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TRG PAKISTAN LIMITED

ANNUAL REPORT 2018

Vision

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

Mission

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

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

Contents

Corporate Information

Board of Directors

Peter H.R. Riepenhausen
Chairman

Muhammad Ziaullah Khan Chishti
CEO

Zafar Iqbal Sobani

Muhammad Ali Jameel

John Leone

Mohammadullah Khan Khaishgi

Patrick McGinnis

Ameer S. Qureshi

Rafiq K. Dossani

Hassan Farooq

Audit Committee

Patrick McGinnis - Chairman
Ameer S. Qureshi
Rafiq K. Dossani

HR Recruitment & Remuneration Committee

John Leone - Chairman
Peter H.R. Riepenhausen
Zafar Iqbal Sobani

Chief Financial Officer

Hassan Farooq

Company Secretary

Rahat Lateef

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Shares Registrar

THK Associates (Pvt.) Ltd.
Share Department,
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi-75400, Pakistan.
Phone: +92 (021) 111-000-322
FAX: +92 (021) 34168271

Registered Office

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

Notice of Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of TRG Pakistan Limited (the "Company") will be held at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton Karachi, Pakistan on November 02, 2018 at 10 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Annual General Meeting of the Company held on January 31, 2018.

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, 2018.

3. To appoint the Auditors for the ensuing year ending June 30, 2019 and fix their remuneration.

Special Business

4. To consider and approve, in accordance with the provisions of Section 199 of the Companies Act, 2017, and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, roll-over of the loans extended to associated company, TRG (Private) Limited, by authority of special resolutions passed on September 04, 2015 and March 30, 2017, for a further twelve months from the date of this resolution, on the same terms and conditions.

   For this purpose to consider and if deemed fit to pass, with or without modification, addition, or deletion, the following resolutions:

   "RESOLVED, by way of a special resolution in terms of Section 199 of the Companies Act, 2017, and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, that the Company be and is hereby authorized to effectuate a roll-over of the loan extended to its associated company, TRG (Private), Limited by authority of special resolutions passed on September 04, 2015 and March 30, 2017, together amounting to PKR 1,650 million, at a mark-up rate of 15% per annum, to be renewed for twelve months, per terms of the draft loan facility agreement now proposed to be entered into between the Company and TRG (Private) Limited.

   RESOLVED FURTHER THAT upon occurrence of a trigger event, as defined in the special resolution dated March 30, 2017, the underlying loans shall be immediately repaid to the Company at the higher of the following:

a) Principal amount plus accrued mark-up

OR

(b) $$\left[\frac{\text{PKR value per share of TRGIL X Principal Amount}}{478}\right] \text{Less Mark-Up Paid}$$

   RESOLVED FURTHER THAT each of the Chief Executive Officer and the Chief Financial Officer, acting singly, be and is hereby authorized to act on behalf of the Company in signing all documents, and doing and performing all acts, matters, things and deeds, to implement and/or give effect to the foregoing resolutions, including but not limited to engaging any counsel, consultant and adviser for this purpose, filing of all statutory forms and other documents with the Securities and Exchange Commission of Pakistan and other regulatory bodies or authorities of competent jurisdiction, and executing all applications, notices, reports, letters, documents, and other formalities as may be required or necessary in this regard."

(A statement relating to the foregoing special business as required under Sections 134(3) and Section 199 of the Companies Act, 2017, read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, is being sent to the members along with this notice).

Notice of Annual General Meeting

Other Business

5. 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 12, 2018

Rahat Lateef
Company Secretary

N O T E S:

1. The share transfer books of the Company will remain closed from October 26, 2018 to November 02, 2018 (both days inclusive). Transfers received by our registrars, Messrs THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on October 25, 2018 will be treated in time for the purpose of attending the meeting.
2. A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak, and vote for him/her. A proxy need not be a member of the Company.
3. The instrument appointing a proxy and the power of attorney, or other authority under which it is signed, or a notarially certified copy of such power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. The Company shall provide the video link facility to those member(s) who hold minimum 10% shareholding of the total paid-up capital and resident of city other than Karachi where Company's Annual General Meeting is taking place, upon request. Such member(s) should submit request in writing to the Company at least ten days before the date of the meeting.
5. Members are requested to notify any change in their address immediately.
6. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending meeting:

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

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

B. For appointing proxies

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

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

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

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

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

Statement under section 134(3) of the Companies Act, 2017

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on November 02, 2018 at which a special business is to be transacted, and the purpose of this statement is to set out all material facts concerning such special business in terms of Sections 134(3) and 199 of the Companies Act, 2017 (the "Act"), read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

Notice of Annual General Meeting

For Special Agenda Item No. 4

(i) Name of Associated Company or Associated Undertaking:

TRG (Private) Limited.

(ii) Basis of Relationship:

TRG (Private) Limited is an indirect subsidiary of the Company.

(iii) Earnings per share (EPS) for the last three years:

	2018	2017	2016
EPS	1.96	0.13	(0.54)

(iv) Break-up value per share, based on latest audited financial statements:

Break-up value per share: 21.94

(v) Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements:

The following table has been derived from the latest audited financial statements of TRG (Private) Limited as of and for the period ended June 30, 2018:

	(Amount in Rupees)
Total Assets	2,423,363,996
Total Equity	697,009,796
Gross Revenues	309,554,206
Profit after Taxation	62,407,716

(vi) Maximum amount of investment to be made:

Roll-over of upto PKR 1,650 million.

(vii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment:

Investment of Company's funds at a mark-up rate of 15% per annum.

(viii) Sources of Funds to be utilized for investment and where the investment is intended to be made using borrowed funds:

a) justification for investment through borrowings:

Not Applicable.

b) details of collateral, guarantees provided and assets pledged for obtaining such funds:

Not Applicable.

c) cost benefit analysis:

Not Applicable.

(ix) Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment:

As stated above.

(x) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration:

The Directors of the Company have no direct or indirect interest in the foregoing special business, except and to the extent of their respective shareholdings in the Company.

Further, the Directors of TRG (Private) Limited, also have no direct or indirect interest in the foregoing special business.

(xi) In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs:

i. A loan of upto PKR 1,000 million was granted by the Company to TRG (Private) Limited by authority of the special resolution passed by the Company on September 04, 2015.
ii. A loan of upto PKR 900 million was granted by the Company to TRG (Private) Limited by authority of the special resolution passed by the Company on March 30, 2017.

(xii) Category-wise amount of investment:

Loan upto PKR 1,650 million.

(xiii) Average borrowing cost of the investing company, or the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period:

Nil.

(xiv) Rate of interest, mark-up, profit, fees or commission etc. to be charged by investing company:

The loan carries minimum interest at the rate of 15% per annum, to be paid on maturity.

(xv) Particulars of collateral or security to be obtained in relation to the proposed investment:

Secured by a corporate guarantee of The Resource Group International Limited (TRGIL).

(xvi) Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking:

The loan is repayable within twelve month from the date of the extension, provided that both Companies may mutually agree to extend the loan by another twelve months, on the same terms and conditions. Furthermore, in case of occurrence of a trigger event, as defined in the special resolution dated March 30, 2017, the underlying loan shall be immediately repaid to the Company at the higher of:

(a) Principal amount plus accrued mark-up

OR

(b) $\left[\dfrac{\text{PKR value per share of TRGIL X Principal Amount}}{478}\right]$ Less Mark-Up Paid

Chairman's Review Report

For the year ended June 30, 2018

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

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

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

Peter H.R. Riepenhausen
Chairman

Karachi: October 10, 2018

چیئرمین کی جانب سے نظرثانی شدہ رپورٹ

برائے مالی سال اختتام پذیر 30 جون، 2018

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

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

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

کراچی، 10 اکتوبر، 2018

پیٹر۔ ایچ۔ آر۔ رایفن ہاسن
چیئرمین

Report of the Directors

For the Year ended June 30, 2018

Your Directors are pleased to present the standalone and consolidated Financial Statements of TRG Pakistan Limited for the year ended June 30, 2018.

Key Developments

During the course of fiscal year 2018, our operating subsidiaries enjoyed very significant top line growth, with an increase in revenues of 36% compared to the previous year. The largest portion of this increase materialized at our Afiniti subsidiary, with significant revenue increases within our IBEX Global and e-Telequote subsidiaries. The continuing increase in Afiniti revenues have driven a significant value accretion in that business given its underlying operating leverage, addressable market as well as its superior competitive position. We also unlocked significant value increases at our other subsidiaries as a result of continuing growth.

Our Afiniti operating subsidiary (which utilizes artificial intelligence to pair individuals on the basis of behavior while generating successful interactions with increased profitability) continued its trajectory of very strong revenue growth, with revenues increasing to Rupees 7.54 billion in fiscal 2018, up from Rupees 3.19 billion in fiscal 2017, representing top line growth of 136%. This increase was driven by multiple enterprise level deployments (particularly in the US telecommunications and health insurance industries) in fiscal 2018, where Afiniti realized a partial year of billing, in addition to continuing full year revenues from earlier deployments. Afiniti also realized a landmark partnership agreement in March 2018 with the leading unified communications & contact center switching provider, pursuant to which the partner will integrate Afiniti's data solution into its platform of products. This partnership will significantly facilitate the deployment of Afiniti into large enterprise clients, specifically those that utilize the partner’s switching platform for their contact center estate.

We have continued to invest into the Afiniti business, building out its global footprint as well as investing heavily into its technology delivery capabilities and its client facing presence. As a result, the Afiniti cost base during fiscal 2018 increased to Rupees 9.6 billion, up from Rupees 5.8 billion during fiscal 2017. Despite the increase in cost, Afiniti’s EBITDA loss narrowed during fiscal 2018 to Rupees 2.01 billion, from Rupees 2.7 billion during fiscal 2017. We expect to realize the operating leverage inherent within our business as the continuing revenue increases outpace the increase in the cost base and the business attains breakeven. To fund its expansion, Afiniti closed a debt funding round in fiscal 2018 with a leading structured credit provider for a total of $60 million, which included the refinancing of prior venture debt.

Our IBEX business offers large corporate customers a set of solutions that address their entire customer lifecycle. This “full customer lifecycle” approach consists of the acquisition of customers, which is provided through our Digital Globe Services and e-Telequote entities, engaging and supporting customers (IBEX Global) and managing and monitoring the customer experience (iSky). To better manage this business and provide integrated set of solutions under the IBEX brand, we had placed these four entities under a common intermediate holding vehicle called IBEX Holdings.

During the current fiscal year, our IBEX Global business continued its transition away from onshore delivered revenues and dependence on telecommunications clients, by growing significantly its nearshore presence in Jamaica, with a roster of new logo wins especially in the technology sector. As a result, IBEX realized double digit, above market revenue growth but encountered margin pressures both due to declining margins from US service delivery given the competitive US job market, and also due to significant upfront investment in its nearshore facility buildout. Its nearshore facilities expanded to approximately 1,500 seats of capacity in Jamaica which are expected to contribute significant margins in fiscal 2019, as our sales teams continue to encounter success in positioning IBEX as an integrated provider of customer lifecycle experience (CLX) solutions. During fiscal 2018, IBEX Global revenues were Rupees 30.8 billion, up from Rupees 26.5 billion during fiscal 2017. IBEX Global’s EBITDA (adjusted for any one time items) was Rupees 665 million in fiscal 2018, down from Rupees 950 million in fiscal 2017, reflecting the margin effects referred to above.

During fiscal 2018, our e-Telequote operating subsidiary (which is an insurance marketing company providing customer acquisition services to insurance carriers and focused on the senior health insurance segment) continued its growth trajectory and increased its revenues to Rupees 3.8 billion, up from Rupees 2.34 billion in fiscal 2017. This increase was a result of opening of new facilities during fiscal 2018 whose revenue contribution would be further realized in fiscal 2019. e-Telequote’s EBITDA increased from Rupees 712 million in fiscal 2017 to Rupees 1,003 million in fiscal 2018. It is important to note that e-Telequote receives commission revenue from its insurance carrier clients both on an upfront basis upon the origination of an insurance policy as well as upon each annual renewal. We recognize up front the expected multi-year revenues associated with the origination of a policy; the cash associated with these revenues is collected on a multi-year basis.

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

Financial Performance

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

TRG Pakistan Limited Stand Alone Financial Statements

TRG Pakistan Limited essentially serves as a holding company, with its sole material asset being its investment in The Resource Group International Limited (TRGIL). The value of TRG Pakistan's share in TRGIL as of June 30, 2018 is Rs. 16.1 billion. On a like for like basis, this value was Rs. 13.5 billion as of June 30, 2017. This represents an increase of Rs. 2.6 billion during the year and an overall increase that is more than double the value of its original investment. As per the relevant accounting standards, this increase is recorded directly into the equity account of the balance sheet.

On a standalone basis, the Company recognized income of Rupees 228.5 million in its income statement, whereas it incurred expenses of Rupees 223.0 million, excluding exchange loss for the year, associated with its holding company activities. In addition, tax expense amounting to Rupees 0.626 million was also incurred during the year. As a result, TRG Pakistan Limited incurred a net loss of Rupees 217.5 million for the year ended June 30, 2018.

Consolidated Financial Statements

For the year ended June 30, 2018, our consolidated revenues amounted to Rupees 49,057 million, which represents a 36% increase from revenues of Rupees 35,991 million for the comparative period in 2017. Our recurring earnings before interest, taxes, depreciation and amortization were negative Rupees 434 million. In non-cash adjustments, we had depreciation and amortization expenses of Rupees 2,011 million, a non-cash stock option expense of Rupees 1,260 million, an exchange loss of Rupees 483 million and current and deferred tax expense of Rupees 29 million respectively. In addition, we recognized a further one-time non-cash charge of Rupees 126 million. The net result of the above was a loss for the year of Rupees 6,773 million as compared to a loss of Rupees 9,641 million during the same period in 2017.

Results of TRG International Limited

TRG Pakistan Limited's sole direct subsidiary, The Resource Group International Limited's (TRGIL) stake in its operating subsidiaries is reflected in its financial statements as investment in portfolio companies and carried at fair value. TRGIL's audited results for FY18 have gross assets of Rupees 45.3 billion and Net Asset Value of Rupees 272 per share.

Corporate and Financial Reporting Framework

As required by the Corporate Governance Regulations, 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, 2018 was Rupees 0.792 million (unaudited) and as at June 30, 2017 was Rupees 0.698 million (unaudited).

Board Meetings during the Year

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

Name of Director	Meetings attended
Mr. Muhammad Ziaullah Chishti	4
Mr. Muhammad Ali Jameel	3
Mr. Mohammedullah Khaishgi	4
Mr. Rafiq Dossani	4
Mr. John Leone	4
Mr. Peter H. R. Riepenhausen	4
Mr. Ameer Shabu Qureshi	4
Mr. Patrick McGinnis	4
Mr. Zafar Iqbal Sobani	4
Mr. Hassan Farooq	4

Board Audit Committee Meetings during the Year

Following was the Board Audit Committee attendance:

Name of Director	Meetings attended
Mr. Patrick McGinnis	4
Mr. Rafiq K. Dosani	4
Mr. Ameer Shabu Qureshi	4

Board HR Recruitment & Compensation Committee Meetings during the Year

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

Appropriations

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

Earnings per Share

The company recognized loss per share of Rupee 0.399 on a standalone basis. On a consolidated basis, the loss per share was Rupees 5.38.

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, 2019.

Shareholding Pattern

A statement showing pattern of shareholding of the Company and relevant additional information as at June 30, 2018 is included in this report.

Outlook

We continue to execute on our strategic plan on enhancing the value of our operating assets and preparing for the realization of this value. We are focused on executing on our operating plan for our IBEX business in order to attain sufficient scale and earnings attractiveness for the private and public capital markets and continue to believe that our Afiniti subsidiary presents significant upside potential for our shareholders, given its unique product offering and strong intellectual property.

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.

On behalf of the Board of Directors

Muhammad Ziaullah Khan Chishti
Chief Executive

Muhammad Ali Jameel
Director

Karachi
Dated: October 10, 2018

فی حصص آمدن:

کمپنی نے انفرادی طور پر فی حصص 0.399 روپے کا نقصان حاصل کیا اور مجموعی طور پر فی حصص نقصان کا تخمینہ 5.38 روپے رہا۔

آڈیٹرز:

سبکدوش ہونے والے آڈیٹر میسرز کے پی ایم جی تاسیر ہادی اینڈ کمپنی چارٹرا کاؤنٹنٹ ، نے اہلیت کی بنیاد پر دوبارہ تقرری کیلئے پیش کیا۔ آڈٹ کمیٹی کے مشورے کے مطابق بورڈ نے اگلے مالی سال اختتام پذیر 30 جون 2019 تک ان کی دوبارہ تقرری کو تجویز دی۔

حصص کی شراکت داری کا طریقہ کار:

کمپنی کے حصص کی شراکت داری کے طریقے اور 30 جون، 2018 کی متعلقہ اضافی معلومات اس رپورٹ میں شامل ہیں۔

متوقع امکانات:

ہم تواتر کے ساتھ اپنی حکمت عملی پر کام کر رہے ہیں جس سے ہمارے اثاثہ جات میں بہتری آرہی ہے۔ ہم اس وقت آئی بیکس کی کارکردگی پر توجہ مرکوز کئے ہوئے ہیں اور ساتھ ہی آئی بیکس کے ذیلی اداروں پر بھی کام کر رہے ہیں جس کا مقصد معقول حد تک آمدنی میں اضافہ اور عوامی اور نجی سرمایہ کاری حلقوں کی توجہ حاصل کرنا ہے۔ ہم یقین رکھتے ہیں کہ ہماری ایفنیٹی کمپنی کی منفرد پراڈکٹ اور مضبوط تکنیکی معلومات ہمارے حصص داران کے لئے امید کی کرن ہے۔ مزید برآں، ہم اپنے بقیہ ذیلی کمپنیوں کی قدر میں اضافے اور ان کی متواتر آمدنی کے سلسلے میں کوشاں رہیں گے۔

حصص داران کیلئے اظہار تشکر:

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

بورڈ آف ڈائریکٹر کی جانب سے

محمد ضیاء اللہ خان چشتی
چیف ایگزیکٹو

محمد علی جمیل
ڈائریکٹر

کراچی،
تاریخ: 10 اکتوبر، 2018

سال رواں کے دوران بورڈ کی میٹنگز:

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

ڈائریکٹر کا نام	میٹنگ میں شرکت
جناب محمد ضیاء اللہ چشتی	4
جناب محمد علی جمیل	3
جناب محمد اللہ خیشگی	4
جناب رفیق ڈوسانی	4
جناب جان لیون	4
جناب پیٹر ایچ۔آر۔آیفن ہاسن	4
جناب امیر شابو قریشی	4
جناب پیٹرک مک گینز	4
جناب ظفر اقبال سبحانی	4
جناب حسن فاروق	4

سال رواں کے دوران بورڈ آڈٹ کمیٹی کی میٹنگز:

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

ڈائریکٹر کے نام	میٹنگ میں شرکت
جناب پیٹرک مک گینز	4
جناب رفیق کے ڈوسانی	4
جناب امیر شابو قریشی	4

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

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

تصرفات:

موجود سال کے دوران ڈائریکٹرز نے کوئی تصرف کی تجویز نہیں دی۔

مجموعی مالیاتی گوشوارے:

مالی سال اختتام پذیر 30، جون 2018 تک، ہماری مجموعی محصولات کی رقم 49,057 ملین روپے رہی، جو کہ گذشتہ مالی سال 2017 کے دورانیہ کی رقم 35,991 ملین روپے سے 36 فیصد زیادہ ہے۔ ہماری ٹیکس کٹوتی، سود، فرسودگی اور قرضہ جات سے قبل آمدنی منفی 434 ملین روپے تھی۔ (جو کہ ہماری ساتھی کمپنیوں کے مساوی فی حصص طریقہ کار کے بنیاد پر ترتیب دی گئی)۔ غیر نقدی تصفیہ میں فرسودگی اور قرضہ جات کی مد میں 2,011 ملین اور غیر نقدی اشیاء کے اخراجات کی مالیت 1,260 ملین رہی، جس کے مبادلہ کے نتیجے میں 483 ملین روپے کا نقصان ہوا۔ اور اس طرح موجودہ اور واجب الادا ٹیکس کے اخرجات 29 ملین روپے رہے اس کے علاوہ دیگر متفرق اخراجات 126 ملین روپے رہے جس کی بنیادی وجہ ہماری ذیلی کمپنیوں کے حصص کی واپس خریداری ہے۔ نتیجتاً گذشتہ سال 2017 کے نقصان 9,641 کے مقابلے میں اس سال کے دوران 6,773 ملین روپے کا نقصان ہوا۔

ٹی آر جی انٹرنیشنل لمیٹڈ کے نتائج:

