuneration is charged in respect of those executives by that indirect subsidiary.
- 18.3** No remuneration was paid to the Chief Executive and directors (number of directors: 10) of the company during the current and last year.

19. FINANCIAL INSTRUMENTS

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

19.1 Credit risk

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

Exposure to credit risk

Credit risk of the Company arises principally from long term deposit, receivables from related parties and balances with banks. Out of the total financial assets, those that are subject to credit risk amount to Rs. 517.746 million (2014: Rs. 2.707 million).

Bank balances amounting Rs. 9.593 million (2014: Rs. 2.059 million) are placed with banks having a short term credit rating of "A-1+" and above.

The maximum exposure to credit risk as at June 30, 2015, along with comparative is tabulated below:

Financial assets	2015	2014
	(Rupees in '000)	
Long term deposits	75	75
Accrued mark up	39,170	7
Receivable from related party	583	566
Long term loan to related party	468,325	-
Balances with banks	9,593	2,059
	<u>517,746</u>	<u>2,707</u>

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

The Company does not hold any collateral against these assets.

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

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

Domestic	517,163	2,141
Foreigners	583	566
	<u>517,746</u>	<u>2,707</u>

19.2 Liquidity risk

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

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

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

	2015		
	Carrying Amount	Contractual cash flow	Maturity up to one year
 (Rupees in '000)		
Financial liabilities			
Accrued and other liabilities	62,624	62,624	62,624
Payable to related parties - current account	29,061	29,061	29,061
	<u>91,685</u>	<u>91,685</u>	<u>91,685</u>

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

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.

Exposure to currency risk

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

19.3.2 Interest rate risk

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

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

19.3.3 Fair values of financial assets and liabilities

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

20. CAPITAL RISK MANAGEMENT

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

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

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

21. RELATED PARTY DISCLOSURES

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

Related party	2015 (Rupees in '000)	2014
TRG (Private) Limited (Indirect Subsidiary)		
Loan disbursed	468,325	-
Interest income on long term loan	39,132	-
Contribution to the provident fund	522	516

22. PROVIDENT FUND RELATED DISCLOSURE

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

	(Unaudited)	(Unaudited)
Size of the Fund - total assets	2,643	1,488
Cost of investments made	2,643	1,488
Percentage of investments made	100%	100%
Fair value of investments	2,643	1,488

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

	2015 (Unaudited) (Rupees in '000)	2014 (Unaudited)	2015 (Unaudited) % of total investment	2014 (Unaudited)
Habib Metropolitan - Multiplier account	2,643	1,488	100%	100%
	2,643	1,488	100%	100%

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

23. NUMBER OF EMPLOYEES

As at June 30, 2015, the Company had three employees (2014: three employees). Average number of employees was three (2014: three employees) during the year ended June 30, 2015.

24. GENERAL

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

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2015 by the Board of Directors of the Company.

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

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

Director

Director



Consolidated Financial Statements
For the year ended June 30, 2015



Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of TRG Pakistan Limited ("the Holding Company") and its subsidiary companies (together as "the Group") as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of TRG Pakistan Limited and the consolidated financial statement of The Resource Group International Limited and its subsidiaries, as mentioned in note 1.4 to the consolidated financial statements except for the consolidated financial statements of IBEX Global Solutions Plc and its subsidiaries, which were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of TRG Pakistan Limited and its subsidiary companies as at June 30, 2015 and the results of their operations for the year then ended.

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

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

Date: October 07, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Consolidated Balance Sheet

As at June 30, 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	1,965,170	1,828,983
Intangible assets	5	2,219,712	1,757,807
Long term investment	6	3,598,377	2,981,647
Deferred tax asset	7	105,865	117,962
Long term loans and advances		254,563	387,945
Long term deposits and prepayments	8	325,316	305,562
		<u>8,469,003</u>	<u>7,379,906</u>
CURRENT ASSETS			
Trade debts	9	3,465,859	3,826,372
Loans and advances	10	58,173	16,144
Deposits and prepayments	11	960,856	482,627
Other receivables		61,946	172,046
Advance tax		127,504	126,259
Cash and bank balances	12	605,876	481,574
		<u>5,280,214</u>	<u>5,105,022</u>
Total assets		<u><u>13,749,217</u></u>	<u><u>12,484,928</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital	13	<u>7,330,000</u>	<u>7,330,000</u>
Issued, subscribed and paid-up capital	13	4,453,907	3,853,907
Foreign exchange translation reserve		(147,184)	(128,536)
Accumulated losses		(3,949,244)	(3,340,240)
Equity attributable to shareholders of the Holding Company		357,479	385,131
Non-controlling interests		1,645,222	1,604,550
Total equity		<u>2,002,701</u>	<u>1,989,681</u>
LIABILITIES			
Non current liabilities			
Long term finances	14	432,661	295,016
Liabilities against assets subject to finance lease	16	728,634	695,092
Retirement benefit obligation	17	50,279	17,092
Other non-current liabilities	18	204,167	213,270
		<u>1,415,741</u>	<u>1,220,470</u>
Current liabilities			
Trade and other payables	19	5,219,322	3,874,935
Convertible preference shares	15.1	3,053,361	2,964,000
Short term borrowings	20	1,290,775	2,012,205
Current portion of:			
- Long term finances	14	325,285	134,763
- Liabilities against assets subject to finance lease	16	379,635	280,963
Taxes payable		62,397	7,911
		<u>10,330,775</u>	<u>9,274,777</u>
		<u>11,746,516</u>	<u>10,495,247</u>
Total equity and liabilities		<u><u>13,749,217</u></u>	<u><u>12,484,928</u></u>
Contingencies and commitments	21		

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

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

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

Director

Director

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Revenue	33.1	26,355,190	20,121,975
Cost of services	23	(23,579,458)	(18,275,741)
Gross profit		2,775,732	1,846,234
Administrative and general expenses	24	(4,832,344)	(4,123,720)
Other income	25	203,192	308,372
Other charges	26	(12,895)	(50,230)
		(1,866,315)	(2,019,344)
Finance cost	27	(299,839)	(303,477)
Share of profit of associate - net of tax	6	11,430	169,661
Loss before tax		(2,154,724)	(2,153,160)
Taxation	28	(105,485)	10,359
Loss for the year		(2,260,209)	(2,142,801)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss subsequently</i>			
Foreign currency translation difference		28,253	20,079
<i>Items that may not be reclassified to profit or loss subsequently</i>			
Actuarial (loss) / gain on retirement benefit - net		(22,841)	31,584
Total other comprehensive income for the year		5,412	51,663
Total comprehensive (loss) for the year		(2,254,797)	(2,091,138)
(Loss) attributable to :			
- Shareholders of the Holding Company		(1,709,950)	(1,640,988)
- Non-controlling interest		(550,259)	(501,813)
		(2,260,209)	(2,142,801)
Total comprehensive (loss) attributable to :			
- Shareholders of the Holding Company		(1,745,908)	(1,594,013)
- Non-controlling interest		(508,889)	(497,125)
		(2,254,797)	(2,091,138)
Earnings / (loss) per share attributable to ordinary shareholders of the Holding Company:			
(Loss) per share - basic and diluted	29	(3.92)	(4.26)

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

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

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

Director

Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

	Attributable to shareholders of the Holding Company				Non-controlling interests	Total
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses	Sub-total		
	(Rupees in '000)					
Balance as at July 1, 2013	3,853,907	(153,086)	(2,395,379)	1,305,442	1,977,816	3,283,258
Comprehensive (loss) / income for the year						
Loss for the year ended June 30, 2014	-	-	(1,640,988)	(1,640,988)	(501,813)	(2,142,801)
Other comprehensive income / (loss)						
Currency translation difference	-	24,550	-	24,550	(4,471)	20,079
Actuarial gain on retirement benefit	-	-	22,425	22,425	9,159	31,584
Total comprehensive income / (loss) for the year ended June 30, 2014	-	24,550	(1,618,563)	(1,594,013)	(497,125)	(2,091,138)
Transactions with owners						
Non controlling interest arising on disposal of shares of a subsidiary	-	-	-	-	53,653	53,653
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	-	(38,128)	(38,128)
Gain arising on disposal of shares of a subsidiary without losing control	-	-	673,702	673,702	-	673,702
Share based payments transactions (refer note 23.1, 23.2 & 23.4)	-	-	-	-	108,334	108,334
	-	-	673,702	673,702	123,859	797,561
Balance as at June 30, 2014	<u>3,853,907</u>	<u>(128,536)</u>	<u>(3,340,240)</u>	<u>385,131</u>	<u>1,604,550</u>	<u>1,989,681</u>
Comprehensive (loss) / income for the year						
Loss for the year ended June 30, 2015	-	-	(1,709,950)	(1,709,950)	(550,259)	(2,260,209)
Other comprehensive income / (loss)						
Currency translation difference	-	(18,648)	-	(18,648)	46,901	28,253
Actuarial gain on retirement benefit	-	-	(17,310)	(17,310)	(5,531)	(22,841)
Total comprehensive loss for the year ended June 30, 2015	-	(18,648)	(1,727,260)	(1,745,908)	(508,889)	(2,254,797)
Transactions with owners						
Non controlling interest arising on new issue of shares of a subsidiary (refer notes 1.4.2)	-	-	-	-	622,402	622,402
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	-	(111,127)	(111,127)
Right shares issued at par (refer note 13.1)	600,000	-	-	600,000	-	600,000
Gain arising on new issue of shares of a subsidiary without losing control (refer note 1.4.2)	-	-	1,118,834	1,118,834	-	1,118,834
Purchase of treasury shares by a foreign subsidiary (refer note 1.4.1)	-	-	(578)	(578)	(1,394)	(1,972)
Share based payments transactions (refer note 23.1, 23.2 & 23.4)	-	-	-	-	39,680	39,680
	600,000	-	1,118,256	1,718,256	549,561	2,267,817
Balance as at June 30, 2015	<u>4,453,907</u>	<u>(147,184)</u>	<u>(3,949,244)</u>	<u>357,479</u>	<u>1,645,222</u>	<u>2,002,701</u>