ٹی آر جی پاکستان لمیٹڈ بلا شرکت غیرے براہ راست ذیلی ادارہ ٹی آر جی انٹرنیشنل لمیٹڈ کے حصے کو ذیلی کمپنیوں میں سرمایہ کاری کے طور پر ظاہر کیا گیا ہے اور انکا حساب مارکیٹ کی قیمت کے طور پر کیا گیا ہے۔ ٹی آر جی انٹرنیشنل لمیٹڈ کے آڈٹ شدہ نتائج برائے مالیاتی سال 2018 میں مجموعی اثاثوں کی مالیت 45.3 ارب روپے اور نیٹ اثاثوں کی مالیت کی مالیت 272 روپے فی حصص ہے۔

کارپوریٹ اور مالی احوال کی ساخت:

جیسا کہ کارپوریٹ انتظامیہ کے ضابطہ اخلاق کے تحت درکار،، ڈائریکٹر صاحبان مسرت کے ساتھ ذیل احوال پیش کرتے ہیں:-

الف) مالی گوشواروں کو انتہائی شفاف طریقے سے کمپنی انتظامیہ کی جانب سے تیار کیا گیا، اور اس میں کمپنی کی کارکردگی کے نتائج، مالی تسلسل اور مساوی طور پر تبدیلی کو واضح طور پر پیش کیا گیا۔

ب) باضابطہ طور پر اکاؤنٹ کی کتب کی دیکھ بھال کی گئی۔

ج) مالیاتی بیانیوں کی تیاری کیلئے مناسب اکاؤنٹنگ پالیسیوں پر یکساں عملدرآمد کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں کے مطابق ہیں۔

د) معاشی بیانیوں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے۔

ہ) اندرونی کنٹرول کا سسٹم بالکل مستحکم ہے اور اسے موثر طور پر نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

و) کمپنی کے مستقل جاری رہنے کے حوالے سے کوئی قابل ذکر شبہات نہیں ہیں۔

ز) لسٹنگ کے قواعد میں بیان کردہ کارپوریٹ انتظامیہ کے بہترین طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔

ح) ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری کے رفقائے حیات اور چھوٹے بچوں کا کمپنی کے شیئرز کی تجارت میں کوئی حصہ نہیں ہے، ماسوائے ان کے جنہیں شیئر ہولڈنگ کے طریقے میں بیان کیا گیا ہے اور

ط) ٹی آر جی پاکستان لمیٹڈ کیلئے انفرادی بنیاد پر تسلیم کردہ پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2018 کو 0.792 ملین روپے (غیر آڈٹ شدہ) تھی اور جبکہ 30 جون 2017 کو یہ رقم 0.698 ملین روپے (غیر آڈٹ شدہ) تھی۔

موجودہ مالیاتی سال کے دوران آئی بیکس گلوبل کاروبار نے خاص کر ٹیکنالوجی سیکٹر میں اپنے نئے لوگو کی کامیابیوں کے بل بوتے پر نیرشور جمائکہ میں اپنی موجودگی میں خاطرخواہ اضافہ کیا، اور اپنے آن شور آمدن اور مواصلاتی کلائنٹس پر انحصار سے دوری کا سفر جاری رکھا اسی وجہ سے آئی بیکس کی آمدن میں ترقی مارکیٹ سے زیادہ رہی۔ لیکن امریکی جاب مارکیٹ میں تقابل اور نیرشور سہولیات میں بنیادی سرمایہ کاری کے باعث آمدنی کے مارجن پر دباؤ رہا۔ آئی بیکس کی نیرشور سہولیات میں پندرہ سوسیٹ کی جگہ بن گئی ہے جو کہ جیسے جیسے ہمارے سیلز ٹیم آئی بیکس کو ایک مربوط کسٹمر لائف سائیکل دینے والا ادارے کی حیثیت سے مضبوط کرے گی۔ ویسے ویسے ہمارے 2019 کے مارجن میں اضافہ ہوگا۔ مالی سال 2018 میں آئی بیکس گلوبل کی آمدن 30.8 ارب روپے رہی جو کہ مالی سال 2017 کی آمدن 26.5 ارب روپے سے زیادہ رہے۔ اس دوران مالی سال 2018 میں آئی بیکس کا ای بی آئی ٹی ڈی اے (ایک بار ہونے والی لاگت کے علاوہ) 665 ملین روپے تھا جو کہ 2017 کے 950 ملین روپے سے مندرجہ بالا وجوہات کی بنا پر کم رہا۔

مالی سال 2018 کے دوران، ہماری ای-ٹیلی کیوٹ کمپنی (جو انشورنس مارکیٹنگ کمپنی ہے جو انشورنس کیریئرز کو صارفین کے حصول کی خدمات فراہم کرتی ہے اور اپنی خاص توجہ بزرگوں کی طبی انشورنس پر مرکوز کئے ہوئے ہے) نے متواتر ترقی جاری رکھی اور مالی سال 2017 میں 2.34 ارب روپے سے آمدن مالی سال 2018 میں 3.8 ارب روپے تک بڑھ گئی۔ یہ اضافہ سال 2018 میں نئی سہولات کی فراہمی کے سبب حقیقی ہوا، ان کا فائدہ مالیاتی سال 2019 میں بھی متوقع ہے۔ ای-ٹیلیکوٹ کا ای بی آئی ٹی ڈی اے مالیاتی سال 2017 میں 712 ملین روپے سے بڑھ کر مالیاتی سال 2018 میں 1,003 ملین روپے ہوگیا ہے۔ یہ بھی بتانا ضروری ہے کہ ای-ٹیلیکوٹ پالیسی حاصل کرنے اور اس کی سالانہ تجدید پر اپنے انشورنس کیریئر صارفین سے کمیشن آمدنی حاصل کرتی ہے۔ اور ہم اگلے سالوں کی متوقع آمدنی کو پالیسی بیچنے کے وقت ہی آمدن میں شامل کر لیتے ہیں اور اس محصولات کے سلسلے میں نقدی کئی سالوں پر مشتمل ہوتی ہے۔

ہماری ذیلی کمپنیوں میں بالا بیان کردہ سرمایہ کاری کے تحت، ہم اپنی سرگرمیاں تین حصے جو کہ ایفنٹی، صارفین کا انتظام (بذریعہ آئی بیکس گلوب اور آئی سکائی) اور صارفین کا حصول (بذریعہ ڈیجیٹل گلوب سولوشنز اور ای-ٹیلی کیوٹ) ہیں کے تحت زیرِ غور لاتے ہیں۔ صارفین کا انتظام اور صارفین کا حصول ہماری ذیلی کمپنی آئی بیکس ہولڈنگز کے زمرے میں آتا ہے۔

مالی کارکردگی:

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

ٹی آر جی پاکستان لمیٹڈ کے علیحدہ مالیاتی گوشوارے:

ٹی آر جی پاکستان لمیٹڈ بنیادی طور پر ایک ہولڈنگ کمپنی کے طور پر کام کرتی ہے، اور اس کے بنیادی مادی اثاثوں کی سرمایہ کاری دی ریسورس گروپ انٹرنیشنل لمیٹڈ (ٹی آر جی آئی ایل) میں ہے۔ جون 30، 2018 میں ٹی آر جی آئی ایل میں ٹی آر جی پاکستان کے حصص کی قیمت 16.1 ارب روپے ہے جبکہ 30 جون 2017 میں اس کی قیمت 13.5 ارب روپے تھی۔ اسی وجہ سے سال رواں کے دوران 2.6 ارب روپے کا اضافہ رہا۔ جو کہ اصل سرمایہ کاری کا دوگنا ہے۔ متعلقہ معیاری اکاؤنٹنگ کے تحت، اس منافع کو براہِ راست مالی گوشوارے میں مساوی طور پر ظاہر کیا گیا ہے۔

بحیثیت ایک علیحدہ کمپنی کی بنیاد پر مجموعی طور پر آمدنی کی مد کے گوشوارے میں 228.5 ملین روپے کا اضافہ ہوا جبکہ تمام ساتھی کمپنیوں کے اخراجات کی مد میں 223.0 ملین روپے کی کٹوتی ہوئی۔ اس کے علاوہ سال رواں کے دوران ٹیکس کے اخراجات 0.626 ملین رہے۔ نتیجتاً، ٹی آر جی پاکستان لمیٹڈ نے کل 217.5 ملین روپے کا خالص نقصان مورخہ 30 جون، 2018 تک حاصل کیا۔

ڈائریکٹرز کی رپورٹ

سال اختتام پذیر 30 جون، 2018

آپ کے ڈائریکٹرز، ٹی۔آر۔جی۔ پاکستان لمیٹڈ کے علیحدہ اور مجموعی معاشی بیانیے برائے سال اختتام پذیر مورخہ 30 جون، 2018 انتہائی مسرت کے ساتھ پیش کررہے ہیں۔

اہم ترقیات:

مالیاتی سال 2018 کے دوران ہمارے ذیلی اداروں نے نمایاں کارکردگی کا مظاہرہ کرتے ہوئے پچھلے سال کے مقابلہ میں 36 فیصد محصولات میں اضافہ کیا ہے۔اس اضافہ میں بڑا حصہ بنیادی طور پر ہمارے ذیلی ادارے ایفنٹی کا ہے، جبکہ ہمارے ادارے آئی بیکس گلوبل اور ای-ٹیلیکوٹ نے بھی محصولات میں قابل ذکر اضافہ کیا ہے۔ایفنٹی کے محصولات میں مسلسل اضافہ اس کے آپریٹنگ لیوریج مارکیٹ کی رسائی اور اعلی مسابقتی درجہ نے اس کے کاروبار کی قدر میں خاطرخواہ اضافہ کیا ہے۔

ہمارے ذیلی ادارے ایفنٹی (جوکہ مصنوعی ذہانت کے ذریعے افراد کے مزاج کے حساب سے لوگوں کو ملاتے ہوئے کامیاب میل جول اور منافع میں اضافہ حاصل کرتی ہے) نے اپنی مسلسل آمدن میں ترقی کے عمل کو جاری رکھا اور مالیاتی سال 2018 میں 7.54 ارب روپے کی آمدنی حاصل کی جوکہ مالیاتی سال 2017 کی 3.19 ارب روپے کی آمدنی سے زیادہ ہے اور اس طرح 136 فیصد زیادہ آمدن حاصل کی۔ یہ اضافہ مختلف تعیناتیوں (خاص طور پر امریکی مواصلات اور ہیلتھ انشورنس کی صنعت میں) کے ذریعے حاصل ہوا جس کے بعث سال 2018 میں نئی تعیناتیوں کی مد میں جزوی سال اور پرانی تعیناتیوں کی مد میں پورے سال کی آمدن حاصل ہوئی۔مارچ 2018 میں ایفنٹی نے معروف متحد مواصلات اور رابطہ سینٹر سوئچنگ فراہم کرنے والی فرم سے ایک تاریخی شراکت داری کا معاہدہ کیا، جس کے تحت شراکت دار ایفنٹی کے ڈیٹا سلوشن کو اپنی پراڈکٹ کے پلیٹ فارم سے جوڑ دے گا۔ یہ شراکت داری ایفنٹی کی بڑے کلائنٹ کی تعیناتیوں میں مدد کرے گی، خاص طور پر ان کلائنٹ میں جو شراکت دار کا سوئچنگ پلیٹ فارم استعمال کرتے ہیں۔

ہم نے ایفنٹی کے کاروبار میں سرمایہ کاری جاری رکھی ہے، اور اس کے عالمی اثرات کو فروغ دینے، اسکی ٹیکنالوجی کی ترسیل کی اہلیت اور اسکے کلائنٹ کا سامنا کرنے کی صلاحیت میں بھاری سرمایہ کاری کی ہے جسکی وجہ سے اسکی بنیادی لاگت میں مالیاتی سال 2017 میں 5.8 ارب روپے سے بڑھ کر مالیاتی سال 2018 میں 9.6 ارب روپے رہی۔ لاگت میں اضافے کے باوجود، ایفنٹی کا ای بی آئی ٹی ڈی اے نقصانات مالیاتی سال 2017 میں 2.7 ارب روپے کے مقابلے کم ہوکر مالیاتی سال 2018 میں 2.01 ارب روپے رہا۔ ہم امید رکھتے ہیں کہ ہم اپنے اندرون آپریٹنگ لیوریج کو استعمال کرتے ہوئے، جس کے تحت آمدن میں لاگت کے مقابلے میں تیز رفتار اضافہ ہورہا ہے، جلد ہی آمدن اور لاگت کا توازن حاصل کرلیں گے۔اس ترقی کو فنڈ کرنے کیلئے ایفنٹی نے مالیاتی سال 2018 میں ایک معروف قرض فراہم کنندہ سے 60 ملین ڈالر حاصل کیے، جس میں پچھلے قرض کی ری فنانسنگ بھی شامل تھی۔

ہمارا آئی بیکس بزنس بڑے کارپوریٹ صارفین کو ان کے صارفین کے شروع سے لے کر آخر تک کے تمام امور (صارفین لائف سائیکل) کا حل پیش کرتی ہے۔ یہ ”صارفین لائف سائیکل“ صارفین کے حصول (ڈیجیٹل گلوب سروسز اور ای-ٹیلیکوٹ) صارفین کے ساتھ تعلقات اور ان کی مدد (آئی بیکس گلوبل)، صارفین کے تجربات کا انتظام اور ان پر نظر رکھنے (آئی سکائی) پر مشتمل ہے۔ہم نے اس کاروبار کے بہتر انتظام اور آئی بیکس برانڈ کے تحت ایک مربوط حل پیش کرنے کے لیے ان چاروں اداروں کو ایک ہولڈنگ کمپنی آئی بیکس ہولڈنگ کے تحت کردیا ہے۔

Statement of compliance with the corporate governance regulations 2017

For the year ended June 30, 2018

This statement is being presented to comply with the Corporate Governance Regulations, 2017 contained in Regulation No. 40 o 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 with the requirements of the Regulations in the following manner:

1. The total number of directors are 10 as per the following:

   a. Male: 10
   b. Female: -

2. The composition of board is as follows:

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

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

4. 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.

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. During the year no appointment of CFO, Company Secretary and Head of Internal Audit, were made including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

11. The board has formed committees comprising of members given below:

Audit Committee:

- Patrick McGinnis — Chairman
- Ameer S. Qureshi — Member
- Rafiq K. Dossani — Member

HR Recruitment & Remuneration Committee:

- John Leone — Chairman
- Peter H.R. Riepenhausen — Member
- Zafar Iqbal Sobani — Member

12. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. No meeting of HR Recruitment & Remuneration Committee was held during the year.

13. The Board has setup an effective internal audit function. Personnel of the internal audit department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

14. 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.

15. 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.

16. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board of Directors

Karachi
Dated: October 10, 2018

Peter H.R. Riepenhausen
Chairman

To the members of TRG Pakistan Limited
Review Report on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of TRG Pakistan Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Dated: October 10, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Pattern of Shareholding
As at June 30, 2018

No. of Shareholders	Number of Shares		
	From	To	Total Shares Held
583	1	100	12395
1440	101	500	661933
1345	501	1000	1297806
2598	1001	5000	7380527
792	5001	10000	6465032
258	10001	15000	3351993
190	15001	20000	3519217
147	20001	25000	3475318
73	25001	30000	2090928
52	30001	35000	1706943
41	35001	40000	1568273
25	40001	45000	1068659
73	45001	50000	3603448
18	50001	55000	953693
23	55001	60000	1343923
20	60001	65000	1253036
10	65001	70000	681533
18	70001	75000	1331005
16	75001	80000	1274083
7	80001	85000	583040
9	85001	90000	798086
5	90001	95000	466000
37	95001	100000	3680592
9	100001	105000	930033
8	105001	110000	866913
7	110001	115000	792260
3	115001	120000	355488
9	120001	125000	1113487
4	125001	130000	517500
3	130001	135000	393000
6	135001	140000	834595
1	140001	145000	143500
11	145001	150000	1639952
5	150001	155000	770065
2	155001	160000	315613
3	160001	165000	485928
1	165001	170000	168187
7	170001	175000	1225000
3	175001	180000	537500
2	180001	185000	368000
4	185001	190000	752200
3	190001	195000	580000
12	195001	200000	2400000
3	200001	205000	606206
2	210001	215000	428000
1	215001	220000	217500
2	220001	225000	449000
1	225001	230000	230000
2	230001	235000	462061
4	235001	240000	948440
3	240001	245000	730652
7	245001	250000	1750000
2	260001	265000	529500
1	265001	270000	270000
2	270001	275000	550000
3	275001	280000	834000
3	280001	285000	853904
1	285001	290000	290000
2	290001	295000	583000
6	295001	300000	1795000
1	300001	305000	300500
2	305001	310000	615500
3	310001	315000	943379
1	320001	325000	325000
1	325001	330000	330000
4	330001	335000	1329324
1	340001	345000	341500
3	345001	350000	1048000
2	350001	355000	705500
1	360001	365000	365000
1	365001	370000	370000
1	380001	385000	381400
3	395001	400000	1198000
1	400001	405000	405000
4	405001	410000	1638500
1	410001	415000	411500
2	420001	425000	846047
1	435001	440000	437572
1	440001	445000	442000
1	445001	450000	450000
1	450001	455000	454500
1	465001	470000	469500
2	470001	475000	948000
1	480001	485000	483500
1	485001	490000	488500
1	490001	495000	491000
5	495001	500000	2500000
1	500001	505000	500170
1	520001	525000	525000
1	535001	540000	537000
4	540001	545000	2173833
3	545001	550000	1650000
1	575001	580000	579500
4	580001	585000	2335340
1	610001	615000	615000
2	630001	635000	1264000
4	645001	650000	2595777
1	655001	660000	658500
2	670001	675000	1344508
1	680001	685000	685000
1	685001	690000	685500
1	690001	695000	695000
1	695001	700000	700000
1	705001	710000	708500
1	720001	725000	721000
1	760001	765000	765000
2	775001	780000	1557475
1	810001	815000	815000
1	815001	820000	816500
2	835001	840000	1673500
1	845001	850000	850000
1	860001	865000	863085
1	865001	870000	867548
1	870001	875000	875000
1	890001	895000	891500
1	895001	900000	895500

No. of Shareholders	Number of Shares		
	From	To	Total Shares Held
2	935001	940000	1874500
1	945001	950000	949500
1	975001	980000	977500
5	995001	1000000	5000000
2	1095001	1100000	2200000
1	1115001	1120000	1118000
1	1125001	1130000	1130000
1	1145001	1150000	1148500
1	1195001	1200000	1200000
1	1200001	1205000	1202673
1	1225001	1230000	1228000
1	1295001	1300000	1300000
1	1355001	1360000	1356500
1	1365001	1370000	1369404
1	1380001	1385000	1385000
1	1395001	1400000	1400000
1	1405001	1410000	1410000
1	1410001	1415000	1412000
1	1430001	1435000	1434000
1	1495001	1500000	1500000
1	1500001	1505000	1501486
1	1520001	1525000	1522500
1	1670001	1675000	1674491
1	1680001	1685000	1684000
1	1765001	1770000	1768099
2	1855001	1860000	3718000
1	1925001	1930000	1929500
1	1990001	1995000	1992000
2	1995001	2000000	4000000
1	2055001	2060000	2057324
1	2095001	2100000	2100000
1	2340001	2345000	2345000
1	2615001	2620000	2617016
1	2700001	2705000	2702000
1	2955001	2960000	2955500
1	3035001	3040000	3040000
1	3045001	3050000	3045500
1	3110001	3115000	3113000
1	3520001	3525000	3525000
1	3665001	3670000	3667500
1	3675001	3680000	3675500
1	3915001	3920000	3918417
1	3995001	4000000	4000000
1	4740001	4745000	4742500
1	4835001	4840000	4839587
1	5255001	5260000	5257000
1	5330001	5335000	5333000
1	5385001	5390000	5388000
1	5470001	5475000	5475000
1	5725001	5730000	5726000
1	6030001	6035000	6034820
1	6075001	6080000	6075051
1	7120001	7125000	7120745
1	7220001	7225000	7225000
1	7240001	7245000	7242000
1	7315001	7320000	7317600
1	7495001	7500000	7496405
1	8345001	8350000	8346500
1	8730001	8735000	8730832
1	10095001	10100000	10100000
1	12665001	12670000	12666194
1	19570001	19575000	19574500
1	20760001	20765000	20765000
1	32020001	32025000	32023760
1	51005001	51010000	51009067
1	79905001	79910000	79908289
8093	**Company Total**		545,390,665