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

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

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

Director

Director

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	30	373,344	(1,101,856)
Interest received on bank balances / advances		9,077	4,858
Taxes paid		(40,147)	(60,160)
Mark up / interest paid on borrowings / leases		(299,839)	(350,163)
Long term deposits and prepayments		364,403	(37,939)
		33,494	(443,404)
Net cash generated from / (used in) operating activities		406,838	(1,545,260)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,445,104)	(606,534)
Proceeds from sale of property and equipment		3,257	20,453
Proceeds from sale of shares in subsidiary without loss of control		-	727,354
Dividend received from associate		50,612	87,340
Investment made during the year		(564,198)	-
Proceed from sale of shares of associate		-	389,000
Net cash (used in) / generated from investing activities		(1,955,433)	617,613
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from / (repayment) of finance lease liability		132,214	(201,157)
Repayments of borrowings - net		(402,366)	(135,615)
Proceeds from issue of shares		2,090,461	-
Treasury shares		(1,972)	-
Dividend paid to minority shareholders by indirect subsidiary		(111,127)	(38,128)
Net cash generated from / (used in) financing activities		1,707,210	(374,900)
Effects of exchange rate changes		(34,313)	18,815
Net increase / (decrease) in cash and cash equivalents		124,302	(1,283,732)
Cash and cash equivalents at beginning of the year		481,574	1,765,306
Cash and cash equivalents at end of the year	12	605,876	481,574

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

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

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

Director

Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

I. THE GROUP AND ITS OPERATIONS

- I.1** TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The Company obtained the certificate of commencement of business on February 27, 2003. The operations of the Company effectively started on April 11, 2003. The registered office of the Company is situated at 18th Floor, Center Point, Plot # 66/3-2, Off Shaheed-e-Millat Expressway, Korangi, Karachi, Pakistan. The Company obtained a license on May 14, 2003 from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Regulations 17(1) & (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 were relaxed for the Company, permitting the Company to expose up to 100% of its equity attributable to venture capital investment in its subsidiary. The Company filed an application with SECP under section 21 of the Companies Ordinance, 1984, seeking approval for the exit of the Company from NBFC Regime and continue to operate as a listed company. The SECP vide its letter (NBFC/PE/TRG/VC/167/2012) dated January 18, 2012 has approved the Company's application.
- I.2** The principal activity of the Company is to acquire, invest and manage operations relating to business process outsourcing, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited (TRGIL).
- I.3** As stated in note 15, TRGIL has not consummated a qualified public offering within the specified time period. Accordingly, the rights available to the PineBridge Investors (formerly AIG Investors) to cause the subsidiary to liquidate its assets or to force the sale of TRGIL ordinary shares to a third party have become exercisable. If the PineBridge Investors exercise their right, TRGIL may, as an alternative, be required by the PineBridge Investors to purchase back their preference shares from them (PineBridge Investors) instead, at a price not less than the original issue price (i.e. US\$ 1.12 per share). These options indicate the existence of uncertainty related to the future outcome if the PineBridge Investors exercise any of the aforementioned options. However, management is confident that the PineBridge Investors would continue with their investment in the preference shares of TRGIL in foreseeable future.

I.4 The Group consists of:

Holding Company

TRG Pakistan Limited

Subsidiary - The Resource Group International Limited (TRGIL)

The percentage of TRG Pakistan Limited's holding in TRGIL's ordinary shares is 82.3% (2014: 82.3%) whereas the percentage of voting interest in TRGIL is 60.31% (2014: 60.31%).

Subsidiaries of TRGIL (indirect subsidiaries of the Holding Company)	Note	Location	Nature of business	Effective ownership of the Holding Company (%)	
				2015	2014
TRG International Holdings Limited (Formerly CV Services Limited)		British Virgin Islands	Holding Company	82.30	82.30
TRG Holdings, LLC.		USA	Corporate	82.30	82.30
iSky, Inc.		USA	Market Research	82.30	82.30
TRG SATMAP IP BVI		British Virgin Islands	Holding Company	82.30	82.30
TRG Marketing Services, Inc.		USA	Call Center	82.30	82.30
TRG Healthcare, Inc.		USA	Holding Company	82.30	82.30

Subsidiaries of TRGIL (indirect subsidiaries of the Holding Company)	Note	Location	Nature of business	Effective ownership of the Holding Company (%)	
				2015	2014
Central Voice LLC		USA	Call Center	82.30	82.30
TRG (Private) Limited		Pakistan	Call Center	82.30	82.30
TRG Field Solutions, Inc.		USA	Door to Door Marketing	82.30	82.30
TRG Field Solutions (Canada), Inc.		Canada	Door to Door Marketing	82.30	82.30
Alert Communications, Inc.		USA	Call Center	82.30	82.30
BPO Solutions, Inc.		USA	Call Center	82.30	82.30
IBEX Global Solutions, Plc	1.4.1	United Kingdom	Holding Company	58.43	58.43
e - Telequote Plc		United Kingdom	Holding Company	65.84	65.84
Satmap International Holding Limited	1.4.2	Bermuda	Holding Company	58.68	78.19

Following entities are indirect subsidiaries of the Holding Company through IBEX Global Solutions Plc (IGSP) as at June 30, 2015:

TRG Customer Solutions, Inc. (TRGCS - trading as IBEX Global Solutions, Inc.)	1.4.1	USA	Call Center	58.43	58.43
TRG Customer Solutions (Canada), Inc.		Canada	Call Center	58.43	58.43
Virtual World (Private) Limited		Pakistan	Call Center	58.43	58.43
TRG Senegal SA		Senegal	Call Center	58.43	58.43
IBEX Philippines Inc. (formerly TRG Philippines, Inc.)		Philippines	Call Center	58.43	58.43
IBEX Global Solutions (Philippines) Inc. (formerly TRG Global Solutions Philippines, Inc.)		Philippines	Call Center	58.43	58.43
TRG Customer Solutions (Philippines), Inc.		Philippines	Call Center	58.43	58.43
TRG Marketing Solutions Limited		England	Call Center	58.43	58.43
IBEX Global Solutions (Private) Limited		Pakistan	Call Center	58.43	58.43
Lovercius Consultants Limited (IBEX Cyprus)		Cyprus	Call Center	58.43	58.43
IBEX Global Europe S.a.r.l. (IBEX Luxembourg)		Luxembourg	Call Center	58.43	58.43
IBEX Global MENA FZE		Dubai	Call Center	58.43	58.43
IBEX I.P. Holdings Ireland Limited (IBEX Ireland)		Ireland	Holding Company	58.43	58.43
IBEX Global Bermuda Limited		Bermuda	Call Center	58.43	-
IBEX Global Solutions Nicaragua SA		Nicaragua	Call Center	58.43	-

Following entities are indirect subsidiaries of the Holding Company through e-Telequote Plc as at June 30, 2015:

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

Following entities are indirect subsidiaries of the Holding Company through Satmap International Holding Limited as at June 30, 2015:

SATMAP, Inc.	1.4.2	USA	Software / Technology	58.68	78.19
SATMAP Services (Private) Limited		Pakistan	Support Services	58.68	78.19
SATMAP Europe Technologies Limited		United Kingdom	Software / Technology	58.68	78.19
SATMAP Worldwide Marketing Limited		Cyprus	Software / Technology	58.68	78.19
SATMAP Canada Limited		Canada	Software / Technology	58.68	78.19

Associate

Digital Globe Services, Ltd (DGSL)	1.4.3	Bermuda	Holding Company	38.10	32.51
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Following are wholly owned subsidiaries of Digital Globe Services, Ltd as at June 30, 2015:

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

1.4.1 During the year, IBEX Global Solutions, Plc, was granted general authority to purchase its own shares from market and also made announcement on February 25, 2015 to undertake purchase of its own shares over the next six months for a total up to US\$1.0 million. Accordingly, IBEX Global Solutions, Plc, acquired for cash in the market a total of 17,552 ordinary shares as of June 30, 2015. The acquired shares will be held in treasury by IBEX Global Solutions, Plc. The resulting impact of this transaction on Non-controlling interest of the Group has been included in the Consolidated Statement of Changes in Equity.

1.4.2 During the year, SATMAP International Holdings Limited, issued preference shares to TRGIL at a price of Rs. 441.72 million (US\$ 4.34 million), and outside investors at a price of Rs. 1,456.45 million (US\$ 14.31 million). In addition, certain employees also exercised share options during the year; this has been further explained in notes 23.4 and 23.5. The resulting gain on issue of shares to outside investors and share option exercise by the employees amounting to Rs. 1,090.34 million (US\$ 10.75 million) for the purpose of consolidated financial statements has been recorded in equity as a transaction with owners.

1.4.3 During the year, TRGIL exercised options to purchase a total of 2,029,776 common shares of Digital Globe Services, Ltd (DGSL). As a result, the effective percentage holding of the Holding Company in DGSL has increased from 32.51% to 38.1%.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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).
- (b) Provision for taxation (note 3.18).
- (c) Useful lives of property and equipment, residual values, methods of depreciation, amortisation and impairment (note 3.2 to 3.3).
- (d) Impairment testing of goodwill (note 3.3.1).
- (e) Valuation of convertible preference shares (note 3.7).
- (f) Determination of functional currency of the entities (note 2.3).
- (g) Fair value of employee share options (note 3.16).

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

During the year, certain amendments to standards became effective, however, the amendments or interpretation did not have any material effect on the consolidated financial statements.

2.6 Standards, interpretations and amendments not yet effective

The following standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 1, 2015:

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for 2016. The management is in the process of evaluating the effects of this standard on these financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets / operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, into one place. The management is in the process of evaluating the effects of this standard on the disclosures presented in these financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The management is in the process of evaluating the effects of this standard on the financial statements.
- Amendments to 'IAS 38 Intangible Assets' and 'IAS 16 Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Annual Improvements 2012 - 2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- The above amendments are not likely to have an impact on the Company's consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

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

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

Subsidiaries

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

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

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

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

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

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

On the loss of control, the Group 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 profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

Investment in associates

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

The Group's share of an associate's post acquisition profits or losses is recognised in the profit or loss in the statement of comprehensive income, and its share in the post acquisition movement of other comprehensive income is recognised in the statement of comprehensive income. The cumulative post acquisition movements are adjusted against the carrying value of the investment. Distributions received from an investee reduce the carrying amount of the investment. Where there has been a change 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.

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

3.2 Property and equipment

Owned

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

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

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

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

An item of property and equipment is 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 profit and loss account.

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

Assets subject to finance lease

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

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

3.3 Intangible assets

3.3.1 Goodwill

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

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

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

3.3.2 Software

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

3.3.3 Other intangible assets

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

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

Intangibles having indefinite useful life are stated at cost less impairment in value, if any. These intangible assets are tested 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 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 profit or loss account as incurred.