Category of Shareholders

As on June 30, 2018

Categories	Share Holders	Share Holding	Percentage
DIRECTORS, CEO & CHILDREN	13	86,161,556	15.7981
ASSOCIATED COMPANIES	2	59,000	0.0108
BANKS, DFI & NBFI	12	42,150,036	7.7284
INSURANCE COMPANIES	5	1,905,612	0.3494
MODARABAS & MUTUAL FUNDS	20	25,713,017	4.7146
GENERAL PUBLIC (LOCAL)	7538	192,623,530	35.3185
GENERAL PUBLIC (FOREIGN)	336	38,036,642	6.9742
OTHERS	149	143,963,214	26.3963
FOREIGN COMPANIES	18	14,778,058	2.7096
Company Total	**8,093**	**545,390,665**	**100**

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

Detail of Directors, CEO and their spouse and minor children	Number of Shares Held
MR. MUHAMMAD ZIAULLAH CHISTI	84,650,789
MR. MUHAMMAD ALI JAMEEL	298
MR. MUHAMMADULLA KHAISHGI	612,840
MR. RAFIQ DOSSANI	3
MR. JOHN LEONE	3
MR. PETER H. R. RIEPENHAUSEN	877,617
MR. AMEER S. QURESHI	3
MR. PATRICK MCGINNIS	3
MR. ZAFAR IQBAL SOBANI	20,000
	86,161,556

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance

As at June 30, 2018

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	250,000
SOUTH ASIAN SECURITIES (PRIVATE) LIMITED	2,000
FAYSAL BANK LIMITED	100,000
PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	100,000
SONERI BANK LIMITED	500
BANK ALFALAH LIMITED	2,000,000
J S BANK LIMITED.	32,023,760
NATIONAL BANK OF PAKISTAN	276
NATIONAL BANK OF PAKISTAN	5,333,000
ASKARI BANK LIMITED	650,000
ESCORTS INVESTMENT BANK LIMITED	6,500
PAIR INVESTMENT COMPANY LIMITED	1,684,000
EXCEL INSURANCE CO.LTD.	612
CENTURY INSURANCE COMPANY LTD.	150,000
ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	1,400,000
ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF	330,000
ADAMJEE LIFE ASSURANCE CO.LTD - DGF	25,000
AR MANAGEMENT SERVICES (PRIVATE) LIMITED	30,000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	3,918,417
CDC - TRUSTEE FAYSAL STOCK FUND	40,000
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	582,500
CDC - TRUSTEE AKD INDEX TRACKER FUND	102,855
CDC - TRUSTEE AKD OPPORTUNITY FUND	7,120,745
CDC - TRUSTEE MCB DCF INCOME FUND	39,500
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND	35,500
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	936,500
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	26,500
CDC - TRUSTEE PICIC INCOME FUND - MT	3,500
CDC - TRUSTEE LAKSON INCOME FUND - MT	585,000
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	2,955,500
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1,929,500
CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	25,500
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	47,000
CDC - TRUSTEE FAYSAL MTS FUND - MT	5,388,000
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1,858,000
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	30,500
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND - MT	58,000
PREMIER CABLES (PVT) LIMITED	10,000
IGI FINEX SECURITIES LIMITED	1
BIPL SECURITIES LIMITED	658,500
WORLDCALL SERVICES (PRIVATE) LIMITED	10,000
TAURUS SECURITIES LIMITED	3,045,500
CONCORDIA SECURITIES (PVT) LIMITED	100,000

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
INTERMARKET SECURITIES LIMITED	109
HAFIZ FOUNDATION	1,000
FORTUNE SECURITIES LIMITED	20,000
TPS PAKISTAN (PRIVATE) LIMITED	10,000
PRUDENTIAL SECURITIES LIMITED	534
FIRST UDL MODARABA STAFF PROVIDENT FUND	277
APEX FINANCIAL SERVICES (PVT.) LIMITED	13,000
CAPITAL FINANCIAL SERVICES (PVT.) LIMITED	3,000
PREMIER CABLES (PVT.) LIMITED	5,000
TRUSTEES MOOSA LAWAI FOUNDATION	10,000
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	615,000
SHAKOO (PVT) LTD.	452
SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	867,548
GARIBSONS (PVT.) LTD.	40,000
MEHRAN SUGAR MILLS LTD	500,000
WESTBURY (PRIVATE) LTD	672,000
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	31,903
IMGC GLOBAL (PVT.) LIMITED	6,122
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	450
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,580
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	365,000
SARGODHA JUTE MILLS LIMITED	100,000
SURAJ COTTON MILLS LTD.	891,500
D.S.INDUSTRIES LTD	1,000
NH SECURITIES (PVT) LIMITED.	32,909
SERVICE INDUSTRIES LIMITED	1,000,000
MAPLE LEAF CAPITAL LIMITED	1
PACIFIC CAPITAL (PRIVATE) LIMITED	40,000
PROGRESSIVE INVESTMENT MANAGEMENT (PRIVATE) LIMITED	10,000
EXCEL SECURITIES (PVT.) LTD.	450
PEARL SECURITIES LIMITED	7,496,405
PEARL SECURITIES LIMITED	6,034,820
FAWAD YUSUF SECURITIES (PVT.) LIMITED	708,500
MRA SECURITIES LIMITED	300,500
AZEE SECURITIES (PRIVATE) LIMITED	7,500
DALAL SECURITIES (PVT) LTD.	75,000
MULTILINE SECURITIES (PVT) LIMITED	9,036
MULTILINE SECURITIES (PVT) LIMITED	107,000
MULTILINE SECURITIES (PVT) LIMITED	43,700
MULTILINE SECURITIES (PVT) LIMITED	230,000
SUPER PETROCHEMICALS PRIVATE LIMITED	25,000
HAMID ADAMJEE TRUST	5,000
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	9,193
FDM CAPITAL SECURITIES (PVT) LIMITED	50,000
FDM CAPITAL SECURITIES (PVT) LIMITED	50,000
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	685,000
AKHAI SECURITIES (PRIVATE) LIMITED	7,500
DJM SECURITIES (PRIVATE) LIMITED	5,257,000
SHERMAN SECURITIES (PRIVATE) LIMITED	20,000

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
AAZEB SECURITIES (PRIVATE) LIMITED	50,000
JAHANGIR SIDDIQUI & CO. LTD.	275,000
JS INFOCOM LIMITED	19,574,500
SIGN SOURCE LIMITED	630,500
MAAN SECURITIES (PRIVATE) LIMITED	100,000
FAIR EDGE SECURITIES (PRIVATE) LIMITED	2,500
FIRST NATIONAL EQUITIES LIMITED	2,500
ABBASI SECURITIES (PRIVATE) LIMITED	30,000
STANLEY HOUSE INDUSTRIES (PVT) LTD.	15,000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	8,346,500
MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	65,000
MUHAMMAD SHAFI TANNERIES (PRIVATE) LIMITED	50,000
A. H. M. SECURITIES (PRIVATE) LIMITED	633,500
AGROMET COMMODITIES (PVT.) LIMITED	60,000
ARIF HABIB LIMITED	332,500
AL-HOQANI SECURITIES & INVESTMENT CORPORATION (PVT) LTD.	12,500
ZAFA PHARMACEUTICAL LAB (PVT) LTD STAFF PROVIDENT FUND	10,000
SAAO CAPITAL (PVT) LIMITED	500,170
SAAO CAPITAL (PVT) LIMITED	160,000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	7,317,600
HAMID ADAMJEE TRUST	79,000
YOUSUF YAQOOB KOLIA AND COMPANY (PRIVATE) LIMITED	18,500
GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	3,113,000
MUHAMMAD ANAF KAPADIA SECURITIES (SMC-PRIVATE) LIMITED	4,000,000
MAYARI SECURITIES (PVT) LIMITED	106,500
BHAYANI SECURITIES (PVT) LTD.	125,000
ALTAF ADAM SECURITIES (PVT) LTD.	537,000
WASI SECURITIES (SMC-PVT) LTD.	6,001
DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	836
SULTAN TEXTILE MILLS (KARACHI) LIMITED	500
GMI CAPITAL SECURITIES (PVT) LTD.	15,000
FALCON-I (PRIVATE) LIMITED	1
Y.H. SECURITIES (PVT.) LTD.	500,000
DAWOOD EQUITIES LTD.	1,000
M. J. MEMON SECURITIES (PVT) LIMITED.	469,500
H.S.Z. SECURITIES (PRIVATE) LIMITED	1
MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	5,950
AKD SECURITIES LIMITED - AKD TRADE	500
PREMIER CABLES (PVT) LIMITED	10,000
THE SHAHID JAVED BURKI INSTITUTE OF PUBLIC POLICY AT NET SOL	20,000
DADABHOY FOUNDATION	50,000
SEVEN STAR SECURITIES (PVT.) LTD.	284,000
SEVEN STAR SECURITIES (PVT.) LTD.	25,000
PAK ASIAN FUND LIMITED	1,500
CMA SECURITIES (PVT) LIMITED	25,000
PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED	3,000
A.I. SECURITIES (PRIVATE) LIMITED	100,000
ABA ALI HABIB SECURITIES (PVT) LIMITED	1,412,000
RAH SECURITIES (PVT) LIMITED	837,000

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
BRAVISTO (PVT) LIMITED	1
TRUSTEE-PAK BRUNEI INVESTMENT CO. LTD. EMP. PROVIDENT.FUND	7,000
CEDAR CAPITAL (PRIVATE) LIMITED	5,000
TOPLINE SECURITIES LIMITED - MT	280,000
ARIF HABIB COMMODITIES (PVT) LTD	14,500
AL-HOQANI SECURITIES & INVESTMENT CORP. (PVT) LTD. - MT	2,500
PEARL SECURITIES LIMITED - MF	411,500
BMA CAPITAL MANAGEMENT LTD. - MF	25,000
IMPERIAL INVESTMENT (PVT) LTD.	3,200
JS GLOBAL CAPITAL LIMITED - MF	381,400
JAHANGIR SIDDIQUI & CO. LTD.	51,009,067
ASDA SECURITIES (PVT.) LTD.	104,000
FIKREES (PRIVATE) LIMITED	38,500
H. M. IDREES H. ADAM (PRIVATE) LIMITED	1,522,500
MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	300
M. F. STOCKS (PRIVATE) LIMITED	3,000
TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	12,000
R.A. SECURITIES (PVT.) LIMITED	500
MULTILINE SECURITIES (PVT) LIMITED - MF	291,500
ISMAIL IQBAL SECURITIES (PVT) LTD. - MF	3,500
STRONGMAN SECURITIES (PVT.) LIMITED	2,000
ASHFAQ ASHRAF SECURITIES (PVT) LTD.	500
ADAM SECURITIES LTD. - MF	20,000
R.T. SECURITIES (PVT) LIMITED	61,112
INSIGHT SECURITIES (PVT.) LTD	296,500
PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED	5,000
MARINE SERVICES (PRIVATE) LIMITED	5,000
WATEEN TELECOM LIMITED STAFF GRATUITY FUND	75,000
BEST SECURITIES (PVT) LIMITED	139,000
RELIANCE SECURITIES LIMITED	314,500
NOMAN ABID & COMPANY LIMITED	300,000
SOUTH ASIAN SECURITIES (PRIVATE) LIMITED	71,500
RELIANCE SECURITIES LIMITED - MT	3,667,500
BIPL SECURITIES LIMITED - MF	66,500
MARKET 786 (PRIVATE) LIMITED	3,525,000
SALEEM BUTT TRADERS	500
RELIANCE SECURITIES LIMITED - MF	58,500
MARKET 786 (PRIVATE) LIMITED - MF	84,000
BACKERS & PARTNERS (PRIVATE) LIMITED - MF	32,000
GROWTH SECURITIES (PRIVATE) LIMITED - MF	7,500
MRA SECURITIES LIMITED - MF	685,500
BAWA SECURITIES (PVT) LTD. - MF	164,500
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD - MF	115,000
PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED - MF	1,500
PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED - MT	8,000
EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	1,434,000
PARAMETRIC EMERGING MARKETS FUND	1,992,000
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	4,839,587
SPDR S&P EMERGING MARKETS SMALL CAP ETF	250,000

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRTF	816,500
EATON VANCE TRT CO CM TRT FD-PARMTC STR EME MKT EQT CM TRT F	148,784
CITY OF NEW YORK GROUP TRUST	815,000
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	194,000
STATE OF NEW JERSEY COMMON PENSION FUND D	579,500
E VAN TR C CIT FOR EM BEN PLN EVTC PARA SE COR EQT FD	454,500
SPDR S&P EMERGING ASIA PACIFIC ETF	348,000
EATON VANCE TRT CO COLLEE INVSTMT TR FOR EMP BEN PLANS III	98,000
EATON VANCE INTL IRLEND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F	949,500
AUSTRALIAN CATHOLIC SUPERANNUATION AND RETIREMENT FUND	146,000
PARAMETRIC TMEMC FUND LP	442,000
KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	541,235
HABIB BANK AG ZURICH, ZURICH,SWITZERLAND	237,452
HABIB BANK AG ZURICH, DEIRA DUBAI	192,000
Total:	**228,165,352**

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance

As at June 30, 2018

Shareholders Holding 5% or More Voting Interest	Number of Shares Held	Voting Interest
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	84,650,789	15.52
JAHANGIR SIDDIQUI & CO. LTD.	51,009,067	9.35
J.S. BANK LIMITED	32,023,760	5.87
	167,683,616	**30.75**

Details of movement in the shares of Director / CEO and their spouces and minor children	Designation	Opening Balance July 1, 2017	Closing Balance June 30, 2018
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI(*)	CEO and Director	84,983,789	84,650,789
MR. MUHAMMAD ALI JAMEEL	Director	298	298
MR. MUHAMMADULLA KHAISHGI	Director	612,840	612,840
MR. RAFIQ DOSSANI	Director	3	3
MR. JOHN LEONE	Director	3	3
MR. PETER H. R. RIEPENHAUSEN	Chairman and Director	877,617	877,617
MR. AMEER S. SHABU QURESHI	Director	3	3
MR. PATRICK MCGINNIS	Director	3	3
MR. ZAFAR IQBAL SOBANI	Director	20,000	20,000
		86,494,556	**86,161,556**

(*) During the year, Mr. Muhammad Ziaullah Khan Chishti purchased 3.650 million shares through MTS and release 3.317 million shares.

Details of Purchase of Shares by Directors

As at June 30, 2018

Name	Designation	Date of Purchase	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI(*)	Director	20/07/2017	450,000	Rs.36.89
MR. MUHAMMAD ALI JAMEEL	Director	20/11/2017	2,000,000	Rs.34.82
MR. MUHAMMAD ALI JAMEEL	Director	26/12/2017	1,200,000	Rs.26.1479
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI(*)	Director	31/05/2018	3,200,000	Rs.26.5514

(*) During the year, Mr. Muhammad Ziaullah Khan Chishti purchased 3.650 million shares through MTS and release 3.317 million shares.

Details of Sale of Shares by Directors

As at June 30, 2018

Name	Designation	Date of Purchase	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	20/07/2017	450,000	Rs.36.86
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	20/11/2017	2,000,000	Rs.34.82
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	26/12/2017	1,200,000	Rs.26.1479
MR. MUHAMMAD ALI JAMEEL	Director	31/05/2018	3,200,000	Rs.26.5514

Historical Financial Information

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	-----	-----	-----	-----	-----	(Rupess in '000)	-----	-----	-----	-----
Revenue	228,516	214,386	167,735	46,050	169	1,388	2,086	1,002	615	28,915
Expenses - net	445,431	207,984	58,685	39,933	(24,624)	(2,006,107)	26,799	71,740	1,617,447	737,411
Taxation	626	1,043	11,888	4,138	-	173	(173)	-	-	-
Net profit / (loss)	(217,541)	5,359	97,162	1,979	(24,455)	2,007,668	(24,889)	(70,738)	(1,616,832)	766,326
(Loss) / earnings per share	(0.399)	0.010	0.18	0.004	(0.06)	5.21	(0.06)	(0.18)	(4.20)	1.99
Non - current assets	16,138,572	15,007,481	13,849,915	12,842,934	12,258,314	3,304,027	1,105,316	1,006,387	1,056,665	2,534,500
Current assets	1,634,597	226,711	691,423	49,363	3,872	3,361	9,113	13,527	16,063	15,113
Share capital and reserves	14,858,733	12,779,626	12,353,686	10,814,799	10,120,200	3,145,514	1,018,256	950,653	1,015,698	2,509,058
Non - current liabilities	2,830,461	2,228,329	2,106,344	1,983,595	1,957,432	-	173	-	206	566
Current liabilities	83,975	226,237	81,308	93,903	184,554	161,874	96,000	69,261	56,824	39,989
Dividend	-	-	-	-	-	-	-	-	-	0.01
Market share price	28.64	40.09	33.55	30.55	14.03	10.19	3.42	2.56	4.11	1.35
Number of employees	1	1	1	3	3	3	4	4	4	4
Number of consolidating subsidiaries	70	68	45	39	35	28	26	32	29	22

TRG PAKISTAN
LIMITED

Unconsolidated Financial Statements
for the year ended June 30, 2018

INDEPENDENT AUDITORS' REPORT

To the members of TRG Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **TRG Pakistan Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S No.	Key audit matter	How the matter was addressed in our audit
1.	**Valuation of investment in unquoted subsidiary** Refer to notes 3.2 and 5 to the financial statements. The Company measures its investment in unquoted subsidiary at fair value at each reporting date. The Company has applied valuation techniques to determine fair value which involves the exercise of judgment and the use of significant assumptions and estimates. We identified valuation of investment in unquoted subsidiary as key audit matter due to its significance to the Company's financial position and the inherent uncertainty involved in estimating its fair value.	Our audit procedures to assess fair value of investment in unquoted subsidiary, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls established by the Company for valuation of long term investment in unquoted subsidiary; • assessing the reasonableness of cash flows projections, testing the mathematical accuracy and challenging management's assumptions by comparing them to historical results and checking current year's results with prior year forecast and other relevant information; • involving our own valuation specialist to assist us in evaluating the valuation techniques, assumptions and methodologies used by management, in particular, relating to the cash flows projections, growth rates, terminal values and discount rates including marketability discount and sensitivity analysis of key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditors' report is **Moneeza Usman Butt.**

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: October 10, 2018

Karachi

Statement of Financial Position
As at June 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Operating fixed assets	4	**26**	126
Long term investment	5	**16,138,471**	13,462,261
Long term loan to related party	6	**-**	1,523,226
Accrued mark-up		**-**	21,793
Long term deposits		**75**	75
		16,138,572	15,007,481
Current assets			
Current maturity of accrued mark-up		**110,572**	224,996
Current maturity of long term loan	6	**1,523,226**	-
Cash and bank balances	7	**799**	1,715
		1,634,597	226,711
Total assets		**17,773,169**	15,234,192
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	8	**7,330,000**	7,330,000
Issued, subscribed and paid-up capital	8	**5,453,907**	5,453,907
Foreign currency translation reserve		**5,065,891**	3,129,752
Fair value reserve - net of deferred tax		**4,866,594**	4,506,085
Accumulated losses		**(527,659)**	(310,118)
		14,858,733	12,779,626
Non-current liability			
Deferred tax liability	14.3	**2,830,461**	2,228,329
Current liabilities			
Accrued and other liabilities	9	**68,414**	71,016
Payable to related parties	10	**1,274**	140,486
Taxation - net		**14,287**	14,735
		83,975	226,237
Total equity and liabilities		**17,773,169**	15,234,192
Contingencies and commitments	11		

The annexed notes 1 to 23 form an integral part of these financial statements.

Director **Chief Financial Officer** **Director**

Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Revenue	12	**228,516**	214,386
Administrative and other expenses	13	**(223,002)**	(207,486)
Exchange loss - net		**(222,429)**	(498)
(Loss) / profit before taxation		**(216,915)**	6,402
Taxation	14	**(626)**	(1,043)
(Loss) / profit for the year		**(217,541)**	5,359
Other comprehensive income			
Items that may be reclassified to profit or loss subsequently			
Available for sale investment - change in fair value net of deferred tax		**360,509**	418,312
Foreign currency translation difference - net of tax		**1,936,139**	2,269
		2,296,648	420,581
Total comprehensive income for the year		**2,079,107**	425,940
		(Rupee)	
(Loss) / earnings per share - basic and diluted	15	**(0.399)**	0.010

The annexed notes 1 to 23 form an integral part of these financial statements.

Director **Chief Financial Officer** **Director**

Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Fair value reserve - net of deferred tax	Accumulated losses	Total
	(Rupees in '000)				
Balance as at July 1, 2016	5,453,907	3,127,483	4,087,773	(315,477)	12,353,686
Total comprehensive income					
Profit for the year	-	-	-	5,359	5,359
Available for sale investment - change in fair value net of tax	-	-	418,312	-	418,312
Foreign currency translation difference - net of related tax	-	2,269	-	-	2,269
	-	2,269	418,312	5,359	425,940
Balance as at June 30, 2017	**5,453,907**	**3,129,752**	**4,506,085**	**(310,118)**	**12,779,626**
Total comprehensive income					
Loss for the year	**-**	**-**	**-**	**(217,541)**	**(217,541)**
Available for sale investment - change in fair value net of tax	**-**	**-**	**360,509**	**-**	**360,509**
Foreign currency translation difference - net of related tax	**-**	**1,936,139**	**-**	**-**	**1,936,139**
	-	**1,936,139**	**360,509**	**(217,541)**	**2,079,107**
Balance as at June 30, 2018	**5,453,907**	**5,065,891**	**4,866,594**	**(527,659)**	**14,858,733**

The annexed notes 1 to 23 form an integral part of these financial statements.