3.4 Impairment of non financial assets

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

3.5 Financial instruments

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

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

3.6 Derivative financial instruments

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

3.7 Compound financial instruments

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

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

3.8 Trade debts

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

3.9 Cash and cash equivalents

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

3.10 Assets and liabilities classified as held for sale

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

3.11 Revenue recognition

- Revenue is measured at the fair value of consideration received or receivable, excluding rebates, discount and related taxes.
- Revenue from call center services is recognised on the basis of number of billable hours or other contractually agreed metrics such as sales or surveys completed.
- Revenue from inbound and outbound telephonic and internet based communication services that are customized to the customer's needs is recognised at the contractual rates as services are provided.
- Revenue for the initial training that occurs upon commencement of a new client contract is deferred if that training is billed separately to a client. Training revenue is amortized on a straight-line basis over the life of the client contract. The related incremental direct costs are deferred and charged to expense as the related revenue is recognised.
- Revenue from telephony equipment and software sales is recognised when the product is installed at the customer site. Revenue on software maintenance and support agreements included with the initial sales contract is unbundled from the total contract price and is amortized on a straight line basis over the term of the agreement, generally one year. Revenue on extended software maintenance and support agreements is amortized on a straight-line basis over the term of the agreement.
- Revenue from other services rendered in the course of ordinary activities is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the amount of revenue can be estimated reliably.
- Interest on bank deposits and advances is recognised as the same accrues.
- Dividend income is recognised when the right to receive the dividend is established.

3.12 Operating leases

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

3.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss account over the period necessary to match them with the costs that they are intended to be compensated. These are netted off against the relevant costs.

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

3.14 Provisions

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

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

3.15 Retirement benefits

Defined contribution plans

United States based subsidiaries

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

TRG Marketing Solutions Limited

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

Holding Company and Pakistan-based subsidiaries

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

Defined benefit plan

IBEX Philippines, Inc., operates an unfunded defined benefit plan.

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

3.16 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 of settlement, with any changes in value recognised in profit or loss account for the period. Any cancellations of the plan are treated as acceleration of vesting period and any remaining expense is recognised immediately.

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

3.17 Discontinued operations

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

3.18 Taxation

Current taxation

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

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

Deferred taxation

Deferred tax is provided on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are 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 subsequently enacted at the balance sheet date.

3.19 Foreign currency

Foreign currency translation

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

- (i) assets and liabilities are translated at the closing exchange rate at the year end;
- (ii) income and expenses are translated at the average exchange rate; and
- (iii) all resulting exchange differences are 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 recognised in profit and loss account. Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and translated at the closing exchange rate.

The following entities in the Group have functional currency other than the US\$:

Entity	Functional Currency
TRG (Private) Limited	Pakistan Rupee
TRG Field Solutions (Canada), Inc.	Canadian Dollar
TRG Customer Solutions (Canada), Inc.	Canadian Dollar
Virtual World (Private) Limited	Pakistan Rupee
TRG Senegal SA	Senegal Franc
IBEX Philippines Inc. (formerly TRG Philippines, Inc.)	Philippine Peso
IBEX Global Solutions (Philippines) Inc.	Philippine Peso
TRG Customer Solutions Philippines, Inc.	Philippine Peso
TRG Marketing Solutions Limited	Pound Sterling
IBEX Global Solutions (Private) Limited	Pakistan Rupee
IBEX Global MENA FZE	UAE Dirham
SATMAP Services (Private) Limited	Pakistan Rupee
SATMAP Europe Technologies Limited	Euro
e -Telequote (Private) Limited	Pakistan Rupee
e - Telequote Hong Kong	Hong Kong Dollar
IBEX Global Solutions Nicaragua SA	Nicaraguan Cordoba

Foreign currency transactions

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

3.20 Borrowing costs

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

3.21 Offsetting of financial assets and financial liabilities

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

3.22 Operating segments

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

3.23 Earnings per share

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

4. PROPERTY AND EQUIPMENT

	Note	2015	2014
(Rupees in '000)			
Operating assets	4.1	1,960,755	1,606,464
Capital work-in-progress (CWIP)	4.2	4,415	222,519
		<u>1,965,170</u>	<u>1,828,983</u>

4.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
	(Rupees in '000)						
At June 30, 2013							
Cost	46,809	70,873	390,058	220,547	1,975,256	27,950	2,731,493
Accumulated depreciation	(38,764)	(3,794)	(332,083)	(175,582)	(1,590,226)	(16,340)	(2,156,789)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	<u>8,045</u>	<u>67,079</u>	<u>57,975</u>	<u>44,965</u>	<u>379,177</u>	<u>11,610</u>	<u>568,851</u>
Year ended June 30, 2014							
Net book value as on June 30, 2013	8,045	67,079	57,975	44,965	379,177	11,610	568,851
Additions / transfers from capital work-in-progress	-	-	406,936	556,449	602,440	4,218	1,570,043
Foreign exchange differences	(3)	(318)	(8,199)	(18,724)	(23,939)	(210)	(51,393)
Disposals	-	-	-	(23)	(7,970)	(4,527)	(12,520)
Depreciation charge - note 4.3	-	(3,686)	(136,576)	(68,168)	(256,867)	(3,220)	(468,517)
Net book value as at June 30, 2014	<u>8,042</u>	<u>63,075</u>	<u>320,136</u>	<u>514,499</u>	<u>692,841</u>	<u>7,871</u>	<u>1,606,464</u>
At June 30, 2014							
Cost	48,569	70,407	807,917	759,061	2,668,914	27,337	4,382,205
Accumulated depreciation	(40,527)	(7,332)	(487,781)	(244,562)	(1,970,220)	(19,466)	(2,769,888)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	<u>8,042</u>	<u>63,075</u>	<u>320,136</u>	<u>514,499</u>	<u>692,841</u>	<u>7,871</u>	<u>1,606,464</u>
Year ended June 30, 2015							
Net book value as on June 30, 2014	8,042	63,075	320,136	514,499	692,841	7,871	1,606,464
Additions / transfers from capital work-in-progress	-	-	181,504	16,835	825,837	2,130	1,026,306
Foreign exchange differences	241	238	(3,102)	15,044	(6,609)	(314)	5,498
Disposals	-	-	-	-	(1,442)	(1,815)	(3,257)
Depreciation charge - note 4.3	-	(3,531)	(137,440)	(7,194)	(523,610)	(2,481)	(674,256)
Net book value as at June 30, 2015	<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>
At June 30, 2015							
Cost	48,569	70,658	999,213	797,844	3,534,114	25,009	5,475,407
Accumulated depreciation	(40,527)	(10,876)	(638,115)	(258,419)	(2,541,244)	(19,618)	(3,508,799)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	<u>8,042</u>	<u>59,782</u>	<u>361,098</u>	<u>539,425</u>	<u>987,017</u>	<u>5,391</u>	<u>1,960,755</u>
Depreciation rate							
	2.86%	2.86% to 33.33%	10% to 33%	8.33% to 50%	14.29% to 33%		

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

	Freehold land	Building on freehold land	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
	(Rupees in '000)						
June 30, 2015	-	-	210,580	781,660	69,922	4,071	1,066,233
June 30, 2014	-	-	185,744	455,468	288,479	3,957	933,648

4.2 Capital work in progress

Note

2015

2014

(Rupees in '000)

Computer software

4,415

222,519

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

Cost of services

23

552,100

399,834

Administrative and general expenses

24

122,156

68,683

674,256

468,517

5. INTANGIBLE ASSETS

	Goodwill	Patents/ trade marks	Non- compe- te covenants	Customer lists	Computer softwares	Total
(Rupees in '000)						

At June 30, 2013

Cost	1,888,343	18,536	27,418	112,507	400,082	2,446,886
Accumulated amortisation	-	(16,131)	(25,459)	(96,129)	(375,305)	(513,024)
Accumulated impairment	(541,957)	-	(1,959)	(16,378)	(2,853)	(563,147)
Net book value	1,346,386	2,405	-	-	21,924	1,370,715

Year ended June 30, 2014

Net book value as on June 30, 2013	1,346,386	2,405	-	-	21,924	1,370,715
Additions	-	-	-	-	446,831	446,831
Foreign exchange differences	(12,153)	(22)	-	-	(16,592)	(28,767)
Amortisation charge - note 5.2	-	-	-	-	(30,972)	(30,972)
Net book value as at June 30, 2014	1,334,233	2,383	-	-	421,191	1,757,807

At June 30, 2014

Cost	1,871,297	18,369	27,170	111,491	825,680	2,854,007
Accumulated amortisation	-	(15,986)	(25,211)	(95,113)	(401,636)	(537,946)
Accumulated impairment	(537,064)	-	(1,959)	(16,378)	(2,853)	(558,254)
Net book value	1,334,233	2,383	-	-	421,191	1,757,807

Year ended June 30, 2015

Net book value as on June 30, 2014	1,334,233	2,383	-	-	421,191	1,757,807
Additions	-	-	-	-	636,902	636,902
Foreign exchange differences	40,224	71	-	-	13,913	54,208
Amortisation charge - note 5.2	-	-	-	-	(229,205)	(229,205)
Net book value as at June 30, 2015	1,374,457	2,454	-	-	842,801	2,219,712

At June 30, 2015

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	1,374,457	2,454	-	-	842,801	2,219,712

Amortisation rate

-	14 % to	14 % to	14 % to	33%
	20%	20%	20%	

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

	Note	2015	2014
(Rupees in '000)			
5.2 Allocation of amortisation charge			
Cost of services	23	202,917	27,658
Administrative and general expenses	24	26,288	3,314
		<u>229,205</u>	<u>30,972</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.	172,982	167,919
IBEX Global Solutions, Inc.	1,201,475	1,166,314
	<u>1,374,457</u>	<u>1,334,233</u>

Impairment testing of Goodwill relating to iSky, Inc.

The recoverable amount of the business operations of iSky, Inc. cash generating unit have been determined based on "value in use" calculation, using discounted cash flow projections prepared by the management covering five-year period. The discount rate applied to cash flow projections beyond the five-year period are extrapolated using a terminal growth rate. The following rates are used by the Group in year ended June 30, 2015.

	Discount rates (discrete period) %	Terminal growth rates %
iSky, Inc.	<u>13.94</u>	<u>5.00</u>

The calculation of 'value in use' for the business operations is most sensitive to the following assumptions:

Revenue growth

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

Cost of service delivery and gross margins

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

Operating expenses and capital expenditures

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

Discount rate

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

Sensitivity to changes in assumptions

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

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

For the year ended June 30, 2015, the recoverable amount of IBEX Global Solutions, Inc. cash generating unit, which comprises of call center business segment, is based upon "fair value less cost to sell". "Fair value less cost to sell" is determined with reference to quoted price of IGSP as at June 30, 2015 which is listed on AIM and acts as parent for entities in call centre business segment. This segment includes call center operations in US, UK, Pakistan, Philippines and Senegal which are managed through entities in each jurisdiction. The selling costs are estimated at 5% of gross market value. Management believes that reasonable possible changes in assumptions used to determine the fair value less cost to sell will not result in an impairment of goodwill.