Director	Chief Financial Officer	Director

Statement of Cash Flow

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	16	**(364,717)**	(46,577)
Long term loan to related party		**-**	(45,932)
Mark-up income received - net		**364,733**	90,663
Taxes paid		**(1,090)**	(17)
Net cash used in operating activities		**(1,074)**	(1,863)
Effects of exchange rate difference		**158**	(180)
Net decrease in cash and cash equivalents		**(916)**	(2,043)
Cash and cash equivalents at beginning of the year		**1,715**	3,758
Cash and cash equivalents at end of the year	7	**799**	1,715

The annexed notes 1 to 23 form an integral part of these financial statements.

Director **Chief Financial Officer** **Director**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 18th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Karachi, Pakistan. On May 14, 2003 the Company obtained a license from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 18, 2012 the Company exited from NBFC regime and continues to operate as a listed company.

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

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

1.4 For detailed discussion about the Company's performance please refer to key developments in the Directors' report accompanied in the annual report of the Company for the year ended 30 June 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act 2017. Where the provisions of and directives issued under the Companies Act 2017 differ from the IFRS, and the provisions of and directives issued under the Companies Act 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Actual result may differ from these estimates.

In the process of applying the Company's accounting policies, management has made certain estimates and judgments which are significant to the financial statements relating to fair value determination of long term investment (note 3.2), current and deferred tax (note 3.5.1 & 3.5.2).

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

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

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

The Companies Act, 2017 ('the Act') has also brought certain changes with regards to preparation and presentation of annual financial statements of the Company. These changes include change in nomenclature of primary financial statements and revision in disclosure requirements in the fourth schedule to the Act resulting in the elimination of duplicative disclosures to align with the IFRSs and incorporation of significant additional disclosures, which have been included in these financial statements.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective:

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2018, that may have an impact on the financial statements of the Company.

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is assessing the impact of the standard on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The application of amendments is not likely to have an impact on Company's financial statements.

  Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating fixed assets

3.1.1 Owned

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

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

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

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

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

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

3.1.2 Impairment

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

3.2 Long term investment

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

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

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

3.3 Fair value measurement

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

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

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

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

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

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at measurement date.

Level 2 : Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the assets or liability that are not based on observable market data (observable inputs).

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

3.4 Revenue and other income

- Profit / interest on bank deposits, loan and advances is recorded on accrual basis.

- Management fee is recognized as the services are rendered and it is probable that the economic benefits associated with the transactions will flow to the entity.

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

- Miscellaneous income, if any, is recognized on receipt basis.

3.5 Taxation

3.5.1 Current taxation

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

3.5.2 Deferred taxation

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

3.6 Provisions

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

3.7 Foreign currency

3.7.1 Foreign currency transactions

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

3.7.2 Foreign currency translations

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

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

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

(iii) all resulting exchange differences are recognized as a separate component of equity being revenue reserve in nature.

3.8 Cash and cash equivalents

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

3.9 Financial instruments

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

3.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle these on net basis or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

3.11 Staff retirement benefits

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

3.12 Dividend

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

3.13 Earnings per share

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

4. OPERATING FIXED ASSETS

	Owned		Total
	Computers and office equipment	Motor vehicles	
	(Rupees in '000)		
As at June 30, 2016			
Cost	1,159	110	1,269
Accumulated depreciation	(859)	(110)	(969)
Net book value	300	-	300
Year ended June 30, 2017			
Opening net book value	300	-	300
Depreciation charge for the year	(174)	-	(174)
Net book value	126	-	126
As at June 30, 2017			
Cost	1,159	110	1,269
Accumulated depreciation	(1,033)	(110)	(1,143)
Net book value	126	-	126
Year ended June 30, 2018			
Opening net book value	**126**	**-**	**126**
Depreciation charge for the year	**(100)**	**-**	**(100)**
Net book value	**26**	**-**	**26**
As at June 30, 2018			
Cost	**1,159**	**55**	**1,214**
Accumulated depreciation	**(1,133)**	**(55)**	**(1,188)**
Net book value	**26**	**-**	**26**
Annual rate of depreciation	33.33%	20%	

5. LONG TERM INVESTMENT - available for sale

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
In unquoted subsidiary -			
The Resource Group International Limited (TRGIL) 60,450,000 (2017: 60,450,000) Series B Preferred Shares	5.1	**16,138,471**	13,462,261

5.1 This represents investment in an operational subsidiary incorporated in Bermuda. Par value of each share is US$0.01 and the additional paid up capital per share amounts to US$ 0.99. The percentage of the Company's holding in TRGIL's ordinary shares is 57.32% (2017: 57.32%) whereas the percentage of voting interest of the Company is 58.65% (2017: 58.65%). The investment in subsidiary has been made in accordance with the requirements of the Companies Act, 2017.

5.2 Reconciliation of carrying amount of investment

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Opening balance	**13,462,261**	12,919,989
Changes in fair value	**465,173**	539,756
Foreign currency translation difference	**2,211,037**	2,516
Closing balance	**16,138,471**	13,462,261

6. LONG TERM LOAN TO RELATED PARTY - considered good

Loan amount	**1,523,226**	1,523,226
Less: current maturity	**(1,523,226)**	-
	-	1,523,226

This represents loans to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loans have a maturity period of two years from the date of the last draw down. The loans carry minimum markup of 15% per annum. Loans are secured by letter of guarantee from The Resource Group International Limited, subsidiary of the Company. During the year the maximum balance due in respect of these loans was Rs. 1,523 million (2017: Rs. 1,523 million). The loan to TRG (Private) Limited has been made in accordance with the requirements of the Companies Act, 2017.

6.1 Accrued mark-up

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Accrued mark-up	**110,572**	246,789
Less: current maturity	**(110,572)**	(224,996)
	-	21,793

This represents the markup on loan to TRG (Private) Limited as referred in note 6.

7. CASH AND BANK BALANCES

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Balance with bank in		
- current account	**625**	625
- saving account	**170**	1,087
	795	1,712
Cash in hand	**4**	3
	799	1,715

7.1 The balance in saving account carries markup ranging from 5% to 6% per annum (2017: 5% to 6% per annum) under conventional banking.

8. SHARE CAPITAL

	2018		2017	
	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	**535,765,687**	**5,357,657**	535,765,687	5,357,657
- allotted for consideration other than cash (note 8.1)	**9,624,978**	**96,250**	9,624,978	96,250
	545,390,665	**5,453,907**	545,390,665	5,453,907

8.1 These shares were issued in exchange of 1,636,000 shares of The Resource Group International Limited of US$1 each in 2003.

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

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL (namely Series B Preferred Shares and Class A Common Shares), but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Company remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2018, requiring such an accrual or payment.

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

As of June 30, 2018, PineBridge Investors has invested the full US$ 30 million committed to TRGIL.

9. ACCRUED AND OTHER LIABILITIES

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Accrued expenses	**4,392**	8,461
Unclaimed dividend	**592**	592
Payable to retirement benefit fund	**16**	16
Other liabilities	**63,414**	61,947
	68,414	71,016

10. PAYABLE TO RELATED PARTIES - current account - *unsecured*

Name of related party	Nature of relationship		
The Resource Group International Limited	Subsidiary	**1,274**	140,486
		1,274	140,486

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 As at June 30, 2018, returns of income tax up to tax year 2017 have been filed by the Company. However, deemed assessments for the tax years 2003 and 2004 had been amended by the Taxation Officer (TO) whereby the exemption claimed under clause (101) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) were rejected in both these years and tax demands of Rs. 0.09 million and Rs. 0.60 million had been created respectively. The first appeal filed by the Company before Commissioner Inland Revenue (Appeals) against the amended orders had been rejected. The Company preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who decided the appeal in the favor 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.

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

11.2 Commitments

There were no commitments outstanding as at June 30, 2018 and 2017.

12. REVENUE

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
- Return on bank balances	*12.1*	**32**	177
- Interest income on long term loan	*6*	**228,484**	214,209
		228,516	214,386

12.1 Interest income is earned from bank deposits.

13. ADMINISTRATIVE AND OTHER EXPENSES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Auditors' remuneration	13.1	**5,299**	5,298
Other expenses	13.2	**217,703**	202,188
		223,002	207,486

13.1 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
Sales tax	**380**	380
Other certifications	**205**	205
Out of pocket expenses	**174**	173
	5,299	5,298

13.2 This includes salaries and other employee costs of Rs.2.003 million (2017: Rs. 2.315 million) including the Company's contribution to employees' retirement benefit fund amounting to Rs. 0.094 million (2017: Rs. 0.096 million). This also includes depreciation amounting to Rs. 0.1 million (2017: Rs. 0.174 million).

Last year, the Company entered into a Managerial Services Agreement with TRGIL. Under this agreement TRGIL charged Rs. 202 million (2017: Rs. 182 million) an asset under management fee capped at the rate of 1% of the assets under management, so as to reimburse TRGIL for cost incurred in managing the asset portfolio.

14. TAXATION

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
For the year:		
- current	**642**	1,070
- deferred	**(16)**	(27)
	626	1,043

14.1 Relationship between income tax expense and accounting profit

(Loss) / profit before taxation	**(216,915)**	6,402
Taxation	**(626)**	(1,043)
(Loss) / profit after taxation	**(217,541)**	5,359
	%	
Applicable tax rate	30	31
	(Rupees in '000)	
Income tax expense using applicable tax rate	**(65,075)**	1,985
Non-deductible expenses	**66,729**	182
Tax effect of previously unrecognized tax losses	**(1,024)**	(2,193)
Effect of tax on reduced rate	**(4)**	1,069
	626	1,043

14.2 The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these financial statements is sufficient. Income tax assessed for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 amounts to Rs. (688,756), Rs. (355,888) and Rs. 1,088,340 respectively. For income tax provision refer to financial statements of respective years.

14.3 Deferred tax - net

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

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Taxable temporary differences			
- Investment in associates classified as available for sale	*14.4*	**2,830,477**	2,228,356
Deductible temporary differences			
- Accelerated tax depreciation		**(16)**	(27)
		2,830,461	2,228,329

14.4 Deferred tax charge has been made in other comprehensive income amounting to Rs. 104.66 million (2017: Rs. 121.44 million) and Rs. 497.48 million (2017: Rs. 0.6 million) against change in fair value of available for sale investment and foreign currency translation difference, related to that valuation, respectively.

15. (LOSS) / EARNINGS PER SHARE

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
(Loss) / profit for the year	**(217,541)**	5,359
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	**545,390,665**	545,390,665
	(Rupee)	
(Loss) / earnings per share	**(0.399)**	0.010

15.1 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.

16. CASH USED IN OPERATIONS

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
(Loss) / profit for the year before taxation		**(216,915)**	6,402
Adjustments for :			
Depreciation		**100**	174
Interest on loan and return on bank balances		**(228,516)**	(214,386)
Exchange loss - net		**222,429**	498
Working capital changes	*16.1*	**(141,815)**	160,735
		(147,802)	(52,979)
		(364,717)	(46,577)

16.1 Working capital changes

	June 30, 2018	June 30, 2017
Decrease in current assets	**-**	16,856
(Decrease) / increase in current liabilities:		
Accrued and other liabilities	**(2,602)**	4,116
Payable to related parties - current account	**(139,213)**	139,763
	(141,815)	143,879
	(141,815)	160,735

17. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Managerial remuneration	**1,909**	2,219
Provident fund	**94**	96
Total	**2,003**	2,315
	(Number)	
Number of person	**1**	1

17.1 No remuneration was paid to the Chief Executive and directors (number of directors: 10 including Chief Executive) of the Company during the current and last year.

18. 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

18.1 Credit risk

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

Exposure to credit risk

Credit risk of the Company arises principally from long term deposit, long term loans to related party and markup accrued thereon and balances with banks.

Bank balances amounting to Rs. 0.79 million (2017: Rs. 1.71 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, 2018, along with comparative is tabulated below:

Financial assets	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Long term deposits	75	75
Accrued mark up - current portion	110,572	224,996
Accrued mark up - non-current portion	-	21,793
Long term loan to related party	1,523,226	1,523,226
Balances with banks	795	1,712
	1,634,668	1,771,802

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

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

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

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

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Domestic	1,634,668	1,771,802

18.2 Liquidity risk

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

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

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

	2018		
	Carrying amount	Contractual cash flows	Maturity up to one year
	(Rupees in '000)		
Financial liabilities			
Accrued and other liabilities	67,806	67,806	67,806
Payable to related parties - current account	1,274	1,274	1,274
	69,080	69,080	69,080

	2017		
	Carrying amount	Contractual cash flows	Maturity up to one year
Financial liabilities	(Rupees in '000)		
Accrued and other liabilities	68,230	68,230	68,230
Payable to related parties - current account	142,664	142,664	142,664
	210,894	210,894	210,894

18.3 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.

18.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. At reporting date, strengthening of USD to PKR would not have material effect.

Exposure to currency risk

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

18.3.2 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.

18.3.3 Fair values of financial assets and liabilities

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

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

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

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

	2018			
	Carrying amount			Fair value
	Other financial assets	Loan and receivables	Other financial liabilities	Level 3
	(Rupees in '000)			
Financial assets measured at fair value				
Long term investment	**16,138,471**	**-**	**-**	**16,138,471**
Financial assets not measured at fair value				
Current maturity of long term loan to related party	**-**	**1,523,226**	**-**	**-**
Long term deposits	**-**	**75**	**-**	**-**
Current maturity of accrued mark-up	**-**	**110,572**	**-**	**-**
Cash and bank balances	**-**	**799**	**-**	**-**
Financial liabilities not measured at fair value				
Accrued and other liabilities	**-**	**-**	**67,806**	**-**
Payable to related parties	**-**	**-**	**1,274**	**-**

	2017			
	Carrying amount			Fair value
	Other financial assets	Loan and receivables	Other financial liabilities	Level 3
	(Rupees in '000)			
Financial assets measured at fair value				
Long term investment	13,462,261	-	-	13,462,261
Financial assets not measured at fair value				
Long term loan to related party	-	1,523,226	-	-
Long term deposits	-	75	-	-
Accrued markup	-	224,996	-	-
Receivable from related parties	-	21,793	-	-
Cash and bank balances	-	1,715	-	-
Financial liabilities not measured at fair value				
Accrued and other liabilities	-	-	68,230	-
Payable to related parties - current account	-	-	142,664	-

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

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

Management has used discounted cash flow approach while valuing underlying investee (included in these financial statements under Long Term Investment) which holds unquoted equity portfolio. The discounted cash flow approach includes significant unobservable inputs such as forecast of annual revenue growth averaging 14.60% (2017: averaging 29%), forecast of EBITDA margin of underlying unquoted equity portfolios 15.56% (2017: averaging from -4% to 45%), discount rates 11.26% (2017: averaging 11.14%), terminal value growth rate 4% (2017: averaging 2.5%) etc. which are sensitive to fair value measurement of underlying investee company. If the valuation assumptions (significant unobservable inputs) would be changed, the fair value of investment and other comprehensive income would decrease or increase respectively. The movement in Level 3 financial instruments is disclosed in Long Term Investment note; hence not separately disclosed.

19. 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.

20. RELATED PARTY DISCLOSURES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, staff retirement benefit fund and key management personnel of the Company. Transactions with related parties are carried out on agreed basis and are settled in ordinary course of business. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

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

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

	June 30, 2018	June 30, 2017
Transaction with subsidiaries	**(Rupees in '000)**	
Loan disbursed to TRG (Private) Limited	**-**	125,350
Interest income on long term loan	**228,484**	214,209

20.1 The investments out of provident fund of the Company have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

21. NUMBER OF EMPLOYEES

As at June 30, 2018, the Company had one employee (2017: one employee). Average number of employee was one (2017: one employee) during the year ended June 30, 2018.

22. GENERAL

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

22.1 Corresponding figures

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

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 10, 2018 by the board of directors of the Company.

Director	Chief Financial Officer	Director

TRG PAKISTAN LIMITED

Consolidated Financial Statements

for the year ended June 30, 2018

INDEPENDENT AUDITORS' REPORT

To the members of TRG Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of **TRG Pakistan Limited and its subsidiaries** (the Group), which comprise the consolidated statement of financial position as at **30 June 2018,** and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition** Refer notes 3.11 and 29.3 to the consolidated financial statements. The Group has multiple revenue streams from customer management, customer acquisition and AI platform for behavioral pairing business segments. The arrangements are complex and involve a number of key judgements and estimates, including those applied on revenue arrangements with multiple elements. We identified revenue recognition as key audit matter due to significant judgments made by management in determining the appropriate basis of revenue recognition.	Our audit procedures in relation to recognition of revenue, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls for recording and calculation of revenue including associated deferred revenue to ensure that revenue is recognized in the appropriate accounting period; • assessing and challenging the judgments and estimates made by management in applying the Group's revenue recognition policy including the identification of separable element of contracts and basis for recognizing related revenue; • inspecting, on a sample basis, significant contracts to obtain an understanding of contracts terms and comparing with revenue recorded by management to determine whether the Group's revenue recognition policies had been properly applied;

S. No.	Key audit matters	How the matters were addressed in our audit
		• reperforming, on a sample basis, of the deferred revenue calculation and agreeing the basis with supporting documents; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including relevant contracts to ensure that revenue is recognised in appropriate period based on the terms and condition of the contract / arrangement, recognition principles and managements' estimate and judgements.
2.	**Valuation of Trade Debts** Refer notes 3.9 and 10 to the consolidated financial statements. The Group has material amounts of trade debts as of the reporting date that are past due but not impaired. We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount of trade debts involves inherent uncertainty and significant management judgment.	Our audit procedures in relation to valuation of trade debts, amongst others, included the following: • obtaining an understanding of and assessing the design and testing implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review), debt collection process and allowances for doubtful debts calculations; • testing the accuracy of trade receivable ageing report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket; • assessing the appropriateness of assumptions and estimates made by management for provision against doubtful debts by comparing, on a sample basis, historical cash collections, actual write offs and cash receipts from customers subsequent to the financial year end with the underlying documentation; and • assessing the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.
3.	**Employee stock option plans** Refer notes 3.16 and 23 to the consolidated financial statements. The Group operates various stock option plans for its employees which vests to respective employees on achievement of certain vesting conditions. Significant judgment and estimation are involved in determining the valuation of the stock plans and related expense. We identified employee stock option plans as key audit matter as a result of the judgment involved in determining the inputs to the valuation model and estimation uncertainty involved.	Our audit procedures in relation to classification and valuation of employee stock option plans, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of management's control relating to classification and valuation of employee stock option plans; • obtaining an understanding of various stock option plans operated by the Group for its employees to assess appropriateness of its classification and also obtaining Group's expert options valuation report; • using our valuations specialists to assess the appropriateness of the key inputs and valuation method underpinning the valuation of the Group's share option plans and share-based compensation expense; • comparing, on a sample basis, the option grant date used in the calculation to the supporting documents;

S. No.	Key audit matters	How the matters were addressed in our audit
		• assessing, on a sample basis, the amount recognized during the period as expense against the vesting conditions of the options; • assessing the accuracy of the calculation of the share option expense recognized during the period; and • evaluating the adequacy of disclosures made by the Group for its appropriateness in accordance with applicable accounting and reporting standard.
4.	**Impairment assessment of goodwill** Refer notes 3.4 and 4 to the consolidated financial statements. The Group has recognized goodwill from past acquisitions. The Group is required to, at least annually, perform impairment assessments of goodwill. We identified impairment assessment of goodwill as a key audit matter because of the inherent uncertainty and significant judgment involved in determining the assumptions to be used in forecasting and discounting future cash flows to ascertain the recoverable amount of cash generating units.	Our audit procedures in relation to impairment of goodwill, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of management's control relating to monitoring and impairment assessment of goodwill; • obtaining management's future cash flow forecasts and testing the mathematical accuracy of the underlying value-in-use calculations, comparison of historical budgets against actual result to assess the quality of management's forecast and agreeing them to approved budgets and business plans; • using our own valuation specialist to assist us in evaluating the assumptions and methodologies used by the group, in particular relating to the forecast revenue growth, profit margins, discount rate as well as assessing the integrity of the models used, including the accuracy of the underlying calculation of formulas and also assessing the sensitivity of key assumptions and inputs; and • assessing the appropriateness of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.
4.	**Recognition of Deferred Tax Assets** Refer notes 3.17 and 22.3 to the consolidated financial statements. The Group has deferred tax assets in respect of deductible temporary differences and unused tax losses that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire). We identified recognition of deferred tax assets as a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures in relation to recognition of deferred tax assets, amongst others, included the following: • evaluating management's assessment of the sufficiency of future taxable profits in support of the recognition of deferred tax assets by critically assessing the accuracy of forecast future taxable profits through evaluating historical forecasting accuracy; • ensuring where applicable forecast future taxable profits consistency with business plans and forecasts used for impairment testing purposes; and • reconciling tax losses and expiry dates to tax statements