6. LONG TERM INVESTMENT - Related party

Note	2015	2014
	(Rupees in '000)	
Investment in equity accounted associate as at July 01	2,981,647	3,231,614
Share of profit of associate for year ended June 30	11,430	169,661
Foreign exchange translation difference	91,714	(20,488)
Add: investment made during the year	564,198	-
Less: dividends received	(50,612)	(87,340)
Less: disposal during the year	-	(311,800)
Balances as at June 30	6.1 3,598,377	2,981,647

- 6.1 Investment in associate represents 46.3% (2014: 39.5%) interest in DGSL held by TRGIL. The market value of 46.3% share holding in DGSL amounts to Rs. 1,099.55 million (US\$ 10.8 million).

Summarized financial information of equity accounted associate is as follows:

	June 30, 2015 (Audited)	June 30, 2014 (Audited)
Current assets	1,416,136	1,275,541
Non-current assets	617,695	493,167
Total assets	2,033,831	1,768,708
Current liabilities	851,871	606,913
Non-current liabilities	11,508	2,505
Total Liabilities	863,379	609,418
	1,170,452	1,159,290
	For the year ended June 30, 2015 (Audited)	For the year ended June 30, 2014 (Audited)
Revenue	4,084,570	4,007,082
Profit after tax	26,117	397,101

7. DEFERRED TAXATION

	2015	2014
	(Rupees in '000)	
Tax effect of deductible temporary differences		
- Provisions against trade debts	20,000	9,666
- Unpaid accrued expenses / compensation	28,093	33,368
- Tax losses and credits	3,942,658	3,033,849
- Deferred revenue	77,250	71,512
	4,068,001	3,148,395
Tax effect of taxable temporary differences		
- Property and equipment	(132,739)	(123,045)
- Intangible assets	(118,578)	(87,946)
- Development cost	(79,649)	(73,712)
	(330,966)	(284,703)
Net deferred tax assets	3,737,035	2,863,692
Less: deferred tax asset not recognised	(3,631,170)	(2,745,730)
	105,865	117,962

7.1 Unrecognised deferred tax asset

Deferred tax assets on deductible temporary differences (including unused tax losses) are recognised to the extent that realisation of the related tax benefit is probable on the basis of the Group's current expectations of future taxable profits. Deferred tax asset arising on deductible temporary differences and unused tax losses, amounting to Rs. 3,641 million (US\$ 35.74 million) [2014: Rs. 2,778 million (US\$ 27.94 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, 2015, Group's US federal and state net operating loss carry forwards for income tax purposes are Rs. 9,929 million (US\$ 97.6 million) [2014: Rs. 7,356 million (US\$ 74.4 million)] and Rs. 9,101 million (US\$ 89.42 million) [2014: Rs. 6,938 million (US\$ 70.22 million)] respectively which will begin to expire in 2024. Group's Canadian subsidiary has net operating loss carry forward of Rs. 170 million (US\$ 1.67 million) [2014: Rs. 175 million (US\$ 1.77 million)] for Canadian income tax purposes, expiring over the period 2029 through 2035. The Group's European subsidiaries have net operating loss carry forward of Rs. 707 million (US\$ 6.95 million) [(2014: Rs. 445 million (US\$ 3.63 million)]. The Group's Philippines subsidiary has net operating loss carry forward of Nil [(2014: Rs. 158 million (US\$ 1.6 million)]. These amounts are based on the income tax returns filed for the year ended June 30, 2014 and the estimated amounts yet to be filed for the year ended June 30, 2015.

8. LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2015	2014
		(Rupees in '000)	
Long term deposits	8.1	125,219	135,822
Long term prepayments	8.2	200,097	169,740
		325,316	305,562

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

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

9. TRADE DEBTS - Unsecured

	Note	2015 (Rupees in '000)	2014
Considered good		3,465,859	3,826,372
Considered doubtful		54,398	37,147
		<u>3,520,257</u>	<u>3,863,519</u>
Less: provision for doubtful debts	9.1	(54,398)	(37,147)
Closing balance - net		<u>3,465,859</u>	<u>3,826,372</u>
9.1 Provision for doubtful debts			
Opening balance		37,147	27,958
Foreign exchange differences		(1,158)	420
Trade debts written off against provision		(977)	(3,633)
Bad debt expense charged during the year		19,386	12,402
Closing balance		<u>54,398</u>	<u>37,147</u>

10. LOANS AND ADVANCES - Considered good

Advances	10.1	<u>58,173</u>	<u>16,144</u>
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10.1 These represent various advances to employees of subsidiaries, extended for the purpose of meeting business expenses and are adjusted upon submission of respective expense details.

11. DEPOSITS AND PREPAYMENTS

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

12. CASH AND BANK BALANCES

Balances with banks in:			
- current accounts		530,025	415,160
- deposit accounts	12.1	74,731	65,543
		<u>604,756</u>	<u>480,703</u>
Cash in hand		1,120	871
		<u>605,876</u>	<u>481,574</u>

12.1 Rate of return on deposit accounts ranges from 0.25% to 7% per annum (2014: 0.2% to 8% per annum).

13 SHARE CAPITAL

	2015		2014	
	(Number of shares)	(Rupees in '000)	(Number of shares)	(Rupees in '000)
Authorized share capital				
Ordinary class 'A' shares of Rs. 10 each	720,000,000	7,200,000	720,000,000	7,200,000
Ordinary class 'B' shares of Rs. 10 each	13,000,000	130,000	13,000,000	130,000
	<u>733,000,000</u>	<u>7,330,000</u>	<u>733,000,000</u>	<u>7,330,000</u>
Issued, subscribed and paid-up capital				
Ordinary class 'A' shares of Rs. 10 each				
- shares allotted for consideration in cash (refer note 13.1)	435,765,687	4,357,657	375,765,687	3,757,657
- shares allotted for consideration other than cash - (rafer note 13.2)	9,624,978	96,250	9,624,978	96,250
	<u>445,390,665</u>	<u>4,453,907</u>	<u>385,390,665</u>	<u>3,853,907</u>

13.1 During the year, Company has offered and issued right shares at par for every 6.423 Ordinary class 'A' shares held.

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

13.3 Subsequent to year end, the Company has offered one right share at par for every 4.454 Ordinary shares held. The share transfer books of the Company for entitlement of right has been determined between August 28, 2015 to Septemeber 4, 2015 both days inclusive.

14. LONG TERM FINANCES

	Note	2015	2014
		(Rupees in '000)	
Financial Institutions			
IBM Credit LLC	14.1	612,199	328,114
CIT Finance LLC	14.2	145,747	101,665
		<u>757,946</u>	<u>429,779</u>
Less: current maturity of long term finance		<u>(325,285)</u>	<u>(134,763)</u>
		<u>432,661</u>	<u>295,016</u>

14.1 In June 2014, IBEX Global Solutions, Inc. entered into a Rs. 335.86 million (US\$ 3.3 million) three-year financing agreement (IBM Agreement) with IBM Credit LLC to finance the purchase of software licenses (under a Select Agreement) from Microsoft Corporation (Microsoft). In June 2014, IBEX Global Solutions, Inc. also entered into a three-year Enterprise Agreement with Microsoft for use of certain cloud software services for approximately Rs. 111.96 million (US\$ 1.1 million) in year one, with minimum service commitments of approximately Rs. 5.09 million (US\$ 0.05 million) in each of years two and three. The monthly financing payments under the IBM Agreement are approximately Rs. 10.48 million (US\$ 0.103 million) per month for 36 months beginning in July 2014. The monthly payments under the Microsoft Enterprise Agreement during year one are approximately Rs. 10.17 million (US\$ 0.1 million) per month beginning in July 2014, with minimum monthly service commitments of approximately Rs. 0.407 million (US\$ 4,000) in each of years two and three.

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

14.2 In addition, IBEX Global Solutions, Inc., has financed the purchase of various property and equipment during the current year with CIT Finance LLC (CIT and IBM). As of June 30, 2015 and June 30, 2014, IBEX Global Solutions, Inc. has financed Rs. 997.43 million (US\$9.8 million) and Rs. 111.96 million (US\$ 1.1 million), respectively, of assets with CIT and IBM at the interest rates ranging from 6% to 8% per annum.

15. CONVERTIBLE PREFERENCE SHARES

On October 4, 2005, TRGIL entered into a series "A" preferred stock purchase agreement with a consortium of related investors, comprised of AIG Global Emerging Markets Fund II, L.P., AIG Annuity Insurance Company, American General Life Insurance Company, and Variable Annuity Life Insurance Company (the PineBridge Investors; formerly AIG investors). The agreement allowed for the purchase of up to 26,785,714 shares of series "A" preferred stock for an initially determined purchase price of US\$ 1.12 per share. The total commitment amount was up to Rs. 3,053 million (US\$ 30,000,000).

The preferred stock is entitled to the same voting rights and dividend entitlements as ordinary share, but rank higher in the event of liquidation. The preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that TRGIL remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2015, requiring such an accrual or payment.

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

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

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

- 125% of the liquidation amount (US\$ 1.12) if the liquidity event occurs within 21 months of the initial closing date.
- 135% of the liquidation amount (US\$ 1.12) if the liquidity event occurs between 21 months and 36 months of the initial closing date.
- 145% of the liquidation amount (US\$ 1.12) if the liquidity event occurs between 36 months and 54 months of the initial closing date.
- 155% of the liquidation amount (US\$ 1.12) if the liquidity event occurs after 54 months from the initial closing date.

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

As of June 30, 2015 PineBridge Investors has invested the full US\$ 30 million committed to TRGIL. Convertible preference shares are split into equity and liability as per the accounting policy given in note 3.7.

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

	2015	2014
	(Rupees in '000)	
Opening balance	2,964,000	2,991,000
Foreign exchange differences	89,361	(27,000)
Closing balance	<u>3,053,361</u>	<u>2,964,000</u>

16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2015		2014	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	(Rupees in '000)			
Within one year	443,552	379,635	349,274	280,963
After one year but not more than five years	822,270	728,634	776,074	695,092
Total minimum lease payments	<u>1,265,822</u>	<u>1,108,269</u>	<u>1,125,348</u>	<u>976,055</u>
Less: amounts representing finance charges	(157,553)	-	(149,293)	-
Present value of minimum lease payments	<u>1,108,269</u>	<u>1,108,269</u>	<u>976,055</u>	<u>976,055</u>
Less: current portion shown under current liabilities	<u>(379,635)</u>	<u>(379,635)</u>	<u>(280,963)</u>	<u>(280,963)</u>
	<u>728,634</u>	<u>728,634</u>	<u>695,092</u>	<u>695,092</u>

The leases have interest rates ranging from 5% to 10% per annum (2014: 6% to 18% per annum). At the end of the lease term, the ownership of the assets shall be transferred to the Group against security deposits paid.

17. RETIREMENT BENEFIT OBLIGATION

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

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

An employee is entitled to retirement benefits only upon attainment of a retirement age of 60 years and completion of 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, 2015. 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:

	2015	2014
Discount rate	4.80%	5.40%
Expected rate of salary increase	3.00%	3.00%

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

Current service cost	9,940	11,008
Interest on obligation	913	926
	<u>10,853</u>	<u>11,934</u>

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

Present value of unfunded defined benefit obligation	50,279	17,092
Net liability arising from defined benefit obligation	<u>50,279</u>	<u>17,092</u>

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

Present value of defined benefit obligation at beginning of the year	17,092	17,822
Foreign exchange differences	(507)	18,920
Current service cost	9,940	11,008
Interest cost	913	926
Actuarial loss / (gains)	22,841	(31,584)
Present value of defined benefit obligation at end of the year	<u>50,279</u>	<u>17,092</u>

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

	2015	2014	2013	2012
 (Rupees in '000)			
Present value of defined benefit obligation	50,279	17,092	17,822	14,634

18. OTHER NON - CURRENT LIABILITIES

Following are the details of other long term liabilities:

	Note	2015	2014
		(Rupees in '000)	
Long term deferred revenue	18.1	121,727	72,526
Long term deferred rent		66,054	75,437
Payable under employee share option plan	23.3	16,386	65,307
		<u>204,167</u>	<u>213,270</u>

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

19. TRADE AND OTHER PAYABLES

Trade creditors		761,210	1,019,871
Accrued expenses	19.1	2,759,758	1,995,473
Payable to employee defined contribution plans		53,620	19,256
Value added tax payable by indirect subsidiaries		109,906	112,557
Legal and professional charges		175,941	276,396
Deferred revenue		721,841	393,360
Unclaimed dividends		592	592
Advance received for issuance of shares		550,466	-
Others		85,988	57,430
		<u>5,219,322</u>	<u>3,874,935</u>

19.1 This includes accrued interest amounting to Rs. 11.56 million (2014: Rs. 1.78 million).

20. SHORT TERM BORROWINGS - Secured	Note	2015	2014
		(Rupees in '000)	
<i>From financial institutions</i>			
- TRG Customer Solutions, Inc.	20.1	333,122	1,650,213
- iSky, Inc.	20.2	58,139	25,594
- TRG (Private) Limited	20.3	39,808	39,998
- e-Telequote Insurance, LLC	20.4	564,872	296,400
- SATMAP, Inc.	20.5	294,834	-
		1,290,775	2,012,205

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

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

The Subsidiary assessed that the derivative is considered to be closely related and is not separated as part of the loan commitment due to the following factors: (1) the instrument can be settled in a way that PNC would recover substantially all of its investment (the borrowed principal) since the derivative only impacts the choice in interest rate; and (2) PNC will not generate a rate of return that is at least twice that of the market return because no matter which rate is selected, each interest rate alternative available to the Subsidiary (each of the PNC, FFOR and 2 LIBOR rates) represents a market rate of interest and would be impacted in the same way by market factors.

During the course of fiscal year 2015, the Subsidiary entered into an amendment (Amendment 3) where by PNC increased caps associated with certain covenants. On June 19, 2015, the Subsidiary entered in to amendment (Amendment 4) whereby PNC consented to permit the Subsidiary to sell specific receivables to Citibank, N.A. On June 26, 2015, the Subsidiary entered in to amendment (Amendment 5) whereby PNC increased the RLOC to Rs. 4,071 million (US\$ 40 million), with the potential increase of upto a total of Rs. 5,089 million (US\$ 50 million) (subject to PNC approval and conditions), included a Rs. 1,018 million (US\$ 10 million) non-revolving line of credit to finance capital expenditure, reduced the interest rate to LIBOR+1.75% and / or the PNC Commercial Lending Rate for domestic loans, extended the maturity date to May 2020, and included certain standard financials covenants.

20.2 In 2011, iSky, Inc. (iSky) entered into a factoring arrangement with FCC LLC d/b/a First Growth Capital. The facility has an upper limit of Rs. 148.2 million (US\$ 1.5 million) and carries a markup of one month LIBOR + 7% per annum. The facility is automatically renewed after 12 months unless either party notifies of its intention to discontinue, 60 days prior to the maturity date. Under the agreement, iSky has the facility to borrow up to 85% of its eligible receivables. Under the agreement, iSky has to make a minimum sale of receivables of Rs. 19.76 million (US\$ 0.2 million) per month, failing which iSky will be charged 30 days interest on the under-utilized amount. The facility is secured against receivables of iSky, Inc.

- 20.3** This represents short term running finance obtained from JS Bank Limited amounting to Rs. 39.99 million (2014: Rs. 39.958 million) against total facility of Rs. 40 million (2014: Rs. 40 million). The facility will expire in December 31, 2015 and is secured by way of mortgage of Rs. 49 million over property of the subsidiary located in Lahore (Pakistan) and first hypothecation charge of Rs. 27 million (2014: Rs. 50 million) over all present and future receivables of TRG (Private) Limited. This facility carries annual markup at the rate of 3 months KIBOR + 3.25% (2014: 3 months KIBOR + 3.25%) . Interest is payable on quarterly basis.
- 20.4** During the year e-Telequote Insurance, Inc. has issued loan notes to various parties amounting to Rs. 564.8 million (US\$ 5.55 million) in aggregate. These loan notes carry interest at the rate of 18% per annum payable on monthly basis. The loan notes will mature on February 19, 2016.
- 20.5** During the year, SATMAP Inc., entered into an accounts receivable factoring arrangement to factor its accounts receivable up to 85% of the invoice value. Receivables factored are subject to a discount fee based on the number of days a receivable remains unsettled. Discount fee ranges from 1.75% for 30 days to 5.25% for up to 90 days. As at June 30, 2015, outstanding borrowings under accounts receivable factoring arrangement was Rs. 303 million (US\$ 2.98 million).

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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

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

- 21.1.1** In March 2012, an ex-employee of a related company filed a complaint in the West Virginia Human Rights Commission (WVHRC), alleging unlawful discrimination due to race and unlawful retaliation. The plaintiff was a former employee of TRG Insurance Solutions, Inc. (TRGIS), a then-sister corporation of IBEX Global Solutions Inc. TRGIS was an entirely separate corporation with its own lines of business, management and employees. Plaintiff asserted that IBEX Global Solutions Inc., did not offer her a job because of her race and in retaliation for her having previously filed a discrimination complaint against TRGIS, a different company. IBEX Global Solutions Inc., defended on the grounds (among others) that (1) its records show race-neutral employment practices, and (2) IBEX Global Solutions Inc., as a matter of law cannot be liable for retaliating against a person whom it never employed. This case was tried on December 2012, before a temporary administrative law judge (ALJ) of the WVHRC. The ALJ issued orders in 2014 awarding damages, costs and attorney's fees to plaintiff totaling US\$ 0.25 million. In the orders, the ALJ acknowledged that he was creating new law in finding for plaintiff. IBEX US appealed these orders to the WVHRC. In July 2015, the WVHRC affirmed the orders entered by the ALJ. IBEX Global Solutions Inc., has now timely filed its appeal (of the decision of the WVHRC) to the Circuit Court of Kanawha County, West Virginia, which is the next step in the judicial process. IBEX Global Solutions Inc., also has a further right of appeal (if needed) to the Supreme Court of West Virginia. IBEX Global Solutions Inc., does not believe that this case has any merit, and will continue to appeal and defend this case vigorously.
- 21.1.2** A case was filed in November 2014 in the US District Court of Tennessee as a collective action under the US Fair Labor Standards Act (FLSA) and Tennessee law, alleging that plaintiff were forced to work "off the clock" without being paid for the "off the clock" time. In December 2014, a similar FLSA collection action case was filed against IBEX Global Solutions, Inc. in the US District Court for the District of Columbia. In the last several years, similar wage hour claims have been filed against many other BPO companies in the United States. Plaintiffs in both cases had executed mandatory arbitration agreements with IBEX Global Solutions, Inc. In February 2015, the two cases were consolidated in Tennessee and Plaintiff agreed to submit all claims to mediation and then binding arbitration (a date has not been set). Presently, there are approximately 3,500 individuals, who have opted into the lawsuit. Discovery and internal investigations into this matter are ongoing. The parties have agreed to mediate the matter in December 2015. Plaintiff have not made any claim for any identified amount of damages and at this time, damages cannot reasonably be determined. IBEX Global Solutions, Inc. is defending this case vigorously.

- 21.1.3** In March 2015, IBEX Global Solutions Inc., received a notice from one of its major clients of a claim for indemnification under applicable client service agreements. This notice resulted from a data security breach that occurred during late 2014 at one of the Group's call centers. IBEX Global Solutions Inc., and the client had cooperated to investigate the problem and take appropriate remedial action. There was no evidence of any financial loss to any customer of the client. Taking into account the facts and circumstances known at this point, together with applicable insurance coverage, IBEX Global Solutions Inc., believes that this potential indemnity claim should be resolvable without material adverse financial impact.
- 21.1.4** In September 2013, Charter Communications Operating, LLC ("Charter") filed a complaint in the Circuit Court of St. Louis County, Missouri against SATMAP, Inc. ("SATMAP") and The Resource Group International, Ltd. ("TRGIL") regarding a disputed refund amount of US\$ 0.78 million due from SATMAP on termination of a service agreement with Charter. TRGIL has been included as a defendant merely as a guarantor to the obligation to pay the money at issue. Judgment by the Circuit Court was awarded in favor of SATMAP and TRGIL on March 7, 2014. Charter filed an appeal against the decision of the Circuit Court. The Circuit Court affirmed the trial court's judgment in favor of SATMAP and TRGIL.
- 21.1.5** Class action complaint filed against e-Telequote Insurance Inc., and TRGH alleging violation of the US federal "Do Not Call" regulations. Plaintiffs Nicholson and Bennet alleges that they received a dozen calls in and around January 2014 and April 2014 in violation of the Do Not Call regulations. It is the defendants' position that both plaintiffs "opted in" to such calls. TRGH has further disputed the court's exercise of jurisdiction. No estimation of liability owed by ETQ or TRGH (if any) can be reasonably given at this time.
- 21.1.6** The Holding Company filed its first return of income tax for the tax year 2003 (i.e. year ended June 30, 2003) claiming exemption under clause 101 of Part I of the second schedule to the Income Tax Ordinance, 2001 (the Ordinance). As at June 30, 2015 returns of income tax up to tax year 2014 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. 0.6 million and Rs. 0.09 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.
- 21.1.7** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on public company that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

21.2 Commitments

- 21.2.1** As per a requirement for the initial public offering of their shares, TRGIL provided indemnities to IGSP and Digital Globe Services Ltd for the period these entities filed consolidated income tax returns with TRG Holdings LLC, in the US. The management believes due to the availability of NOLs with the group, any material tax exposure for TRGIL under the indemnity is unlikely. No claim under the indemnities have been made.
- 21.2.2** In connection with a corporate reorganization of the e-Telequote's business, TRGIL provided an indemnity to Anthony Solazzo, the CEO and a shareholder of the e-Telequote business, in connection with certain reorganization steps involving Mr. Solazzo's shareholding. The indemnification obligation is capped at US\$ 0.76 million. No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely.