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is **Moneeza Usman Butt.**

Date: October 10, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Statement of Financial Position

As at June 30, 2018

Assets	Note	June 30, 2018	June 30, 2017	June 30, 2016
		(Rupees in '000)		
Non-current assets				
Goodwill	4	**3,723,519**	3,215,707	1,399,293
Other intangible assets	5	**1,738,554**	954,638	794,421
Property and equipment	6	**3,693,320**	3,373,563	2,810,241
Long term investment	7	**47,616**	30,783	3,387,612
Deferred tax asset	22.3	**637,055**	460,263	166,042
Long term receivables	8	**3,314,997**	1,423,483	549,317
Long term deposits, prepayments and other assets	9	**1,385,071**	1,366,005	2,613,789
Total non-current assets		**14,540,132**	10,824,442	11,720,715
Current assets				
Trade and other receivables	10	**10,019,768**	7,400,484	6,781,627
Current portion of long term receivables	8	**1,046,841**	556,670	215,015
Deferred expenses	11	**318,816**	304,718	488,214
Cash and bank balances	12	**6,189,004**	3,073,986	5,259,909
Total current assets		**17,574,429**	11,335,858	12,744,765
Total assets		**32,114,561**	22,160,300	24,465,480
Equity and liabilities				
Equity attributable to owners of the parent				
Issued, subscribed and paid-up capital	13	**5,453,907**	5,453,907	5,453,907
Foreign currency translation reserve		**(262,813)**	113,395	(216,539)
Accumulated deficit		**(10,455,070)**	(8,712,985)	(2,633,235)
		(5,263,976)	(3,145,683)	2,604,133
Non-controlling interests	14	**(2,243,280)**	(1,291,560)	313,520
Total equity		**(7,507,256)**	(4,437,243)	2,917,653
Non-current liabilities				
Deferred revenue	15	**86,012**	262,493	144,295
Borrowings	16	**17,254,315**	10,085,726	8,371,321
Deferred tax liability	22.3	**648,753**	559,787	-
Other non-current liabilities	18	**344,235**	116,808	114,794
Total non-current liabilities		**18,333,315**	11,024,814	8,630,410
Current liabilities				
Trade and other payables	19	**9,872,391**	6,868,987	5,913,696
Borrowings	16	**7,083,785**	5,042,031	3,002,611
Convertible preference shares	17	**3,645,000**	3,145,620	3,145,032
Deferred revenue	15	**687,326**	516,091	856,078
Total current liabilities		**21,288,502**	15,572,729	12,917,417
Total liabilities		**39,621,817**	26,597,543	21,547,827
Total equity and liabilities		**32,114,561**	22,160,300	24,465,480
Contingencies and commitments	20			

The annexed notes from 1 to 33 form an integral part of these consolidated financial statements.

Director | **Chief Financial Officer** | **Director**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Revenue		**49,056,553**	35,990,660
Other operating income		**217,297**	436,825
Payroll and related costs		**34,738,867**	26,285,206
Acquisition expenses		**4,150,509**	2,479,996
Depreciation, amortization and other non-cash costs		**3,879,812**	5,930,624
Other operating costs		**11,273,304**	9,700,216
Loss from operations		**(4,768,642)**	(7,968,557)
Finance expenses	21	**(1,975,882)**	(1,719,815)
Loss before taxation		**(6,744,524)**	(9,688,372)
Income tax (expense) / income	22	**(28,900)**	46,939
Net loss for the year		**(6,773,424)**	(9,641,433)
Other comprehensive (loss) / income			
Item that will not be subsequently reclassified to profit or loss			
Actuarial gain on retirement benefits		**84,193**	7,130
Item that will be subsequently reclassified to profit or loss			
Foreign currency translation adjustment		**(1,118,599)**	327,753
		(1,034,406)	334,883
Total comprehensive loss		**(7,807,830)**	(9,306,550)
Loss attributable to:			
- Shareholders of the Holding Company		**(2,936,815)**	(4,378,217)
- Non-controlling interest		**(3,836,609)**	(5,263,216)
		(6,773,424)	(9,641,433)
Other comprehensive income attributable to:			
- Shareholders of the Holding Company		**(298,010)**	336,556
- Non-controlling interest		**(736,396)**	(1,673)
		(1,034,406)	334,883
Total comprehensive loss attributable to:			
- Shareholders of the Holding Company		**(3,234,825)**	(4,041,661)
- Non-controlling interest		**(4,573,005)**	(5,264,889)
		(7,807,830)	(9,306,550)
Loss per share attributable to the ordinary equity holders of the parent		(Rupees)	
Basic loss per share	25	**(5.38)**	(8.03)
Diluted loss per share	25	**(5.38)**	(8.03)

The annexed notes from 1 to 33 form an integral part of these consolidated financial statements.

Director **Chief Financial Officer** **Director**

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Attributable to shareholders of the Parent Company				Non-controlling interests	Total
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses	Sub-total		
	(Rupees in '000)					
Balance as at July 1, 2016	5,453,907	(216,539)	(2,633,235)	2,604,133	313,520	2,917,653
Comprehensive loss for the year						
Loss for the year ended June 30, 2017	-	-	(4,378,217)	(4,378,217)	(5,263,216)	(9,641,433)
Other comprehensive income						
Foreign currency translation difference	-	329,934	-	329,934	(2,181)	327,753
Actuarial gain on retirement benefit	-	-	6,622	6,622	508	7,130
Total comprehensive loss for the year ended June 30, 2017	-	329,934	(4,371,595)	(4,041,661)	(5,264,889)	(9,306,550)
Transactions with owners						
Contributions and distributions						
Buy back of own shares by a foreign subsidiary	-	-	(7,648)	(7,648)	(2,732)	(10,380)
Transactions with non controlling interests	-	-	-	-	(451,275)	(451,275)
Issue of preference shares by an indirect subsidiary	-	-	(459,183)	(459,183)	1,493,412	1,034,229
Acquisition of an indirect subsidiary	-	-	-	-	15,766	15,766
Loss arising on purchase / sale of shares of indirect subsidiaries	-	-	(1,220,087)	(1,220,087)	-	(1,220,087)
Stock warrants	-	-	-	-	42,104	42,104
Senior preferred shares	-	-	-	-	2,097,080	2,097,080
Reversal of share of net assets of equity accounted associate	-	-	(23,837)	(23,837)	-	(23,837)
Share based payment transactions (refer note 23)	-	-	2,600	2,600	465,454	468,054
	-	-	(1,708,155)	(1,708,155)	3,659,809	1,951,654
Balance as at June 30, 2017	**5,453,907**	**113,395**	**(8,712,985)**	**(3,145,683)**	**(1,291,560)**	**(4,437,243)**
Comprehensive loss for the year						
Loss for the year ended June 30, 2018	**-**	**-**	**(2,936,815)**	**(2,936,815)**	**(3,836,609)**	**(6,773,424)**
Other comprehensive (loss) / income						
Foreign currency translation difference	**-**	**(376,208)**	**-**	**(376,208)**	**(742,391)**	**(1,118,599)**
Actuarial gain on retirement benefit	**-**	**-**	**78,198**	**78,198**	**5,995**	**84,193**
Total comprehensive loss for the year ended June 30, 2018	**-**	**(376,208)**	**(2,858,617)**	**(3,234,825)**	**(4,573,005)**	**(7,807,830)**
Transactions with owners						
Contributions and distributions						
Issuance of shares by a foreign subsidiary without losing control (refer note 32.1)	**-**	**-**	**1,134,225**	**1,134,225**	**2,343,898**	**3,478,123**
Dividend paid to minority shareholders by an indirect subsidiary	**-**	**-**	**(17,693)**	**(17,693)**	**-**	**(17,693)**
Stock warrants	**-**	**-**	**-**	**-**	**124,416**	**124,416**
Share based payment transactions (refer note 23)	**-**	**-**	**-**	**-**	**1,152,971**	**1,152,971**
	-	**-**	**1,116,532**	**1,116,532**	**3,621,285**	**4,737,817**
Balance as at June 30, 2018	**5,453,907**	**(262,813)**	**(10,455,070)**	**(5,263,976)**	**(2,243,280)**	**(7,507,256)**

The annexed notes from 1 to 33 form an integral part of these consolidated financial statements.

Director | **Chief Financial Officer** | **Director**

Consolidated Statement of Cash Flow

For the year ended June 30, 2018

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(6,744,524)**	(9,688,372)
Adjustments for:		
Depreciation, amortization and other non-cash costs	**3,270,596**	2,271,730
Foreign currency translation loss	**482,683**	262,735
Provision for bad debt expense	**115,233**	107,219
Share of profit from long term investment	**(30,827)**	(9,818)
Provision for defined benefit scheme	**37,665**	25,375
Finance expenses	**1,975,882**	1,719,815
Remeasurement loss of equity accounted associate	**-**	2,283,618
Increase in trade and other receivables	**(2,619,284)**	(618,857)
Increase in long term receivables	**(2,381,685)**	(1,215,821)
(Increase) / decrease in prepayments and other assets	**(33,164)**	1,431,280
Increase / (decrease) in trade and other payables and other liabilities	**1,892,210**	(560,083)
Cash used in operations	**(4,035,215)**	(3,991,179)
Finance expenses paid	**(803,160)**	(520,514)
Income taxes paid	**(131,599)**	(352,934)
Net cash used in operating activities	**(4,969,974)**	(4,864,627)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment - net	**(1,903,610)**	(1,728,548)
Purchase of other intangible assets - net	**(1,210,867)**	(455,187)
Buy-back of indirect subsidiary's shares	**-**	(1,671,362)
Return on long term investment	**9,018**	-
Dividend received from long term investment	**10,997**	-
Investment made during the year	**-**	(660,004)
Net cash used in investing activities	**(3,094,462)**	(4,515,101)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings - net	**9,210,343**	5,780,807
Purchase of treasury shares by a foreign subsidiary	**-**	(10,380)
Transactions with non-controlling interests	**3,478,123**	-
Proceeds from issuance of shares	**-**	1,034,229
Warrant issues	**124,416**	-
Dividend paid	**(17,693)**	-
Net cash generated from financing activities	**12,795,189**	6,804,656
Effects of exchange rate difference on cash and cash equivalents	**(1,615,735)**	389,149
Net increase in cash and cash equivalents	**3,115,018**	(2,185,923)
Cash and cash equivalents at beginning of the year	**3,073,986**	5,259,909
Cash and cash equivalents at end of the year	**6,189,004**	3,073,986

The annexed notes from 1 to 33 form an integral part of these consolidated financial statements.

Director **Chief Financial Officer** **Director**

Notes to the Consolidated Financial Statements
For the year ended June 30, 2018

1. THE GROUP AND ITS OPERATIONS

1.1 TRG Pakistan Limited ("the Parent Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Parent Company is situated at 18th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Karachi, Pakistan. On May 14, 2003 the Parent Company obtained a license from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 18, 2012 the Parent Company exited from NBFC regime and continues to operate as a listed company.

The principal activity of the Parent Company is to act as a Holding Company. The Parent Company, (through its subsidiary, The Resource Group International Limited) has investment in a porfolio of companies in the technology and IT services and Business Processing Outsourcing (BPO) sectors.

1.2 The Group consists of:

Parent Company

TRG Pakistan Limited

Subsidiary - The Resource Group International Limited (TRGIL)

The principal activity of the Company is to manage a global portfolio of investments in the technology and IT services and BPO sectors. At reporting date, Mr. Muhammad Ziaullah Khan Chishti is Group Chief Executive Officer of TRGIL.

The Parent Company's voting interest in TRGIL is 58.65% (June 30, 2017: 58.65%), whereas its holding in TRGIL's ordinary shares is 57.32% (June 30, 2017: 57.32%).

1.3 Following are the indirect subsidiaries of the Parent Company with the location (country of incorporation and principal place of business), nature of business and ownership percentage:

Description	Location	Nature of Business	Ownership % 2018	2017
Subsidiaries				
IBEX Holdings Limited	Bermuda	Holding company	**57.32%**	57.32%
Afiniti International Holdings Limited	Bermuda	Holding company	**30.56%**	30.93%
TRG Holdings, LLC.	USA	Corporate	**57.32%**	57.32%
TRG (Private) Limited	Pakistan	Call center	**57.32%**	57.32%
BPO Solutions, Inc.	USA	Call center	**57.32%**	57.32%
Alert Communications, Inc.	USA	Call center	**57.32%**	57.32%
TRG International Holdings Limited (Formerly CV Services Limited)	British Virgin Islands	Holding company	**57.32%**	57.32%
TRG Marketing Services, Inc.	USA	Call center	**57.32%**	57.32%
TRG Healthcare, Inc.	USA	Holding company	**57.32%**	57.32%
Central Voice LLC	USA	Call center	**57.32%**	57.32%
India Bidco Limited	Bermuda	Holding company	**57.32%**	57.32%
TRG SATMAP IP BVI	British Virgin Islands	Holding company	**57.32%**	57.32%
TRG Field Solutions, Inc.	USA	Door to door marketing	**57.32%**	57.32%
TRG Field Solutions (Canada), Inc.	Canada	Door to door marketing	**57.32%**	57.32%

Please refer to note 32 for other indirect subsidiaries of the Parent Company.

1.4 For detailed discussion about the Group's performance please refer key developments in the Directors' report accompanied in the annual report of the Group for the year ended June 30, 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and;

- Provisions of and directives issued under the Companies Act, 2017 .

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost convention, except as otherwise disclosed, and assuming that the Group will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

2.3 Functional and presentation currency

As also noted in note 29 (segment information) the Group generates more than 90% of its revenue in the United States of America, which is denominated in United States Dollars. However, the Group conducts transactions in multiple currencies to carry out its business in various other jurisdictions as needed. The Parent Company's functional currency is US$, however, for ease in local reporting purposes, these consolidated financial statements are presented in Pakistan Rupees (PKR), which is the presentation currency as determined by the Group.

2.4 Critical Accounting Estimates and Judgements

These consolidated financial statements are prepared in conformity with IFRS as issued by the IASB, that require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Accounting estimates require the use of significant management assumptions and judgments as to future events, and the effect of those events cannot be predicted with certainty. The accounting estimates will change as new events occur, more experience is acquired and more information is obtained. We evaluate and update our assumptions and estimates on an ongoing basis and use outside experts to assist in that evaluation when we deem necessary.

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

Accounting estimates

- Impairment of intangibles

  Goodwill: The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the recoverable amount of the cash-generating units to which goodwill has been allocated, to the value of goodwill and the associated assets in the consolidated statement of financial position. The calculation of recoverable amount requires an estimate of the future cash flows expected to arise from the cash generating unit. Judgement is applied in selection of a suitable discount rate and terminal value. The key assumptions made in relation to the impairment of goodwill are set out in note 4.

  Indefinite Lived Intangibles: The indefinite lived intangibles are tested for impairment by comparing their carrying amount to the estimates of their fair value based on estimates of discounted cash flow method. When the fair value is determined to be less than the carrying amount, the resulting impairment is recognized in the financial statements.

- Depreciation and Amortization: Estimation of useful lives of property and equipment and intangible assets: The Group estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Judgements

- Training revenue: In relation to the recognition of training revenue and associated incremental direct expenses the management concluded that 1) as training revenue does not have a standalone value to the customer it should be amortized on a straight-line basis over the life of the client contract 2) as direct expenses relate directly to each customer contract, generated or enhanced resources that will be used in satisfying performance obligations in the future and are expected to be recovered in full should be deferred and amortized on a straight-line basis over the life of the client contract.

- Renewal commission revenue: Management recognizes insurance commission on policies already sold but expected to be renewed and collected in future years. The expected renewal commission revenues are estimated, based on historical policy retention patterns that the Group has experienced for each carrier and product, discounted at an appropriate discount rate. The key assumptions made in relation to renewal revenue are set out in note 8.

- Staff retirement plans and other employee benefits: The net defined benefit pension scheme assets or liabilities are recognized in the Group's consolidated statement of financial position. The determination of the position requires assumptions to be made regarding future salary increases, mortality, discount rates and inflation. The key assumptions made in relation to the pension plans and share option plans are set out in notes 18.1 and 23, respectively.

- Provision for taxation: The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

  The key assumptions made in relation to tax provisioning are set out in note 22.

- Legal provisions: The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

- During the year, the Group's consolidated revenues increased by Rs. 13,066 million with a reduction in loss for the year by Rs. 2,868 million as compared to last year. Net losses and significant cash used in operating activities are not atypical for high growth technology and services companies. As of June 30, 2018, the Group has cash and cash equivalents of Rs. 6,189 million and the management believes that the Group has sufficient liquidity for the next twelve months with access to additional capital, if required. Further, the Group's forecasts and projections taking account of reasonably possible changes in trading performance indicate that the Group should be able to operate within the level of its current monetary facilities and plans.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policy as set out below are consistently applied for all accounting periods presented, except for change in presentation as stated in note 3.23 below.

Some of the amounts reported for the previous period have been reclassified for the purpose of aligning the presentation with that of the Group entities. Accordingly a third statement of financial position as at the beginning of the preceding comparative period have been presented.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as disclosed in note 1.2 (here in after referred as the Group).

The financial statements of the Parent Company and consolidated financial statements of TRGIL and its subsidiaries are prepared up to the same reporting date and are combined on a line-by-line basis. The consolidated financial statements of TRGIL and its subsidiaries have been prepared on going concern basis and the auditor has expressed unmodified opinion. All intercompany balances, transactions and related unrealized profits and losses are eliminated in consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a shareholding of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests are presented as a separate item in the consolidated financial statements.

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

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

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 equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

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

Investment in associates

Associates are all entities over which the Group has significant influence but no control. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investee, until the date on which significant influence ceases. Distributions received from an investee reduce the carrying amount of the investment. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize future losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

Joint Arrangements

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

The Group classifies its interests in joint arrangements as either:

(a) Joint ventures: where the Group has rights to only the net assets of the joint arrangement.

(b) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

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

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

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

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

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

3.2 Property and equipment

Owned

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

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

Rates of depreciation which are disclosed in note 6 (Property and equipment) are designed to write-off the cost over the estimated useful lives of the assets. The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each year end.

Normal repairs and maintenance costs are charged to the statement of comprehensive income 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 Group and the cost can be measured reliably.

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

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 the 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 present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future periods is shown as a liability. The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation on assets subject to finance lease is provided on the same basis as the Group's owned assets and such rates are stated in note 6.

3.3 Borrowing costs

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

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

3.5 Other intangible assets

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

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

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

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

Gains and losses on disposal of intangible assets are taken to the statement of comprehensive income.

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

3.6 Impairment of non financial assets

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

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

3.7 Financial instruments

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

3.7.1 Financial assets

The Group classifies all its financial assets as loans and receivables. The Group has not classified any of its financial assets as held to maturity, fair value or available for sale.

Loans and receivables

The Group includes in this category trade and other receivables, deposits, due from related parties and cash and cash equivalents.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3.7.2 Financial liabilities

The Group classifies all its financial liabilities as other financial liabilities.

The Group includes in this category trade and other payables, borrowings, due to related parties and preference shares.

Trade payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment. Change in assumptions could significantly affect the estimates.

Other financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument.

Interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

3.8 Long term receivables

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

3.9 Trade receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any doubtful amounts.

Allowance for trade receivables

Allowance for trade receivables is based on assessment of the collectability of client accounts by considering factors such as historical experience, credit quality, age of the accounts receivable balances, economic conditions that may affect a customer's ability to pay, and expected default frequency rates. Trade receivables are written off at the point when they are considered uncollectible.

3.10 Cash and cash equivalents

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

3.11 Revenue recognition

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

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

- Revenues from inbound and outbound telephonic and internet-based communication services that are customized to the customers' needs are recognized at the contractual rates as services are provided.

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

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

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

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

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

- Revenue from software's routing services is recognized on the basis of incremental performance delivered to clients by the software's intelligent routing services at a pre agreed rate. Revenue is also earned from rendering of services over subscription periods ranging from one to ten years. Subscription revenue is recognized ratably over the term of the contract.

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

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

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

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

3.12 Operating leases

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

3.13 Provisions

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

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

3.14 Short term employee benefits

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

3.15 Retirement benefits

Defined contribution plans

Contributions to defined contribution pension schemes are charged to the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

United States based subsidiaries

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

TRG Marketing Solutions Limited

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

TRG (Private) Limited, Virtual World (Private) Limited and IBEX Global Solutions (Private) Limited

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

Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

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

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

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

Service costs are recognized in the consolidated statement of profit or loss and other comprehensive income, and include current and past service costs as well as gains and losses on curtailments.

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

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

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

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

3.16 Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of profit or loss and other comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions, if any, are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss and other comprehensive income over the remaining vesting period.

The Group also operates a phantom share option scheme (a cash settled share-based payment). An option pricing model (Black scholes) is used to measure the Group's liability at each reporting date, taking into account the terms and conditions the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognized in the consolidated statement of profit or loss and other comprehensive income. The details of the share-based compensation plans are given in note 23 (Share option plans) to these consolidated financial statements.

3.17 Income Taxes

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 year end, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

3.18 Foreign currency

Foreign currency translation

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

(i) assets and liabilities are translated at the closing exchange rate at the year end;

(ii) income and expenses are translated at the average exchange rate; and

(iii) all resulting exchange differences are recognized as a separate component of equity being revenue reserve in nature.

On consolidation, exchange differences arising from the translation of the net investment in a foreign subsidiary are taken to other comprehensive income. When a foreign subsidiary is sold, exchange differences that were recorded in equity are recognized in profit and loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and translated at the closing exchange rate.

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

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.	Philippine Peso
IBEX Global Solutions (Philippines)	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
IBEX Global Solutions Nicaragua SA	Nicaraguan Cordoba
IBEX Global Jamaica Limited	Jamaican Dollar
DGS (Private) Limited	Pakistan Rupee
e-Telequote (Private) Limited	Pakistan Rupee
e-Telequote Hong Kong	Hong Kong Dollar

Foreign currency transactions

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

3.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle these on net basis or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Group or the counterparties.

3.20 Operating segments

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

3.21 Earnings per share

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

3.22 Dividend

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

3.23 Change in Presentation

IAS 1 – Presentation of Financial Statements and Fourth Schedule of the Companies Act, 2017, allows the presentation of expenses either by nature or by function. Till June 30, 2017 management was presenting expenses by function. However, during the year management has adopted the presentation of expense by nature, as the management believes that presenting the expenses by nature results in financial statements providing reliable and more meaningful information about the financial performance of the Group.

3.24 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant:

Disclosure initiative and amendments to IAS 7, 'Statement of Cash Flows' is effective during the year requiring entities to explain changes in their liabilities for which cash flows have been or will be classified as financing activities in the consolidated statement of cash flows. The amendment resulted in an additional disclosure which has been included in these consolidated financial statements.

The Companies Act, 2017 ('the Act') has also brought certain changes with regards to preparation and presentation of annual financial statements of the company. These changes include change in nomenclature of primary financial statements and disclosure requirements in the 4th Schedule to the Act have been revised resulting in the elimination of duplicative disclosers with the IFRSs, disclosure requirements and incorporation of significant additional disclosures which have been included in these consolidated financial statements.

3.25 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2017. However, these do not have any significant impact on the Group's financial reporting and therefore have not been detailed in these consolidated financial statements.

3.26 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018, that may have an impact on the financial statements of the Group:

- Classification and measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

- Transfers of investment property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's financial statements.

- Annual improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. Management is in the process of assessing implications of this standard on its revenue recognition policies.

- IFRS 9 'Financial Instruments' and amendment – prepayment features with negative compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

    - IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement' - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

    - IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

    - IAS 23 'Borrowing Costs' - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019, except as otherwise mentioned above, and are not likely to have a material impact on the Group's financial statements.

4. GOODWILL

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Goodwill as at beginning of the year	**3,215,707**	1,399,293
Goodwill acquired during the year	**-**	1,821,843
Goodwill impaired during the year	**-**	(5,686)
Foreign currency translation difference-net	**507,812**	257
Goodwill as at end of the year	**3,723,519**	3,215,707

A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. Goodwill arose on various historical acquisitions made by predecessor companies and at June 30, 2018 and June 30, 2017, the carrying amount of goodwill is allocated as follows:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
IBEX (Customer management segment)	**1,412,543**	1,224,020
iSky, Inc. (Customer management segment)	**206,500**	175,273
DGS (Customer acquisition segment)	**2,104,476**	1,816,414
	3,723,519	3,215,707

Testing for impairment of goodwill

Key assumptions applied in impairment testing

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period from 2018 to 2022. The first year of the projections is based on detailed budgets prepared by management as part of the Group's performance and control procedures. Subsequent years are based on extrapolations using the key assumptions listed below which are management approved projections. The discount rate applied to cash flow projections beyond five-years is extrapolated using a terminal growth rate which represents the expected long-term growth rate of the Business Process Outsourcing ("BPO") sector.

The average revenue growth rates used by the Group for iSky, Inc., DGS Limited and IBEX Global Limited are 7.1%, 8.9% and 6.7% respectively, while the discount rates used for iSky, Inc., DGS Limited and IBEX Global Limited are 12.5%, 12.5% and 11.5%, respectively.

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

Revenue growth

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

Cost of sales and gross margin

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

Discount rate

Discount rates reflect management estimates 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 using the weighted average cost of capital.

Management does not believe that a reasonably possible change in any of the key assumptions would result in impairment of goodwill.

5. OTHER INTANGIBLE ASSETS

	Patents / Trademarks	Customer lists	Software	Total
		(Rupees in '000)		
Cost				
At July 1, 2017	**134,785**	**287,506**	**2,384,569**	**2,806,860**
Additions	**896,630**	**9,113**	**207,531**	**1,113,274**
Disposal during the year	**-**	**-**	**(63,499)**	**(63,499)**
Foreign exchange movements	**21,398**	**45,643**	**327,083**	**394,124**
At June 30, 2018	**1,052,813**	**342,262**	**2,855,684**	**4,250,759**
Accumulated amortization				
At July 1, 2017	**22,735**	**204,419**	**1,625,068**	**1,852,222**
Amortization charge for the year	**25,497**	**26,017**	**375,437**	**426,951**
Disposal during the year	**-**	**-**	**(54,462)**	**(54,462)**
Foreign exchange movements	**6,714**	**35,181**	**245,599**	**287,494**
At June 30, 2018	**54,946**	**265,617**	**2,191,642**	**2,512,205**
Net book value				
At June 30, 2018	**997,867**	**76,645**	**664,042**	**1,738,554**
At June 30, 2017	112,050	83,087	759,501	954,638
Cost				
At July 1, 2016	21,184	220,869	1,855,843	2,097,896
Acquired through business combinations	-	66,619	187,294	253,913
Additions	113,593	-	341,593	455,186
Foreign exchange movements	8	18	(161)	(135)
At June 30, 2017	134,785	287,506	2,384,569	2,806,860
Accumulated amortization				
At July 1, 2016	20,678	191,077	1,091,720	1,303,475
Amortization charge for the year	2,050	13,318	533,034	548,402
Foreign exchange movements	7	24	314	345
At June 30, 2017	22,735	204,419	1,625,068	1,852,222
Net book value				
At June 30, 2017	112,050	83,087	759,501	954,638
At June 30, 2016	506	29,792	764,123	794,421
Amortization rate	**9% to 20.00%**	**16.67% to 50.00%**	**20.00% to 33.33%**	
Estimated remaining useful life	**5-11 years**	**2-6 years**	**3-5 years**	

5.1 Net book value of software licenses held under finance lease is Rs. 24.3 million (US$ 0.2) million [June 30, 2017: Rs. 74.85 million (US$ 0.71 million)] as of June 30, 2018.

5.2 Software includes Rs. 255.15 million (US$ 2.1) million [June 30, 2017: Rs. 220.2 million (US$2.1 million)] capitalized for an internally generated software titled as "Clearview". During management's annual review of useful life during the year 2017, management had re-assessed the remaining useful life of Clearview to be 3.83 years. The reassessment affected current and last year's amortization charge by Rs. 60 million (US$ 547,826) and the expected increase in amortization charge amounts by Rs. 60 million (US$ 547,826) and Rs. 50 million (US$ 456,521) for 2019 and 2020 respectively.

5.3 Estimated amortization expense for the next five years is: Rs. 364 million (US$ 3,310,920) in 2019, Rs. 262 million (US$ 2,381,945) in 2020, Rs. 58 million (US $524,934) in 2021, Rs. 20 million (US $178,826) in 2022 and Rs. 17 million (US$ 152,021) in 2023.

6. PROPERTY AND EQUIPMENT

	Freehold Land	Buildings on freehold Land	Leasehold improvements	Furniture, fixture and office equipment	Vehicles	Assets under construction ("CWIP")	Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Cost							
At July 1, 2017	**48,690**	**122,869**	**1,816,620**	**7,012,843**	**30,251**	**119,032**	**9,150,305**
Additions / transfer from CWIP	**-**	**12,525**	**485,133**	**1,254,331**	**14,647**	**(110,915)**	**1,655,721**
Foreign exchange movements	**(40,653)**	**13,567**	**139,041**	**455,730**	**4,969**	**19,036**	**591,690**
Disposal during the year	**-**	**-**	**(4,899)**	**(35,622)**	**(18,315)**	**-**	**(58,836)**
At June 30, 2018	**8,037**	**148,961**	**2,435,895**	**8,687,282**	**31,552**	**27,153**	**11,338,880**
Accumulated depreciation							
At July 1, 2017	**40,406**	**23,191**	**1,021,026**	**4,665,227**	**26,892**	**-**	**5,776,742**
Foreign exchange movements	**(40,406)**	**10,261**	**68,994**	**276,367**	**4,042**	**-**	**319,258**
Disposal during the year	**-**	**-**	**(3,782)**	**(22,825)**	**(7,686)**	**-**	**(34,293)**
Charge for the year	**-**	**12,891**	**299,607**	**1,267,346**	**4,009**	**-**	**1,583,853**
At June 30, 2018	**-**	**46,343**	**1,385,845**	**6,186,115**	**27,257**	**-**	**7,645,560**
Net book value							
At June 30, 2018	**8,037**	**102,618**	**1,050,050**	**2,501,167**	**4,295**	**27,153**	**3,693,320**
At June 30, 2017	8,284	99,678	795,594	2,347,616	3,359	119,032	3,373,563
Cost							
At July 1, 2016	48,690	70,646	1,319,499	5,741,596	34,492	131,015	7,345,938
Acquired through business combination	-	49,794	-	60,617	-	-	110,411
Additions / transfer from CWIP	-	2,429	511,478	1,283,516	1,728	(11,983)	1,787,168
Foreign exchange movements	-	-	(11,482)	(61,809)	(296)	-	(73,587)
Disposal			(2,875)	(11,077)	(5,673)	-	(19,625)
At June 30, 2017	48,690	122,869	1,816,620	7,012,843	30,251	119,032	9,150,305
Accumulated depreciation							
At July 1, 2016	40,406	14,429	800,457	3,651,816	28,589		4,535,697
Foreign exchange movements	-	4	221	555	3	-	783
Disposal	-	-	-	(6,689)	(5,237)	-	(11,926)
Charge for the year	-	8,758	220,348	1,019,545	3,537	-	1,252,188
At June 30, 2017	40,406	23,191	1,021,026	4,665,227	26,892	-	5,776,742
Net book value							
At June 30, 2017	8,284	99,678	795,594	2,347,616	3,359	119,032	3,373,563
At June 30, 2016	8,284	56,217	519,042	2,089,780	5,903	131,015	2,810,241
Depreciation rates		**5% to 10.00%**	**15% to 33.33%**	**20% to 33.00%**	**20.00%**		

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

		Freehold Land	Buildings on freehold Land	Leasehold improvements	Furniture, fixture and office equipment	Vehicles	Assets under construction ("CWIP")	Total
6.1	**June 30, 2018**	**-**	**-**	**65,046**	**1,113,267**	**2,066**	**-**	**1,180,379**
	June 30, 2017	-	-	124,256	1,178,903	2,631	-	1,305,790

6.2 Particulars of immovable assets

The Group's immovable asset comprises of Land, owned by a subsidiary amounting to Rs. 8 million (US$ 66,148) [June 30, 2017: Rs. 8 million (US$ 76,702)]. The Land is situated in Lahore and its total and covered area is of 8,984.27 square feet.

6.3 Security interest on property and equipment

The net book value of property and equipment at June 30, 2018 and June 30, 2017 includes Rs. 1,415 million (US$ 11.65 million) and Rs. 1,232 million (US$ 11.75 million), respectively, of assets that are pledged as security for liabilities.

7. LONG TERM INVESTMENT

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
DGS Lakeball LLC	7.1	**47,616**	30,783
		47,616	30,783

7.1 One of the indirect subsidiaries of the Group made a 47.5% investment in an operational Joint Venture DGS Lakeball LLC, also known as Clear Connect, with Innovative Business Solutions ('IBS'), with a purpose to procure and sell commercial leads for the Subsidiary's customers. The country of incorporation and principle place of business of DGS Lakeball LLC is the United States of America. The investment is accounted for under the equity method of accounting. As of June 30, 2018, the market value of the investment amounts to Rs. 47.39 million (US$ 0.39 million) [June 30, 2017: Rs. 30 million (US$ 0.29 million)]. The details of the investment are as follows:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Opening balance	**30,783**	-
Acquired through business combination	**-**	30,155
Return of investment during the year	**(9,018)**	-
Share of profit for the year	**30,827**	622
Dividend received during the year	**(10,997)**	-
Foreign exchange difference	**6,021**	6
Ending balance	**47,616**	30,783

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

	For the Year ended June 30, 2018	December 1, 2016 to June 30, 2017
	(Rupees in '000)	
Revenue	**171,333**	47,013
Profit after tax	**64,772**	2,415
Total comprehensive income	**64,772**	2,415

8. LONG TERM RECEIVABLES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Long term receivables	8.1	**4,361,838**	1,980,153
Less: current portion of long term receivables		**(1,046,841)**	(556,670)
		3,314,997	1,423,483

8.1 This represents insurance commission on policies already sold but expected to be renewed and collected in future years. The expected renewal commission revenues are estimated based on historical policy retention patterns and discounted at appropriate discount rate ranging from 2.17% to 5.75%. The Group arrives at its estimate of the long term receivable based on the future renewal revenue expected to be received from the policies it has sold in the current year. The Group arrives at these estimates based on (a) the contracted rates with the insurance carriers whose products it sells, and (b) the number of policies sold for each carrier and product that are expected to renew in each future year of the forecast period. The expectation of the future retention rates is based on the historical retention rates the Group has experienced in its history for that particular carrier and product. Please refer to notes 2.4 and 3.11 for the revenue estimates and its recognition respectively.

9. LONG TERM DEPOSITS, PREPAYMENTS AND OTHER ASSETS

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Long term deposits and prepayments	9.1	**346,117**	310,990
Warrant asset	24	**462,848**	-
Other assets		**576,106**	1,055,015
		1,385,071	1,366,005

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

10. TRADE AND OTHER RECEIVABLES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Trade receivables			
Trade receivables - gross		**8,655,888**	6,274,251
Less: allowance for trade receivables	10.1	**(274,975)**	(385,640)
Trade receivables - net		**8,380,913**	5,888,611
Other receivables			
Advances		**292,812**	93,454
Deposits, prepayments and other receivables		**1,346,043**	1,418,419
		1,638,855	1,511,873
		10,019,768	7,400,484

10.1 Allowance for trade receivables

	June 30, 2018	June 30, 2017
Opening balance	**385,640**	63,278
Acquisition through business combination	**-**	199,776
Foreign exchange movements	**36,009**	(141)
Bad debt expense	**115,233**	107,219
(Write off) / reversal of trade receivables against allowance	**(261,907)**	15,508
Closing balance	**274,975**	385,640

11. DEFERRED EXPENSES

Revenue for the initial training that occurs upon commencement of a new client contract is deferred over the estimated life of the client program and matched against the associated expenses if that training is billed separately to a client. Training revenue is then recognized on a straight-line basis over the life of the client contract as it is not considered to have a standalone value to the customer. These costs are deferred and charged to other operating expenses on a straight-line basis over the life of the client contract as the related revenue is recognized. These costs relate directly to each contract and are deferred.

12. CASH AND BANK BALANCES

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Balances with banks in:		
- current accounts	**5,919,757**	2,937,129
- deposit accounts (with a maturity of 3 months or less)	**146,742**	118,823
	6,066,499	3,055,952
Cash in hand	**122,505**	18,034
	6,189,004	3,073,986

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	June 30, 2018		June 30, 2017	
	(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				
- shares allotted for consideration in cash	**535,765,687**	**5,357,657**	535,765,687	5,357,657
- shares allotted for consideration other than cash (note 13.1)	**9,624,978**	**96,250**	9,624,978	96,250
	545,390,665	**5,453,907**	545,390,665	5,453,907

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

13.2 Shareholders voting rights

Subject to any rights or restrictions attached to any class of shares and to the provisions of Articles of Association of the Parent Company on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for each share held by him. For election of directors a member shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of directors to be elected. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the share.

14. NON-CONTROLLING INTEREST

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

	June 30, 2018 (Rupees in '000)	
	IBEX Holdings	**Other significant entities**
NCI Percentage (%)	**46.8%**	**69.4%**
Non-current assets	**21,370,008**	**2,958,282**
Current assets	**10,337,695**	**7,336,661**
Non-current liabilities	**1,651,675**	**8,116,354**
Current liabilities	**14,411,713**	**2,520,337**
Net assets / (liabilities) attributable to NCI	**7,315,467**	**(237,319)**
Revenue	**41,466,517**	**7,541,251**
Loss for the year	**(1,663,470)**	**(3,664,804)**
Loss attributable to NCI	**(778,145)**	**(2,534,519)**
Other comprehensive income attributable to NCI	**5,995**	**-**
Total comprehensive loss attributable to NCI	**(772,150)**	**(2,534,519)**
Dividend paid to NCI	**(17,693)**	**-**

	June 30, 2017 (Rupees in '000) IBEX Holdings	Other significant entities
NCI Percentage (%)	46.8%	69.1%
Non-current assets	6,673,558	1,371,018
Current assets	9,288,202	1,880,326
Non-current liabilities	2,475,226	1,974,150
Current liabilities	10,473,361	3,696,441
Net assets / (liabilities) attributable to NCI	1,604,213	(748,273)
Revenue	35,008,439	3,195,213
Loss for the year	(944,569)	(3,435,289)
Loss attributable to NCI	(502,889)	(1,062,535)
Other comprehensive income attributable to NCI	508	-
Total comprehensive loss attributable to NCI	(502,381)	(1,062,535)
Dividend paid to NCI	-	-

15. DEFERRED REVENUE

	Note	**June 30, 2018**	June 30, 2017
		(Rupees in '000)	
Deferred revenue		**773,338**	778,584
Less: current portion of deferred revenue		**(687,326)**	(516,091)
	11	**86,012**	262,493

16. BORROWINGS

	Note	**June 30, 2018**	June 30, 2017
Obligation under finance leases	16.1	**1,389,745**	1,443,542
Long-term other borrowings	*16.2*	**8,958,040**	3,426,119
Redeemable preference shares	*16.3*	**8,458,269**	6,775,181
Line of credit	*16.4*	**3,709,546**	2,525,598
Private placement notes	*16.5*	**1,822,500**	957,317
		24,338,100	15,127,757
Less: current portion of:			
- Obligation under finance leases	*16.1*	**(910,917)**	(684,327)
- Long-term other borrowings	*16.2*	**(640,822)**	(874,789)
- Line of credit	*16.4*	**(3,709,546)**	(2,525,598)
- Private placement notes	*16.5*	**(1,822,500)**	(957,317)
		(7,083,785)	(5,042,031)
		17,254,315	10,085,726

16.1 Obligation under finance leases

	June 30, 2018		June 30, 2017	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
	(Rupees in '000)			
Within one year	**950,595**	**910,917**	759,740	684,327
After one year but not more than five years	**555,873**	**478,828**	809,633	759,215
Total minimum lease payments	**1,506,468**	**1,389,745**	1,569,373	1,443,542
Less: amounts representing finance charges	**(116,723)**	**-**	(125,831)	-
Present value of minimum lease payments	**1,389,745**	**1,389,745**	1,443,542	1,443,542
Less: current portion shown under current liabilities	**(910,917)**	**(910,917)**	(684,327)	(684,327)
	478,828	**478,828**	759,215	759,215

Various subsidiaries in the Group hold assets subject to finance leases. These lease arrangements have interest rates ranging from 5% to 10% (June 30, 2017: 5%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the respective entities against security deposits paid.