- 21.2.3** As per a requirement for a Series C fundraising round for the SATMAP business, TRGIL provided an indemnity to SATMAP International Holdings Ltd. for the period that SATMAP, Inc. was consolidated with TRGH for tax and Employee Retirement Income Security Act (ERISA) purposes. The indemnification obligation is capped at US\$ 35 million. No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely, in part due to the availability of NOLs with the consolidated tax group.
- 21.2.4** Pursuant to a settlement agreement entered into between TRGH and Noble Systems Corporation (“Noble”), TRGH agreed to purchase, through itself or its affiliates, US\$ 0.6 million of Noble software product and / or services by the end of each calendar year from 2014 through 2016.
- 21.2.5** IGSP has an annual telecommunication service commitment with one of its carriers. The carrier agreement was signed in January 2015 for a three-year term with minimum annual commitment for US\$ 0.6 million. The agreement has a provision for an early termination at its one year anniversary with a sixty day written notice.
- 21.2.6** IGSP is also subject to early termination provisions in certain telecommunications contracts which, if enforced by the telecommunications providers, would subject IGSP to early terminations fees. To date, these early termination provisions have not been triggered by IGSP.
- 21.2.7** In connection with short term borrowing aggregating to US\$ 5.55 million availed by e-Telequote Plc, TRGIL has provided guarantees to various lenders for the repayment of the short term borrowings.

21.3 Operating leases commitment

Certain group companies have acquired computer equipment, software, office facilities, furniture and fixtures and office premises under operating lease arrangements, of which certain arrangements contain renewal options and escalation clauses for operating expenses and inflation. Rent expense is recognised on a straight line basis over the life of the lease term. Future minimum lease rentals under operating leases for years ending subsequent to June 30, 2015 are as follows:

	2015	2014
	(Rupees in '000)	
Within one year	705,225	666,011
After one year but not more than five years	1,688,102	1,775,041
After five years	61,576	68,567
	<u>2,454,903</u>	<u>2,509,619</u>

22. GOVERNMENT GRANTS

IBEX Global Solutions Plc, received grants as follows:

- 22.1** The IBEX Global Solutions Plc, recorded grant income of US\$ 0.11 million and US\$ 0.18 million from State of Tennessee, Department of Economic and Community Development for the provision of employee instruction / training and associated expenses in support of the Group's commitment to maintain and increase jobs and income in Tennessee in June 30, 2015 and 2014, respectively. The Grant Contract is effective for the period commencing May 21, 2012 and ended on May 20, 2015. The total amount awarded to IBEX Global Solutions Plc, under this Grant Contract is US\$ 0.6 million. These funds were treated as a reduction in Cost of Sales for the years ended June 30, 2015 and 2014.
- 22.2** The IBEX Global Solutions Plc, recorded grant income of US\$ 0.2 million from State of Texas for the provision of employee instruction / training and associated expenses in support of the Group's commitment to maintain and increase jobs and income in Texas in June 30, 2015. The Grant Contract is effective for the period commencing January 2, 2014 and ending on December 31, 2019. The total amount awarded to the group under this Grant Contract is US\$ 0.6 million. These funds were treated as a reduction in Cost of Sales for the year ended June 30, 2015.

23. COST OF SERVICES

	Note	2015	2014
(Rupees in '000)			
Salaries and other employee costs		19,304,206	15,398,825
Affiliates / leads		669,272	310,099
Communication and rent		2,310,999	1,763,149
Depreciation	4.3	552,100	399,834
Amortisation	5.2	202,917	27,658
Employees' stock options plan expense	23.1, 23.2, 23.3, 23.4, & 23.5	83,678	156,439
Miscellaneous		456,286	219,737
		<u>23,579,458</u>	<u>18,275,741</u>

23.1 TRGIL old stock option plan

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

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

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

Expected term

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

Volatility

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

Expected dividends

The expected dividend yield is 0%. TRGIL does not have a history of paying dividends, nor 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 ended June 30, 2012 ranged from 1.89% to 1.92%. No options have been granted during the year ended June 30, 2015.

The amount recognised as share-based payment expense for the year ended June 30, 2015 was Rs. 110.63 million (2014: Rs. 3.26 million).

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2014	29,348,757	1.08
Options forfeited/cancelled/expired during the year	-	
Options outstanding as at June 30, 2015	<u>29,348,757</u>	1.08
Options exercisable as at June 30, 2015	<u>29,348,757</u>	1.08

A summary of the stock options outstanding and exercisable as at June 30, 2015 is as follows:

Exercise price or range US\$	2015					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.00	18,499,323	0.52	1.00	18,499,323	0.51	1.00
1.12	6,129,067	2.73	1.12	6,129,067	2.73	1.12
1.21	4,720,367	4.55	1.21	4,720,367	4.20	1.21
	<u>29,348,757</u>			<u>29,348,757</u>		

Exercise price or range US\$	2014					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.00	18,499,323	1.02	1.00	18,499,323	1.01	1.00
1.12	6,129,067	3.23	1.12	6,129,067	3.23	1.12
1.21	4,720,367	5.05	1.21	4,688,423	4.70	1.21
	<u>29,348,757</u>			<u>29,316,813</u>		

The weighted average grant date fair value of stock options granted during the year ended June 30, 2012 is US\$ 0.61. No options have been granted during the year ended June 30, 2015.

23.2 IBEX stock plan 2013

TRGIL and its subsidiary, IGSP adopted an employee stock option plan on June 4, 2013 (the IBEX Stock Plan 2013). The IBEX Stock Plan 2013 is composed of both Pre-IPO and Post-IPO plans. The employee stock option plan was adopted to enable certain executives and employees of IGSP to be granted options by TRGIL to acquire ordinary shares and restricted stock awards (TRGIL Options) not to exceed the amount of 4,147,174 and 4,291,920 ordinary shares of IGSP (under the Pre-IPO plan as of June 30, 2015 and 2014, respectively) and 1,879,717 and 324,768 ordinary shares of the IGSP (under the Post-IPO plan as of June 30, 2015 and 2014, respectively). The options under the Pre-IPO plan are shares of the IGSP already held by TRGIL. In contrast, the options under the Post-IPO plan are new shares reserved for issuance by IGSP.

During the years ended June 30, 2015 and 2014, IGSP granted 1,508,576 and 324,768 share options under the Post-IPO plan to its employees, respectively. There were no options granted under the Pre-IPO plan for both fiscal years. The weighted average exercise price of options granted during 2015 and 2014 was US\$ 1.88 and US\$ 3.09, respectively. The options have a maximum contractual term of no longer than ten years from their date of grant and vest and become exercisable over a maximum period of 42 months in accordance with terms of the grant agreement. No options have been exercised as at June 30, 2015 and 2014.

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

Expected term

The expected term of options granted during the year ended June 30, 2015 is 6 years.

Volatility

Management used a volatility of 26.1% and 43.1% for grant calculations for the years ended June 30, 2015 and 2014 respectively.

Expected dividends

The expected dividend yield is 7.1% and 2.2% for the years ended June 30, 2015 and 2014 respectively.

Risk-free rate

The risk-free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The risk-free rate used for options granted during the years ended June 30, 2015 and 2014 is 2.1% and 2.2% respectively.

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2014	4,616,688	1.66
Options granted during the year	1,508,576	3.09
Options forfeited/cancelled/expired during the year	<u>(98,373)</u>	1.70
Options outstanding as at June 30, 2015	<u>6,026,891</u>	1.70
Pre-IPO plan	4,147,174	
Post-IPO plan	<u>1,879,717</u>	
Options outstanding as at June 30, 2015	<u>6,026,891</u>	
Options exercisable as at June 30, 2015	<u>3,916,464</u>	1.63

A summary of the stock options outstanding and exercisable as at June 30, 2015 is as follows:

2015						
Exercise price or range US\$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.66-3.09	6,026,891	8.45	1.70	3,916,464	7.97	1.63

2014						
Exercise price or range US\$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
1.55 - 3.09	4,616,688	9.13	1.66	2,589,753	8.95	1.61

The weighted average grant date fair value of stock options granted during the year ended June 30, 2015 and 2014 is Rs. 15.98 (US\$ 0.157) and Rs. 87 (US\$ 0.89) respectively. The amount recognised as share-based payment expense pertaining to this plan for the year ended June 30, 2015 and 2014 was Rs. 31.77 million (US\$ 0.31 million) and Rs. 69.64 million (US\$ 0.68 million) respectively.

23.3 PHANTOM stock option plan - IBEX group plan

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

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

During the years ended June 30, 2015 and 2014, the subsidiaries of IGSP granted Nil and 147,088 Phantom Stock options to their employees, respectively. The weighted average exercise price of all option granted during the years ended June 30, 2015 and 2014 is Nil and US\$ 3.24 respectively. The options have a maximum contractual term of no longer than ten years from their date of grant and vest and become exercisable over a maximum period of 42 months in accordance with terms of the grant agreement. No options have been exercised as at June 30, 2015 and 2014.

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

Expected term

The expected term of options granted during the year ended June 30, 2015 is 6 years.

Volatility

Management used a volatility of 26.7% and 53.2% for measurement of fair value of options as at June 30, 2015 and 2014, respectively.

Expected dividends

The expected dividend yield is 7.1% and 2.7% for the years ended 30 June 2015 and 2014 respectively.

Risk-free rate

The risk-free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The risk-free rate used for options granted during the years ended June 30, 2015 and 2014 is 2.1%.

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2014	771,388	3.24
Options granted during the year	-	-
Options forfeited/cancelled/expired during the year	<u>(73,464)</u>	
Options outstanding as at June 30, 2015	<u>697,924</u>	1.88
Options exercisable as at June 30, 2015	<u>491,878</u>	1.74

A summary of the stock options outstanding and exercisable as at June 30, 2015 is as follows:

Exercise price or range US\$	2015					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
<u>3.24</u>	<u>697,924</u>	<u>8.01</u>	<u>1.88</u>	<u>491,878</u>	<u>7.98</u>	<u>1.74</u>

Exercise price or range US\$	2014					
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
<u>3.24</u>	<u>771,388</u>	<u>9.01</u>	<u>1.87</u>	<u>301,633</u>	<u>8.93</u>	<u>1.55</u>

The weighted average fair value of phantom stock options as at June 30, 2015 and 2014 is Rs. 26.87 (US\$ 0.26) and Rs. 119.25 (US\$ 1.21). The amount recognised as share-based payment expense pertaining to these plans for the years ended June 30, 2015 and 2014 is Rs. 48.20 million (US\$ 0.48 million) and Rs. 48.11 million (US\$ 0.47 million) respectively. A total of 491,878 and 301,633 Phantom Stock Options having total intrinsic value of Rs. 17.75 million (US\$ 0.17 million) and Rs. 27.61 million (US\$ 0.27 million) had vested as at June 30, 2015 and 2014 respectively.