16.2 Long-term other borrowings

	Note	**June 30, 2018**	June 30, 2017
		(Rupees in '000)	
Financial Institutions			
IBM Credit LLC	*16.2.1*	**124,037**	93,320
CIT Finance LLC	*16.2.2*	**-**	9,437
PNC Bank, N.A.	*16.4.1*	**1,592,080**	1,728,833
Orix Ventures LLC	*16.2.3*	**-**	1,425,546
Structural Capital	*16.2.4*	**7,042,414**	-
CSC, CCA, Farnam and Data sales	*16.2.5*	**179,472**	168,983
Newcore		**20,037**	-
		8,958,040	3,426,119
Less: current portion of long-term other borrowings		**(640,822)**	(874,789)
		8,317,218	2,551,330

16.2.1 In June 2014, the Group entered into a Rs. 401 million (US$ 3.3 million) three-year financing agreement ("IBM Agreement") with IBM Credit LLC ("IBM") to finance the purchase of software licenses (under a Select Agreement) from Microsoft Corporation ("Microsoft"). Also in June 2014, the Group entered into a three-year Enterprise Agreement with Microsoft for the use of certain cloud software services for approximately Rs. 133.7 million (US$ 1.1 million) in year one, with minimum service commitments of approximately Rs. 6.1 million (US$ 50,000) in each of years two and three. The monthly financing payments under the IBM Agreement are approximately Rs. 12.5 million (US$ 103,000) per month for 36 months which began in July 2014.

16.2.2 In addition, the Group has financed the purchase of various property and equipment and software during the fiscal year 2017 and 2016 with CIT Finance LLC ("CIT"), IBM and PNC. As of June 30, 2018 and June 30, 2017, the Group has financed Rs. 145.8 million (US$ 1.2 million) and Rs. 954.17 million (US$ 9.1 million) respectively, of assets at interest rates ranging from 6% to 9% per annum.

16.2.3 On March 8, 2018, the Subsidiary repaid the 2015 Term Loan and 2015 LOC in full. The Subsidiary incurred $0.8 million in debt extinguishment expenses related to the repayment of the 2015 loan.

16.2.4 On March 19, 2018 ("the Effective Date"), one of the subsidiary of the Group ("the Subsidiary") entered into a loan and security agreement (the "Original 2018 Credit Agreement") with Structural Capital Investments II, LP and Structural Capital SPV II LLC, each an unaffiliated lender (collectively, the "Initial Lender"), pursuant to which the Subsidiary could borrow term loans in an aggregate principal amount of $40 million (the "Initial Term Loan"). The Subsidiary borrowed $26.9 million of the Initial Term Loan on the Effective Date, $3 million of the Initial Term Loan on April 2, 2018, and $10.1 million of the Initial Term Loan on June 22, 2018. Further, the Original 2018 Credit Agreement provided for a grant to the Initial Lender and certain of its affiliates of warrants to purchase an aggregate amount of 24,870 Class D convertible preference shares of the Subsidiary (the "Structural Warrants"). On June 29, 2018, the Original 2018 Credit Agreement was amended and restated (the Original 2018 Credit Agreement, as so amended and restated, the "Amended 2018 Credit Agreement") to permit the Subsidiary to borrow, and the Subsidiary borrowed, an additional aggregate principal amount of $20 million (the "Additional Term Loan" and together with the Initial Term Loan, the "Term Loan") from ORIX Growth Capital, LLC, an unaffiliated lender (the "New Lender" and together with the Initial Lender, "2018 Lenders"), and to provide for the grant to the New Lender of a warrant to purchase an additional 12,435 Class D convertible preference shares of the Company (the "ORIX Warrants" and together with the Structural Warrants, the "2018 Warrants")

The Term Loan is required to be repaid in equal monthly installments of $2 million beginning on October 1, 2019 (or, if at any time after the Effective Date but on or before September 20, 2019, the net revenue of the Subsidiary and its subsidiaries on a consolidated basis for any calendar quarter ending March 31, June 30, September 30 or December 31 equals or exceeds $25 million, such period shall begin on April 1, 2020 to March 1, 2022, and bears interest, payable monthly, on the outstanding balance at an interest rate per annum equal to the highest prime rate of interest per annum as published in the "Wall Street Journal" in effect during such month (the "2018 Base Rate") for such month plus 5%. The Term Loan is secured by all of the Subsidiary's assets, subject to certain exclusions.

The Subsidiary incurred issue costs relating to the lending arrangement. The aggregate of the issue costs were proportionately allocated to the Term Loan and the 2018 Warrants. The portion of issuance costs relating to the 2018 Warrants were expensed as incurred. The portion of the issuance costs relating to the Term Loan were recorded as discount on the Term Loan and are amortized over the term of the agreement on a straight-line basis.

In addition, the Subsidiary is required to comply with certain covenants and reporting obligations, including a restriction on paying dividends to shareholders and the following financial covenants:

(i) a minimum debt ratio of 1.25, defined as annualized revenue divided by total debt; and

(ii) a minimum liquidity requirement of $1 million, measured quarterly.

As of June 30, 2018, the Subsidiary is in compliance with all financial covenants under the terms of the Amended 2018 Credit Agreement.

16.2.5 During the year, financing arrangement has been made between SATMAP Inc. d/b/a Afiniti and various leasing companies namely CSC Leasing Company, CCA Financial LLC, Farnam Street Financial Incorporation and Data Sales for the period of 3 years. Under which they have a long term outstanding amount Rs. 32 million (US$ 263,091) [June 30, 2017: Rs. 44 million (US$ 419,342)], Rs. 39 million (US$ 319,256) [June 30, 2017: Rs. 55 million (US$ 529,226)], Rs. 104 million (US$ 859,908) [June 30, 2017: Rs. 70 million (US$ 663,032)] and Rs. 4 million (US$ 34,883) [June 30, 2017: Rs. nil (US$ nil)] respectively. The rate of interest varies from 2% to 14% per annum. These finances are obtained against various maintenance and implementation expenses during the year.

16.3 On June 6, 2016, the Company entered into a senior preferred shares subscription agreement ("Agreement") with a consortium of related investors ("Subscribers") providing for the purchase of up to 8,500,000 non-convertible Senior Preferred Shares for an initially determined purchase price (or issue price) of US$ 10 per share. The total committed amount was up to Rs. 10,328 million (US$ 85 million).

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

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

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

If the redemption date is after the second anniversary, then the redemption amount will be the greater of US$ 13.90 per share and the variable return.

On June 28, 2017, the Company entered into an agreement with these investors whereby, the parties agreed to redeem 1,538,462 Senior Preferred Shares in accordance with "Preferred Share Subscription Agreement" dated June 6, 2016 on a cash-free basis in exchange for the Company procuring that its indirect subsidiary, e-Telequote Limited, shall issue to the Subscribers the 1,538,462 e-Telequote Senior Preferred Shares in accordance with "Preferred Share Subscription Agreement" dated June 28, 2017.

16.4 Line of credit

	Note	**June 30, 2018**	June 30, 2017
		(Rupees in '000)	
PNC Bank, N.A.	*16.4.1*	**3,292,417**	2,192,183
Seacoast Business Funding	*16.4.2*	**29,843**	31,857
JS Bank Limited	*16.4.3*	**39,927**	39,875
Heritage Bank of Commerce	*16.4.4*	**347,359**	261,683
		3,709,546	2,525,598

16.4.1 The Group's subsidiary TRG Customer Solutions, Inc. has a revolving credit facility (as amended, the "PNC Credit Facility") with PNC Bank, N.A. ("PNC") with the maturity date up to May 2020. Borrowings under the PNC Credit Facility bear interest at LIBOR plus a margin of 1.75% and / or at the PNC Commercial Lending Rate for domestic loans. In this agreement, TRG Customer Solutions, Inc. derived value from the choice of interest rates, depending on the rate selected. This value changes in response to the changes in the various interest rates alternatives. Thus, a derivative is embedded within the loan commitment. The part of the value associated with the loan commitment derivative (the embedded derivative part) is derived from the potential interest rate differential between the alternative rates.

The PNC Credit Facility was amended in June 2016 to include a Rs. 364.5 million (US$ 3 million) non-revolving line of credit for purchases of equipment, which was drawn down in full. The balance of this line as of June 30, 2018 is Rs. 133.7 million (US$ 1.1 million) [June 30, 2017: Rs. 241 million (US$ 2.3 million)] as included in note 16. In November 2016, the PNC Credit Facility was amended by adding a Term Loan C of Rs. 1,944 million (US$ 16 million) which was drawn down in full with Rs. 729 million (US$ 6 million) applied to repay in full Term Loan A. Term Loan C is required to be repaid in 54 equal monthly installments (commencing six months after the drawdown date). The term loan balance as of June 30, 2018 is Rs. 1,458 million (US$ 12 million) [June 30, 2017: Rs. 1,489 million (US$ 14.2 million)] as included in note 16.

16.4.2 In July 2011, a subsidiary of the Group, iSky, Inc. entered into a purchasing agreement (the "Seacoast Receivables Financing Agreement") with the predecessor to Seacoast National Bank ("Seacoast"). Pursuant to the Seacoast Receivables Financing Agreement, Seacoast provides payment to iSky, Inc. for up to Rs. 182.3 million (US$ 1.5 million) of accounts receivable owed to iSky, Inc. All payments from Seacoast to iSky, Inc. are subject to a discount of 1% for receivables outstanding 30 days or less and an additional 0.5% for each additional 15 days that such receivable is outstanding. The average discount during the fiscal year ended June 30, 2018 was approximately 1.3% (June 30, 2017: 1.5%) of net sales. Under the Seacoast Receivables Financing Agreement, Seacoast may also advance an amount up to 85% of iSky, Inc.'s receivables to iSky, Inc. at a rate of LIBOR plus 7%.

The Seacoast Receivables Financing Agreement requires iSky, Inc. to sell Rs. 24.3 million (US$ 0.2 million) of receivables per month to Seacoast, subject to a penalty based on the discount fee if such minimum is not met. The Seacoast Receivables Financing Agreement is automatically renewed for successive 12-month periods unless terminated in accordance with its terms.

16.4.3 This represents short term running finance obtained from a commercial bank amounting to Rs. 39.9 million (US$ 0.33 million) [June 30, 2017: Rs. 39.9 million (US$ 0.38 million) against total facility of Rs. 40 million (US$ 0.33 million) [June 30, 2017: Rs. 40 million (US$ 0.38 million)]. The facility is secured by way of mortgage of Rs. 49 million (US$ 0.40 million) [June 30, 2017: Rs. 49 million (US$ 0.46 million)] over land of the Company located in Lahore and first hypothecation charge of Rs. 27 million (US$ 0.22 million) [June 30, 2017: Rs. 27 million (US$ 0.26 million) over all present and future receivables of TRG (Private) Limited. This facility carries annual markup at the rate of 3 month KIBOR + 3.25%. Interest is payable on quarterly basis.

16.4.4 In March 2015, the subsidiaries of the Group, Digital Globe Services, Inc., Telsat Online Inc. and DGS EDU, LLC entered into a one-year Rs. 425.3 million (US$ 3.5 million) revolving credit facility (as amended, the "HBC Credit Facility") with Heritage Bank of Commerce ("HBC"). In March 2016, the HBC Credit Facility was amended to increase the credit line capacity to Rs. 607.5 million (US$ 5 million) and extend its maturity date until March 31, 2018, subject to collateral review. As of June 30, 2018, Rs. 352.4 million (US$ 2.9 million) [June 30, 2017: Rs. 262 million (US$ 2.5 million) of indebtedness was outstanding under the HBC Credit Facility.

Borrowings under the HBC Credit Facility bear interest at the prime rate plus a margin of 2.50%. Amounts owed under the HBC loan facility are secured by our substantially all of the borrowers' assets.

Availability of amounts under the HBC Credit Facility is subject to the achievement of EBITDA (as defined in the HBC Loan Agreement) of at least Rs. 91.1 million (US$ 750,000) by Digital Globe Services, Inc., Telsat Online Inc., and DGS EDU, LLC for the trailing six months ending on each quarter end during the term of the facility.

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

The HBC Credit Facility contains customary events of default, including payment default, failure to comply with covenants or other obligations, material misrepresentations, events which have a material adverse effect, certain bankruptcy events, and changes of control. At June 30, 2018, the borrowers under the HBC Credit Facility were fully compliant with the reporting and financial covenants except for certain events of default for six-month rolling adjusted EBITDA covenants for September 2016 and June 2017 which HBC has waived.

16.5 Private placement notes

In June and July 2017, an indirect subsidiary of the Group ("the Subsidiary") issued Rs. 1,227.2 million (US$10.1 million) aggregate principal amount of 12% Senior Secured Notes due June 12, 2018 (the "2017 ETQ Notes"), guaranteed by TRGI, with an option of early settlement by the borrower. In May 2018, the Subsidiary renewed the facility and expanded the loan to Rs. 1,822.5 million ($15 million) on the same terms maturing on May 15, 2019.

16.6 These borrowings are secured.

17. CONVERTIBLE PREFERENCE SHARES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Opening balance		**3,145,620**	3,145,032
Foreign currency translation difference		**499,380**	588
Closing balance	*17.1*	**3,645,000**	3,145,620

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

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL, but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Subsidiary remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2018, requiring such an accrual or payment.

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

As of June 30, 2018, PineBridge Investors has invested the Rs. 3,645 million (US$ 30 million) [June 30, 2017: Rs. 3,146 million (US$ 30 million)] committed to TRGIL.

18. OTHER NON- CURRENT LIABILITIES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Deferred rent - long term		**17,801**	27,472
Defined benefit scheme	*18.1*	**38,208**	76,229
Phantom stock plan	*23.2 & 23.4*	**137,061**	7,759
Warrant liability	*24*	**117,211**	-
Other		**33,954**	5,348
		344,235	116,808

18.1 Defined benefit scheme

Two of the Group subsidiaries ("the Subsidiaries") operate an unfunded defined benefit plan for qualifying employees. Under this plan, the employees are entitled to one half month's salary for every year of service, with six months or more of service considered as one year. One half month's salary has been defined to include the following:

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

An employee is entitled to retirement benefits only upon attainment of a retirement age of 60 years and completion of at least five years of previously 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 were carried out on June 30, 2018. 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:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Discount rate	**6.90%**	5.00%
Expected rate of salary increase	**3.00%**	3.00%

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income in respect of defined benefit scheme are as follows:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Current service cost	**33,291**	23,278
Interest on obligation	**4,374**	2,097
	37,665	25,375

The amount included in the statement of financial position in other non-current liabilities arising from defined benefit obligations is as follows:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Present value of unfunded defined benefit obligation	**38,208**	76,229
Net liability arising from defined benefit obligation	**38,208**	76,229

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

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Present value of defined benefit obligation at the beginning of the year	**76,229**	66,360
Foreign exchange movements	**8,507**	(8,376)
Current service cost	**33,291**	23,278
Interest cost	**4,374**	2,097
Actuarial gains	**(84,193)**	(7,130)
Present value of defined benefit obligation at the end of the year	**38,208**	76,229

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

	2018	2017	2016	2015
	(Rupees in '000)			
Present value of defined benefit obligation	**38,208**	76,229	66,360	50,279

The subsidiaries are yet to contribute to the plan asset as of June 30, 2018.

19. TRADE AND OTHER PAYABLES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Trade creditors		**2,414,339**	1,816,209
Accrued expenses		**6,781,063**	3,684,623
Payable to employee defined contribution plans		**8,519**	6,701
Unclaimed dividend		**592**	592
Advance from customers - *unsecured*		**-**	17,436
Provisions	*20.1.1*	**206,102**	104,854
Others		**461,776**	1,238,572
		9,872,391	6,868,987

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

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

In November 2014, a group of current and former employees filed a collective action under the US Fair Labor Standards Act ("FLSA") and Tennessee law in the US District Court of Tennessee against an indirect subsidiary of the Group (the subsidiary), alleging that such plaintiffs were forced to work "off the clock" without being paid for that time. In December 2014, a similar FLSA collection action case was filed against the Subsidiary in the US District Court for the District of Columbia. In February 2015, the two cases were consolidated in Tennessee and the plaintiffs agreed to submit all claims to binding arbitration before the American Arbitration Association. The parties are now waiting for the arbitrator to determine how this matter will proceed. This case is not under a current case management order and accordingly, timing is at the sole discretion of the arbitrator. The plaintiffs have not identified the amount of damages sought at this time, and we cannot reasonably determine such damages at this time. We intend to vigorously defend this action and have made a reserve against this matter of $800,000 reflecting the cost of defense.

Subsequent to the year end, one of the subsidiaries of the Group (the Subsidiary) received notification of a collective action lawsuit filed by a former employee alleging that the Subsidiary failed to fairly compensate the individual as well as other employees for time incurred for training and carrier certifications while they were employed with the subsidiary. The action seeks to establish a class of employees, including former employees, who claim damages for unpaid compensation for the last 3 years. Since the suit was initially filed, four more former employees have opted in. The subsidiary believes that its compensation in reference to certifications is fair and compliant with the labor laws and intends to vigorously defend against these claims. The subsidiary has established a provision of $400,000 reflecting the future costs of defense.

In September 2013, a client of an investee company of TRGIL filed a complaint regarding a disputed refund amount of Rs. 95 million (US$ 779,975) due therefrom on termination of a service agreement. TRGIL has been included as a defendant merely as a guarantor to the obligation to pay the money at issue. Judgment by the court was awarded in favor of the investee company and TRGIL in 2014. The client, however, filed an appeal against the decision of the court which was also decided in favor of TRGIL and its investee company. The client subsequently filed another suit arising out of the same facts and circumstances. TRGIL and its investee company are defending vigorously and no reasonable amount of damages, if any, can be currently estimated.

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

As at June 30, 2018, returns of income tax up to tax year 2017 have been filed by the Parent Company. However, deemed assessments for the tax years 2003 and 2004 had been amended by the Taxation Officer (TO) whereby the exemption claimed under clause (101) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) were rejected in both these years and tax demands of Rs. 0.09 million and Rs. 0.60 million had been created respectively. The first appeal filed by the Company before Commissioner Inland Revenue (Appeals) against the amended orders had been rejected. The Parent Company preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who decided the appeal in the favor of the Parent Company through the consolidated order dated March 28, 2013. Application has been filed with the tax authorities for passing the appeal effect orders which are currently pending. Accordingly, no provision has been made for the said matters in these financial statements.

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

20.2 Commitments

20.2.1 In connection with a corporate reorganization of the e-Telequote's business, TRGIL provided an indemnity to an Officer of IBEX Holdings Limited, in connection with certain reorganization steps involving the officer. The indemnification obligation is capped at Rs. 243 million (US$ 2 million). No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely.

20.2.2 As per a requirement for a Series C fundraising round for the Afiniti business, TRGIL provided an indemnity to Afiniti International Holdings Ltd. for the period that SATMAP, Inc. was consolidated with TRGH for tax and ERISA purposes. The indemnification obligation is capped at Rs. 4,253 million (US$ 35 million). No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely, in part due to the availability of NOLs with the consolidated tax group.

20.2.3 IBEX Global Solutions Limited has an annual telecommunication service commitment with two of its carriers. The carrier agreement was signed in January 2015 for a three-year term with the minimum annual commitment for Rs. 72.9 million (US$ 0.6 million). The agreement has a provision for an early termination at its one-year anniversary with a sixty day written notice. A second carrier agreement was signed in July 2016 for a three-year term with minimum annual commitment for Rs. 83.8 million (US$ 0.69 million).

20.2.4 IBEX Global Solutions Limited is also subject to early termination provisions in certain telecommunications contracts, which if enforced by the telecommunications providers, would subject IBEX Global Solutions to the obligation to pay early termination fees. To date, these early termination provisions have not been triggered by IBEX Global Solutions.

20.2.5 On November 27, 2017, PNC Bank, NA issued irrevocable standby letter of credit for the amount of Rs. 36.5 million (US$ 0.3) million in favor of the Group's subsidiary TRG Customer Solutions, Inc. to the benefit of Digicel (Jamaica) Limited to guarantee the payment of base rent for the property rented by the another Group's subsidiary IBEX Global Jamaica Limited. With effect from March 1, 2018, the amount of irrevocable standby letter of credit will be increased to Rs. 60.8 million (US$ 0.5 million).

20.2.6 On March 31, 2018, one of the subsidiaries of the Group ("the Subsidiary") and a third party technology provider (the "Provider") entered into a partnership agreement (the "Partnership Agreement") pursuant to which the Provider agreed to build a customized proprietary interface for the Subsidiary's data solution. In connection with the Partnership Agreement, the Subsidiary agreed to pay a fixed fee, with a portion of the fee paid on execution of the Partnership

Agreement and the remainder payable pro rata in six month increments beginning March 31, 2020, and ending September 30, 2025. In addition, the Subsidiary agreed to pay the Provider success fees based on the booking of certain high-value customers through December 31, 2022. The success fees are capped at an amount less than the fixed fee. The Subsidiary also agreed to pay a portion of the net revenues generated by the proprietary interface, subject to certain limits, and offset by the fixed fee. Among other things, the Provider agreed to exclusivity provisions that would prohibit it from competing with the Subsidiary or developing a similar proprietary interface for competitors of the Subsidiary during the initial term of the Partnership Agreement, which is ten years. There are no further payment obligations under this agreement.