23.4 SATMAP stock option plan

SATMAP International Holding Limited adopted an employee stock option plan in October 2013, amended in May 2014 (the SATMAP Stock Plan 2014) to enable certain executives and employees of SATMAP and its subsidiaries to be granted options to acquire 5,274,064 common shares of SATMAP. The exercise price of options granted during the year is US\$ 1.19 (2014: US\$ 0.7).

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

Expected term

The expected term of options granted during the year is 6.5 years (2014: 6 years)

Volatility

As SATMAP is not a listed company, estimated volatility in its share price is derived by calculating the average historical volatility of certain comparable public companies in the call center/business process outsourcing sector. Management used a volatility of 33.48% (2014: 35%) for grant calculation for the year ended June 30, 2015.

Expected dividends

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

Risk-free rate

The risk-free rate is continuously compounded U.S. nominal treasury rate. The risk-free rate used for options granted during the year is 1.92% (2014: 2.2%).

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2014	3,312,283	0.70
Options granted during the year	1,961,781	1.19
Options of 2014 exercised during the year	(1,415,631)	0.70
Options of 2015 exercised during the year	(317,512)	1.19
Options forfeited/cancelled/expired during the year	-	-
Options outstanding as at June 30, 2015	<u>3,540,921</u>	<u>0.92</u>
Options exercisable as at June 30, 2015	<u>9,172</u>	<u>1.19</u>

A summary of the stock options outstanding and exercisable as at June 30, 2015 is as follows:

2015						
Exercise price or range US\$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
<u>0.70</u>	<u>3,540,921</u>	<u>5.00</u>	<u>0.92</u>	<u>9,172</u>	<u>5.00</u>	<u>1.19</u>
2014						
Exercise price or range US\$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
<u>0.70</u>	<u>3,312,283</u>	<u>6.00</u>	<u>0.70</u>	<u>189,653</u>	<u>6.00</u>	<u>0.70</u>

Based on the above assumptions, the fair value of all options granted during the year amounts to Rs. 45.19 (US\$ 0.44) [2014: Rs. 26.95 (US\$ 0.26)]. The amount recognized as share-based payment expense for the year ended June 30, 2015 was Rs 50.58 million (US\$ 0.5 million) [2014: Rs. 35.43 million (US\$ 0.34 million)].

23.5 e - Telequote stock option plan

TRGIL and its subsidiary e-Telequote Plc adopted an employee stock option plan in March 2014 (the e-Telequote Stock Plan 2014) to enable certain executives and employees of e-Telequote Plc and its subsidiaries to be granted options to acquire 33,600,000 common shares of e-Telequote Plc held by TRGIL. The exercise price of options granted during the year is US\$ 0.5. No options are exercisable as at the end of the year.

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

Expected term

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

Volatility

As e-Telequote Plc is not a listed company, estimated volatility in its share price is derived by calculating the average historical volatility of certain comparable public companies in the call center/business process outsourcing sector. Management used a volatility of 40% for grant calculation for the year ended June 30, 2015.

Expected dividends

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

Risk-free rate

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

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2014	-	-
Options granted during the year	33,600,000	0.05
Options forfeited/cancelled/expired during the year	-	-
Options outstanding as at June 30, 2015	<u>33,600,000</u>	<u>0.05</u>
Options exercisable as at June 30, 2015	<u>-</u>	<u>-</u>

A summary of the stock options outstanding and exercisable as at June 30, 2015 is as follows:

Exercise price or range US\$	2015			2015		
	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US\$	Number	Weighted average remaining life (years)	Weighted average exercise price US\$
<u>0.05</u>	<u>33,600,000</u>	<u>9.00</u>	<u>0.05</u>	<u>-</u>	<u>-</u>	<u>-</u>

Based on the above assumptions, the weighted average grant date fair value of all options granted during the year amounts to Rs. 3.4 million. The amount recognised as share-based payment expense for the year ended June 30, 2015 is Rs. 1.4 million.

	Note	2015	2014
		(Rupees in '000)	
24. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and other employee costs		2,708,888	2,253,687
Communication and rent		390,754	249,642
Marketing and consultancy		603,590	546,735
Amortisation	5.2	26,288	3,314
Depreciation	4.3	122,156	68,683
Legal and professional charges		261,966	525,736
Auditors' remuneration	24.1	76,458	71,592
Miscellaneous		642,244	404,331
		<u>4,832,344</u>	<u>4,123,720</u>
24.1 Auditors' remuneration			
Holding Company's auditors	24.1.1	32,653	31,634
Remuneration of subsidiaries' auditors	24.1.2	43,805	39,958
		<u>76,458</u>	<u>71,592</u>
24.1.1 Remuneration of Holding Company's auditors			
Annual audit fee - for the Holding Company		1,265	1,265
Annual audit fee - for subsidiaries		25,762	24,743
Half yearly review		400	400
Audit of consolidated financial statements		2,875	2,875
Other certifications		130	130
Out-of-pocket expenses		2,221	2,221
		<u>32,653</u>	<u>31,634</u>
24.1.2 Remuneration of subsidiaries' auditors			
Services relating to IPO, tax and other certification		13,075	13,477
Annual audit fee		30,730	26,481
		<u>43,805</u>	<u>39,958</u>
25. OTHER INCOME			
Income from financial assets			
Return on bank balances		7,046	329
Interest income on advances		2,031	4,529
Gain on sale of associate's shares	1.4.3	-	77,200
		9,077	82,058
Income from assets other than financial assets			
Other income		194,115	226,314
		<u>203,192</u>	<u>308,372</u>
26. OTHER CHARGES			
Exchange loss		4,266	39,181
Bad debts written off		773	55
Others		7,856	10,994
		<u>12,895</u>	<u>50,230</u>

27. FINANCE COST

	Note	2015	2014
		(Rupees in '000)	
Mark up on borrowings		200,770	213,765
Factoring fees		8,376	2,812
Finance charges on leased assets		79,580	77,835
Bank charges		11,113	9,065
		<u>299,839</u>	<u>303,477</u>

28. TAXATION

Current - for the year	28.1	93,388	23,678
Deferred - for the year	7	12,097	(34,037)
		<u>105,485</u>	<u>(10,359)</u>

28.1 The tax provision includes the following entities: Holding Company, TRG (Private) Limited, and IGSP. No tax provision has been calculated for TRGIL as it is a Bermuda based company and there is no corporate income tax in Bermuda. Further, as other group companies are incurring tax losses, minimum tax charge has been paid and included in legal and professional charges.

28.2 Rate reconciliation

	2015		2014	
	(%)	(Rupees in '000)	(%)	(Rupees in '000)
Loss for the year		(2,154,724)		(2,142,801)
Income tax expense / (benefit)		105,485		(10,359)
Net loss excluding income tax		<u>(2,049,239)</u>		<u>(2,153,160)</u>
Income tax expense / (benefit) using applicable tax rate	33-34%	(696,741)	34.00%	(732,074)
State taxes, net of federal effect	3.52%	(72,233)	3.50%	(75,361)
Effect of tax rates in foreign jurisdictions	-15.87%	325,289	-3.73%	80,313
Gain on sale of intellectual property	-	-	-2.50%	53,829
Non-deductible expenses	9.37%	(191,977)	9.65%	(207,780)
Change in unrecognised temporary differences	-40.73%	834,557	-37.33%	803,775
Effect of exchange rate changes	4.56%	(93,410)	-2.92%	66,939
	-5.15%	105,485	0.67%	(10,359)

29. EARNINGS / (LOSS) PER SHARE

	2015	2014
	(Rupees in '000)	
Net loss for the year (attributable to shareholders of the Holding Company)	<u>(1,709,950)</u>	<u>(1,640,988)</u>
	(Shares)	
Weighted average number of shares outstanding during the year	<u>435,797,410</u>	<u>387,831,135</u>
	(Rupees)	
Basic loss per share	<u>(3.92)</u>	<u>(4.23)</u>

- 29.1** Comparative information has been restated due to issuance of right shares during the year. Company also offered right shares after the year end as explained in note 13.3 to the financial statements. These will result in restatement of EPS on allotment.
- 29.2** There is no dilution effect of the potential ordinary shares on the Group's loss per share as such potential ordinary shares will not increase the loss per share upon their conversion to ordinary shares.

30. CASH GENERATED FROM / (USED IN) OPERATIONS

	2015	2014
	(Rupees in '000)	
Loss before tax	(2,154,724)	(2,153,160)
Adjustments for:		
Depreciation and amortisation	903,461	499,489
Share in profit of associate	(11,430)	(169,661)
Provision for retirement benefits	10,853	11,934
Finance cost	299,839	211,719
Employees' stock option plan expense	39,680	156,439
Gain on disposal of property, equipment and subsidiaries	-	(8,231)
Gain on sale of shares of associate	-	(77,200)
	<u>1,242,403</u>	<u>624,489</u>
(Increase) / decrease in current assets	(912,321)	(1,528,671)
Trade debts	360,513	(737,147)
Advances, deposits, prepayments and other receivables	(419,235)	603,470
	(58,722)	(133,677)
Increase in current liabilities	<u>1,344,387</u>	<u>560,492</u>
Net cash generated from / (used in) operations	<u><u>373,344</u></u>	<u><u>(1,101,856)</u></u>

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:

	2015	2014
	(Rupees in '000)	
Financial assets - loans and receivables		
Long term loans	254,563	387,945
Long term deposits	125,219	135,822
Trade debts	3,520,257	3,863,519
Short term deposits	779,994	463,909
Other receivables	61,946	172,046
Cash and bank balances	605,876	481,574
	<u>5,347,855</u>	<u>5,504,815</u>
Financial liabilities at amortized cost		
Long term finances	757,946	429,779
Liabilities against assets subject to finance lease	1,108,269	976,055
Other liabilities	16,386	65,307
Trade and other payables	3,782,897	3,349,170
Convertible preference shares	3,053,361	2,964,000
Short term borrowings	1,290,775	2,012,205
	<u>10,009,634</u>	<u>9,796,516</u>

31.2 Market risk

31.2.1 Interest rate risk

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

At June 30, 2015, 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. 23.77 million (2014: Rs. 20.95 million).

31.2.2 Currency risk

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

31.2.3 Credit risk

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

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include trade deposits and other receivables.

Credit rating wise breakup of bank balances:

	2015	2014
	(Rupees in '000)	
AA	68,377	29,766
AA-	64,935	29,487
A-1 +	43,686	11,900
A-1	72,490	63,726
A+	286,894	45,937
A	102	18,350
A-	6,514	227,234
A-2	15,552	-
BBB+	-	161
BBB-	-	32,999
BBB	42,951	-
Non-rated	3,255	21,143
	<u>604,756</u>	<u>480,703</u>

The maximum exposure to credit risk as at June 30, 2015, along with comparatives is tabulated below:

Financial assets

Long term loans	254,563	387,945
Long term deposits	125,219	135,822
Trade debts	3,465,859	3,826,372
Short term deposits	779,994	463,909
Other receivables	61,946	172,046
Balances with banks	604,756	480,703
	<u>5,292,337</u>	<u>5,466,797</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:

	2015			
	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	7,510,556	31%	589,095	21%
Client 2	5,693,195	23%	775,402	27%
Client 3	3,001,454	12%	221,165	8%
Client 4	2,877,284	12%	259,637	9%
	<u>19,082,489</u>	<u>78%</u>	<u>1,825,299</u>	<u>65%</u>
	2014			
	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	5,932,987	29%	860,548	22%
Client 2	6,497,489	32%	1,799,049	47%
Client 3	1,202,667	6%	248,284	6%
Client 4	1,271,391	6%	124,686	3%
	<u>14,904,534</u>	<u>73%</u>	<u>3,032,567</u>	<u>78%</u>

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

	2015	2014
	(Rupees in '000)	
Dues 0 to 30 days	3,273,779	2,819,091
Dues 31 to 60 days	139,195	787,442
Dues 61 to 90 days	101,861	102,889
Dues 91 to 180 days	2,168	116,628
Dues over 180 days	3,254	37,468
Less: Provision for doubtful debts	(54,398)	(37,146)
	3,465,859	3,826,372

The Group does not hold any collateral against these assets.

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

31.3 Liquidity risk

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

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

	2015				
	Carrying value	Total contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years
	(Rupees in '000)				
Long term finances	757,946	817,283	369,050	345,742	102,491
Liabilities against assets subject to finance lease	1,108,269	1,265,822	443,552	822,270	-
Other liabilities	16,386	16,386	-	16,386	-
Trade and other payables	3,782,897	3,782,897	3,782,897	-	-
Convertible preference shares	3,053,361	3,053,361	3,053,361	-	-
Short term borrowings	1,290,775	1,290,775	1,290,775	-	-
	10,009,634	10,226,524	8,939,635	1,184,398	102,491
	2014				
	Carrying value	Total contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years
	(Rupees in '000)				
Long term finances	429,779	476,018	157,882	160,550	157,586
Liabilities against assets subject to finance lease	976,055	1,125,348	349,274	281,283	494,791
Other liabilities	65,307	65,307	-	65,307	-
Trade and other payables	3,349,170	3,349,170	3,349,170	-	-
Convertible preference shares	2,964,000	2,964,000	2,964,000	-	-
Short term borrowings	2,012,205	2,012,205	2,012,205	-	-
	9,796,516	9,992,048	8,832,531	507,140	652,377

31.4 Fair value of financial instruments

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

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

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:

	2015				2014			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in '000)							
Managerial remuneration (note 32.1)	-	27,994	12,658,764	12,686,758	-	25,720	12,028,499	12,054,219
Provident fund	-	-	522	522	-	-	516	516
Commission / bonus	-	-	826,522	826,522	-	-	812,301	812,301
House rent	10,647	-	54,749	65,396	10,617	-	48,959	59,576
Medical allowance	-	-	8,574	8,574	-	-	8,325	8,325
Insurance	-	-	17,759	17,759	-	-	14,932	14,932
Other benefits and allowances	-	-	164,189	164,189	-	-	161,996	161,996
Total	10,647	27,994	13,731,079	13,769,720	10,617	25,720	13,075,528	13,111,865
Number of persons	1	2	4,938	4,941	1	1	4,852	4,854

32.1 During the year, amount of Rs. 27.99 million was paid to the Non-Executive Directors of the Holding Company while no managerial remuneration was paid to the Chief Executive of the Holding Company.

32.2 No fee for attending meetings or any other remuneration was paid to the directors of the Holding 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 call center, market research and software business. Although market research and software business do not meet the qualitative thresholds required by IFRS 8, management has concluded that these segments shall be reported, as they are closely monitored by the BOD and are expected to materially contribute to Group revenue in the future.

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

- Call center operations involves the provision of customer service support via telephone;
- The market research segment provides analytical and consultation services that specializes in helping clients manage their customer relationships and promote their brand equity; and

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

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

- Third party revenue for each business unit; and
- Earnings before interest, tax, depreciation and amortisation (EBITDA) from its ongoing operations.

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

33.1 Information about segments

The segment information provided to the chief operating decision makers for the reportable segments for the year ended June 30, 2015 is as follows:

	2015			
	Call center	Market research	Software business	Total
	(Rupees in '000)			
Segment revenue	24,221,396	657,426	2,799,718	27,678,540
Less: inter-segment revenue	(182,994)	(111,304)	(1,029,052)	(1,323,350)
Revenue from external customers	24,038,402	546,122	1,770,666	26,355,190
Adjusted EBITDA	1,679,530	25,762	(1,836,742)	(131,450)
	2014			
	Call center	Market research	Software business	Total
	(Rupees in '000)			
Segment revenue	19,876,915	569,858	468,249	20,915,022
Less: inter-segment revenue	(768,491)	(3,533)	(21,023)	(793,047)
Revenue from external customers	19,108,424	566,325	447,226	20,121,975
Adjusted EBITDA	301,342	20,254	(973,929)	(652,333)

	2015	2014
	(Rupees in '000)	
33.2 Adjusted EBITDA for reportable segments for the year	(131,450)	(652,333)
Share of profit of associates	11,430	169,661
Depreciation and amortisation	(903,461)	(499,489)
Employee share option expense	(83,678)	(156,439)
Corporate overhead expenses	(469,506)	(453,186)
Non - recurring expense	(273,954)	(295,916)
Finance costs – net	(299,839)	(303,477)
Foreign exchange loss	(4,266)	(39,181)
Gain on sale of share in associate / subsidiary	-	77,200
Taxation	(105,485)	10,359
Loss for the year	<u>(2,260,209)</u>	<u>(2,142,801)</u>

33.3 Total revenue by location

Pakistan	946,128	711,506
United States of America	25,409,062	19,410,469
	<u>26,355,190</u>	<u>20,121,975</u>

33.4 Property and equipment and intangible assets - net book value

	2015		2014	
	Property and equipment	Intangible assets	Property and equipment	Intangible assets
	(Rupees in '000)			
Pakistan	130,542	-	151,890	-
United States of America	1,822,771	2,193,740	827,215	1,751,978
Others	11,857	25,972	849,878	5,829
Total	<u>1,965,170</u>	<u>2,219,712</u>	<u>1,828,983</u>	<u>1,757,807</u>

34. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings (including subsidiaries and associates), staff retirement funds, directors and key management personnel. The balances due from and to related parties of the Group have been disclosed in the respective notes to the consolidated financial statements. Material transactions with related parties, other than remuneration and benefits to the directors and key management personnel under the terms of their employment (as disclosed in note 32), are given below:

	2015	2014
	(Rupees in '000)	
Zia Chishti - CEO of the Holding Company		
Interest expense	-	5,239
Interest payable	19,872	77,042
TPL Trakker Limited - (common directorship)		
Revenue	11,688	17,383
Services acquired	8,245	2,812
TPL Direct Insurance Limited - (common directorship)		
Revenue	7,476	5,924
Staff retirement benefits		
Employees' provident fund - Contribution made	12,242	25,704

The status of the outstanding balances with related parties as at June 30, 2015 is disclosed in notes 10, 18, and 19.

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

35. CAPITAL RISK MANAGEMENT

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

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

36 PROVIDENT FUND RELATED DISCLOSURE

36.1 Holding Company

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

	2015 (Unaudited) (Rupees in '000)	2014 (Unaudited)
Size of the Fund - total assets	2,643	1,488
Cost of investments made	2,643	1,488
Percentage of investments made	100%	100%
Fair value of investments	2,643	1,488

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

	2015 (Unaudited) (Rupees in '000)	2014 (Unaudited)	2015 (Unaudited) % of total investment	2014 (Unaudited)
Habib Metropolitan - Multiplier account	2,643	1,488	100%	100%
	2,643	1,488	100%	100%

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

36.2 Subsidiary Companies

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

	2015 (Unaudited) (Rupees in '000)	2014 (Unaudited)
Size of the Funds - total assets	175,239	149,201
Cost of investments made	149,781	124,825
Percentage of investments made	85%	88%
Fair value of investments	149,781	131,190

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

	2015 (Unaudited) (Rupees in '000)	2014 (Unaudited)	2015 (Unaudited) % of total investment	2014 (Unaudited)
Bank Deposits	134,180	117,402	90%	89%
Mutual funds	15,601	13,788	10%	11%
	149,781	131,190	100%	100%

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

37. NUMBER OF EMPLOYEES

	2015	2014
	(Number)	
<i>Holding company</i>		
Average number of employees during the year ended	3	3
Number of employees as at year end	3	3
<i>Subsidiary companies</i>		
Average number of employees during the year ended	15,310	10,881
Number of employees as at year end	16,702	13,918

38. GENERAL

- 38.1** For the purpose of better presentation, an amount of Rs. 7.91 million has been reclassified from advance tax to taxes payable in comparative.
- 38.2** All financial information presented has been rounded to the nearest thousands of Pakistani Rupees unless mentioned otherwise.

39. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 07 2015, by the Board of Directors of the Holding Company.

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

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

Director

Director

TRG PAKISTAN LIMITED.

Form of Proxy

I/we: _____

Of (full address): _____

Being a Member of TRG PAKISTAN LIMITED hereby appoint: _____

Of (full address): _____

Or failing him: _____

Of (full address): _____

As my/our proxy to attend and vote for me and on my behalf at the Thirteenth Annual General Meeting of the Company to be held on October 31, 2015 and at any adjournment thereof.

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

Folio Number/CDC No. _____

Numbers of shares held: _____

Signature
over Revenue
Stamp of Rs. 5

Signatures and addresses of witnesses

Witness 1

Signature _____

Name _____

NIC No. _____

Address _____

Signatures and addresses of witnesses

Witness 2

Signature _____

Name _____

NIC No. _____

Address _____

Important:

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

For CDC Account Holders / Corporate Entities:

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

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

TRG PAKISTAN LIMITED.

AFFIX
CORRECT
POSTAGE

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

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