20.3 Operating leases commitment

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

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Within one year	**1,604,529**	1,346,956
After one year but not more than five years	**3,495,312**	2,822,237
More than five years	**1,245,231**	173,219
	6,345,072	4,342,412

Rental expenditure was approximately Rs. 1,653 million (US$ 15.03 million) and Rs. 1,452 million (US$ 13.85 million) for the years ended June 30, 2018 and June 30, 2017, respectively.

21. FINANCE EXPENSES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Interest on borrowings		**1,751,331**	1,642,164
Factoring fees		**30,898**	157
Finance charges on leased assets		**144,008**	53,614
Bank charges		**49,645**	23,880
		1,975,882	1,719,815

22. INCOME TAXES

	Note	June 30, 2018	June 30, 2017
The major components of income tax expense are:			
Current tax expense for the year	*22.1*	**122,711**	70,923
Deferred tax income for the year		**(93,811)**	(117,862)
		28,900	(46,939)

22.1 The U.S. tax provision includes the following U.S. entities: TRG Holdings, LLC, TRG Marketing Services, Inc., BPO, Inc., Alert, Inc., which file their U.S. Federal income tax return as a consolidated group under TRG Holdings, LLC. Other US entities included in the provision are Afiniti, Inc., TRG Customer Solutions, Inc. (d/b/a IBEX Global Solutions, Inc.), iSKY, Inc. DGS, Inc. and e-Telequote, Inc. which file separate income tax returns in the US. Additionally, included in the provision are TRG Pakistan Ltd., IBEX subsidiaries, Afiniti subsidiaries and DGS subsidiaries. These entities are located in UK, EU, Latin America, Pakistan, Senegal and Philippines. These entities file tax returns in their respective jurisdictions.

22.2 The Parent Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these financial statements is sufficient. Income tax assessed for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 amounts to Rs. (688,756), Rs. (355,888) and Rs. 1,088,340 respectively. For income tax provision refer to financial statements of respective years.

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

Tax effect of deductible / (taxable) temporary differences

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Tax effect of deductible temporary differences		
- Provisions against trade debts	**33,855**	62,874
- Unpaid accrued expenses / compensation	**441,052**	176,810
- Net operating losses	**1,279,690**	1,032,225
- Fixed assets	**40,831**	28,290
	1,795,428	1,300,199
Setoff of tax	**(1,158,373)**	(839,936)
Deferred tax assets - net	**637,055**	460,263
Tax effect of taxable temporary differences		
- Intangibles	**(72,445)**	(101,647)
- Deferred revenue	**(1,734,681)**	(1,298,076)
	(1,807,126)	(1,399,723)
Setoff of tax	**1,158,373**	839,936
Deferred tax liabilities - net	**(648,753)**	(559,787)

Unrecognized deferred tax asset

Deferred tax asset has not been recognized in respect of following tax losses and deductible differences because it is not probable that future taxable profit will be available against which the Group can use the benefit therefrom. Other factors considered include cumulative losses in recent years and non-existence of future reversals of existing taxable temporary differences. The unused tax losses will begin to expire in 2024. The deductible temporary differences can be carried forward indefinitely.

	June 30, 2018		June 30, 2017	
	Gross amount	**Tax effect**	Gross amount	Tax effect
	(Rupees in '000)			
Tax losses	**28,962,521**	**9,027,181**	17,830,813	6,449,711
Deductible temporary differences	**18,214,490**	**5,677,182**	1,113,206	36,213
	47,177,011	**14,704,363**	18,944,019	6,485,924

At June 30, 2018, Group's U.S. federal and state net operating loss carry forwards for income tax purposes are Rs. 26,573 million ($218.71 million) [2017: Rs. 16,058 million ($153.14 million)] and Rs. 20,108 million ($165.5 million) [2017: Rs. 12,954 million ($123.54 million)] respectively which will begin to expire in 2024. The Group's European subsidiaries have net operating loss carry forward of Rs.6,845 million ($56.34 million) [(2017: Rs. 3,881 million ($37.02 million)]. Group's net operating loss carry forwards for other subsidiaries (Canada and Brazil) are Rs. 603 million ($4.96 million) [2017: Rs. 402 million ($3.83 million)]. These amounts are based on the income tax returns filed for the year ended June 30, 2017 and the estimated amounts yet to be filed for the year ended June 30, 2018.

On December 22, 2017, President of USA signed into law H.R.1 Bill, originally known as the "Tax Cuts and Jobs Act". The Tax Cuts and Jobs Act (TCJA) has reduced the US federal corporate income tax rate from the existing rate of 34% to 21% with effect from January 1, 2018. As Group's tax year is on a fiscal year basis (ends 30 June), it is subject to a pro-rated US combined federal and state corporate income tax rate of 35% that will apply to fiscal year ended June 30, 2018. After June 30, 2018, expected US combined federal and state corporate income tax rate would reduce to 25%. Net impact of remeasurement on recognized deferred tax assets in the US, due to change in income tax rate, is a decrease of $1.08 million.

Other significant changes introduced by TCJA either do not apply, or start to apply to the US entities from July 1, 2018, including limitations on the deductibility of interest expense and executive compensation, a base erosion focused minimum tax (the Base Erosion and Anti-Abuse tax), transitional tax, tangible property expensing, current tax on global intangible low-taxed income (GILTI) and carry forward of net operating losses ("NOLs"). Management do not expect a significant increase in overall effective tax rate from application of these new provisions.

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

22.4 Reconciliation of effective tax rate

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Net loss for the year	**(6,773,424)**	(9,641,433)
Income tax expense / (benefit)	**28,900**	(46,939)
Net loss excluding income tax	**(6,744,524)**	(9,688,372)

	2018		2017	
	%	**(Rupees in '000)**	%	(Rupees in '000)
Income tax benefit using applicable tax rate	**27.34%**	**(1,843,856)**	34.00%	(3,300,032)
State taxes, net of federal effect	**3.52%**	**(237,289)**	3.17%	(306,813)
Effect of tax rates and exemptions in foreign jurisdictions	**-14.18%**	**956,589**	-8.46%	973,907
Non-deductible expenses / tax exempt income - net	**2.17%**	**(146,335)**	-0.77%	71,097
Effect of acquisition of subsidiaries	**0.00%**	**-**	-4.08%	380,436
Recognition of intellectual property	**80.21%**	**(5,409,992)**	0.00%	-
Change in unrecognized temporary differences	**-69.57%**	**4,692,113**	-23.26%	2,104,546
Effect of exchange rate changes	**-29.92%**	**2,017,670**	-0.16%	29,920
	-0.43%	**28,900**	0.44%	(46,939)

23. SHARE OPTION PLANS

As at June 30, 2018, the Group maintained the following stock option plans: "TRGIL 2016 share incentive plan", "Phantom Stock Plans", "2017 IBEX Plan", "Afiniti Phantom stock option plan" and "Afiniti stock option plan".

On December 22, 2017, the Group's predecessor stock plans namely; "IBEX stock plan 2013", "e-Telequote stock option plan" and "DGS Limited stock option plan" were cancelled. From December 22, 2017 through and including December 31, 2017, the Group issued an aggregate of 1,778,569 new stock options under the "2017 IBEX Plan".

The Group accounted for the cancellation as an acceleration of vesting, and therefore recognized immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

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

23.1 TRGIL 2016 share incentive plan

TRGIL has adopted an option plan of up to 1,147,171 non-voting Class B Common Shares for employees, officers and directors, as well as consultants and advisors.

During the year ended June 30, 2018, the TRGIL granted 160,000 (June 30, 2017: 150,000) share options to the employees of the Parent Company. The options so granted had an exercise price of \$0.93 (June 30, 2017: \$0.10) per share, an expected term of ten years and nil expected average dividend yield. Management used volatility of 30% for these options and used risk-free rate of 2.5% (June 30, 2017: 1.4%) being compounded United States nominal treasury rate corresponding to the term of the option.

As at June 30, 2018, 310,000 (June 30, 2017: 150,000) options were outstanding with weighted average remaining life of 9 years and exercise price of $0.53 (June 30, 2017: $0.10), whereas 208,953 (June 30, 2017: 75,000) options were exercisable with weighted average remaining life of 9 years and exercise price of $0.53 (June 30, 2017: $0.10). The grant date fair value of stock options granted during the year ended June 30, 2018 was $1.57 (June 30, 2017: $1.95). The amount recognized as share-based payment expense pertaining to this plan for the year ended June 30, 2018 is $92,438 (June 30, 2017: $292,500). During the year no options were granted to directors of the Parent Company.

23.2 Phantom Stock Plans

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

There were no Phantom stock options granted in fiscal years 2018 and 2017. In fiscal years 2018 and 2017, there were no options exercised under the Phantom Stock plan. In February 2018, all legacy phantom stock option plans and grants were cancelled.

In February of 2018, each of IBEX Global Solutions (Private) Limited, DGS (Private) Limited, e-Telequote (Private) Limited, IBEX Global Solutions (Philippines) Inc., IBEX Global ROHQ, IBEX Global Solutions Senegal S.A., and Virtual World (Private) Limited, and in March of 2018, each of IBEX Global Jamaica Limited, and IBEX Global Solutions Nicaragua SA adopted phantom stock plans (collectively, the "Phantom Stock Plans"), which provide for grants of phantom stock options to certain of their executive officers and employees.

Each phantom stock option provides the participant with a contractual right to receive an amount equal to the difference between the fair market value of a vested common share of IBEX Holdings Limited at the time of exercise and the exercise price of the option per share. In the event that the payment due to a grantee who has exercised an option exceeds $10,000, the relevant company may elect in its sole discretion to make payments in equal installments (without interest) over a period not exceeding three years, provided that each installment shall be no less than $10,000 (unless the residual amount is less than $10,000).

The estimated fair value of the common shares underlying the share options has been determined to be $14.00 per share.

Expected term

The expected term of options granted is 4.65 - 4.67 years. In estimating the expected term, the Subsidiary assumes all options will be exercised at the contractual term of the option.

Volatility

Management used an average volatility of comparable listed companies of 35.6%

Expected dividends

The Subsidiary does not expect to pay any dividends in the future.

Risk-free rate

The risk free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The risk free rate used for computation of fair value of options as at June 30, 2018 was 2.73%.

Those issued in February 2018 have a fair value of $8.458 per option. A roll forward of the February 2018 phantom shares are as follows:

	2018	
	Weighted average exercise price ....(US$).......	**Share options (Number)**
Options outstanding as at beginning of the year		**-**
Options granted during the year	**6.81**	**105,546**
Options exercised during the year		**-**
Options forfeited/cancelled/expired during the year		**-**
Options outstanding as at end of the year	**6.81**	**105,546**
Options exercisable as at end of the year	**6.81**	**63,522**

Those issued in March 2018 have a fair value of $8.464 per option. A roll forward of the March 2018 phantom shares are as follows:

	2018	
	Weighted average exercise price ....(US$).......	Share options (Number)
Options outstanding as at beginning of the year		-
Options granted during the year	6.81	77,129
Options exercised during the year		-
Options forfeited/cancelled/expired during the year		-
Options outstanding as at end of the year	6.81	77,129
Options exercisable as at end of the year	6.81	8,065

A summary of the stock options outstanding and exercisable as at June 30, 2018 is as follows:

	2018					
	Options outstanding			Options exercisable		
Exercise price or range .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....
6.81	111,088	1.81	6.81	71,844	2.83	6.81

The weighted average fair value of the phantom stock options as at June 30, 2018 is $8.458. For the year ended June 30, 2018, the Subsidiary recognized an expense of share-based payment amounting to $0.8 million. There were no phantom Stock options with intrinsic value as of June 30, 2018. The liability under the Phantom stock option plan as at June 30, 2018 is included as other non-current liabilities in note 18.

23.3 2017 IBEX Plan

On June 20, 2017, the board of directors and shareholders approved and adopted IBEX Holdings Limited's 2017 Stock Plan to enable certain executives and employees to be granted options and restricted stock awards, which was amended and restated on October 6, 2017 (the "2017 IBEX Plan"). The following description of the 2017 IBEX Plan is qualified in its entirety by the full text of the 2017 IBEX Plan, which has been filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part. On February 21, 2018, the Subsidiary amended and restated its 2017 IBEX Plan, increasing the maximum number of common shares of the Subsidiary that may be issued from 1,798,019 to 2,559,323.

Purpose

The management believe that the 2017 IBEX Plan will enable to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to the employees, consultants and directors, and to promote the success of business.

Types of Awards

The 2017 IBEX plan provides for grants of stock options and restricted stock awards.

Eligibility

Selected employees, consultants or directors of the Subsidiary or its affiliates will be eligible to receive non-statutory stock options and restricted stock awards under the 2017 IBEX plan, but only employees of the Subsidiary will be eligible to receive incentive stock options.

Administration

The 2017 IBEX Plan is administered by the Subsidiary's board of directors, a committee (or subcommittee) appointed by its board of directors, or any combination, as determined by the board of directors of the Subsidiary. Subject to the provisions of the 2017 IBEX Plan and, in the case of a committee (or subcommittee), the specific duties delegated by the board of directors to such committee (or subcommittee), the administrator has the authority to, among other things, determine the per share fair market value of common shares, select the individuals to whom awards may be granted; determine the number of shares covered by each award, approve the form(s) of agreement(s) and other related documents used under the 2017 IBEX Plan, determine the terms and conditions of awards, amend outstanding awards, establish the terms of and implement an option exchange program, and construe and interpret the terms of the 2017 IBEX Plan and any agreements related to awards granted under the 2017 IBEX Plan. The board of directors may also delegate authority to one of more of the Subsidiary's officers to make awards under the 2017 IBEX Plan.

Available Shares

The number of common shares that may be issued with respect to awards granted under the 2017 IBEX Plan will not exceed an aggregate of 2,559,323. This limit may be adjusted to reflect certain changes in our capitalization, such as share splits, reverse share splits, share dividends, recapitalizations, rights offerings, reorganizations, mergers, consolidations, spin-offs, split-ups and similar transactions. If an award expires or becomes unexercisable for any reason without having been exercised in full, or is surrendered pursuant to an option exchange program, the common shares subject to such award will be available for further awards under the 2017 IBEX Plan. Common shares used to pay the exercise or purchase price of an award or tax obligations will be treated as not issued and will continue to be available under the 2017 IBEX Plan. Common shares issued under the 2017 IBEX Plan and later forfeited to the Subsidiary due to the failure to vest or repurchased by the Subsidiary at the original purchase price, such common shares will again be available for future grant under the 2017 IBEX Plan.

Award Agreements

Awards granted under the 2017 IBEX Plan will be evidenced by award agreements, which need not be identical and which will be modified to the extent necessary to comply with applicable law in the relevant jurisdiction of the respective participant, that provide additional terms of the award, as determined by the administrator.

Stock Options

The 2017 IBEX Plan allows the administrator to grant incentive stock options, as that term is defined in section 422 of the Internal Revenue Code, or non-statutory stock options. Only employees of the Subsidiary may receive incentive stock option awards. The term of each option may not exceed ten years, or five years in the case of an incentive stock option granted to a ten percent shareholder. No incentive stock option or non-qualified stock option may have an exercise price less than the fair market value of a common share at the time of grant or, in the case of an incentive stock option granted to a ten percent shareholder, 110% of such share’s fair market value. Options will be exercisable at such time or times and subject to such terms and conditions as determined by the administrator at grant and the exercisability of such options may be accelerated by the administrator.

Restricted Stock

The 2017 IBEX Plan allows the administrator to grant restricted stock awards. Once the restricted stock is purchased or received, the participant will have the rights equivalent to those of a holder of the common shares, and will be a record holder when his or her purchase and the issuance of the common shares is entered upon the records of duly authorized transfer agent. Unless otherwise determined by the administrator, the Subsidiary will have a right to repurchase any grants of restricted stock upon a recipient’s voluntary or involuntary termination of employment for any reason at a price equal to the original purchase price of such restricted stock.

Stockholder Rights

Except as otherwise provided in the applicable award agreement, and with respect to an award of restricted stock, a participant will have no rights as a shareholder with respect to common shares covered by any award until the participant becomes the record holder of such common shares.

Amendment and Termination

The board of directors may, at any time, amend or terminate the 2017 IBEX Plan but no amendment or termination may be made that would materially and adversely affect the rights of any participant under any outstanding award, without his or her consent.

Transferability

Subject to certain limited exceptions, awards granted under the 2017 IBEX Plan may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution.

Effective Date; Term

The 2017 IBEX Plan became effective on June 20, 2017 and will expire on June 20, 2027 unless terminated earlier by the board of directors.

In December 2017, the Group granted 1,778,569 stock options to its employees of which 480,128 were vested. The remaining options will vest over periods of three to four years. There were no restricted stock awards granted in the same period. The weighted average exercise price of stock options granted during the fiscal year ended June 30, 2018 was $6.81.

The fair value of share options granted during the fiscal year ended June 30, 2018 was determined to be $8.428 per option.

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

Fair value of common shares

The estimated fair value of the common shares underlying the share options has been determined to be $14 per share.

Expected term

The expected term of options granted is 4.92 years. The Company assumes all options will be exercised at the contractual term of the option.

Volatility

Management used an average volatility of comparable listed companies of 35.6% for grant calculations for the year ended June 30, 2018.

Expected dividends

The Subsidiary does not expect to pay any dividends in the future.

Risk-free rate

The risk-free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The average risk-free rate used for options granted during the fiscal year ended June 30, 2018 was 2.26%.

A summary of the stock options outstanding and exercisable as at June 30, 2018 is as follows:

	2018	
	Weighted average exercise price ....(US$).......	Share options (Number)
Options outstanding as at beginning of the year		-
Options granted during the year	6.81	1,778,569
Options exercised during the year		-
Options forfeited/cancelled/expired during the year		(145,399)
Options outstanding as at end of the year	6.81	1,633,170
Options exercisable as at end of the year	6.81	628,356

	2018					
	Options outstanding			Options exercisable		
Exercise price or range .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....
6.81	1,633,170	2.58	6.81	628,356	2.84	6.81

Most of the 1,778,569 stock options granted under the 2017 IBEX Plan during the fiscal year ended June 30, 2018 vest over time, with an initial portion vesting at December 31, 2017 and the remainder vesting equally on a monthly basis for a period of three to four years. The remaining stock options vest based on certain performance criteria which are:

- the consummation of a successful initial public offering on or before December 31, 2018; and

- meeting specific revenue targets during the period from January 1, 2018 to December 31, 2018.

As of June 30, 2018, 628,356 or 38.5%, of the outstanding stock options have vested. The Subsidiary recognized the amount of stock compensation expense for options initially vesting on the first vesting date. As to the remaining unvested options, the Subsidiary will recognize an expense over the vesting period on an accelerated basis.

The weighted average grant date fair value of stock options granted during the fiscal year ended June 30, 2018 is $8.428 per option. The amount recognized as share-based payment expense pertaining to this plan for the fiscal year ended June 30, 2018 is $8.8 million. As of June 30, 2018, there was $4.8 million of total unrecognized compensation cost related to 1,408,220 unvested stock options granted under the 2017 IBEX Plan with weighted average grant date fair value of $8.428 per share. That cost is expected to be recognized over a weighted average vesting period of 3.30 years on an accelerated basis.

23.4 Afiniti Phantom stock option plan

Afiniti adopted an employee phantom stock option plan in December 2016 (the "2016 PSO Plan") to enable certain officers, employees and consultants of Afiniti and its subsidiaries to have financial incentives which are tied to the value of the Afiniti and thereby aligning their interest with the Afiniti's shareholders. A phantom stock option is the right to receive, upon exercise, an amount equal to the difference between (a) the fair market value of the share of stock at the time of exercise and (b) the exercise price of the phantom stock option per share of stock. Although phantom stock options are denominated in shares of stock, participants are not entitled to receive shares of stock upon the exercise of a phantom stock option. Afiniti may, at its discretion, settle the amount due upon exercise of a phantom stock option in the form of cash or any other property. The terms of the phantom stock options, including the exercise price per share and vesting provisions, are determined by a committee designated by the board of directors. Phantom stock options are generally granted at exercise prices not less than the estimated fair market value of the Afiniti's common shares at the date of grant. Phantom stock option grants typically vest over four years with 25% vesting upon the expiration of an initial one-year cliff and the remainder vesting monthly thereafter over the remaining 36 months assuming continuing service and expire ten years from the date of grant. Compensation cost is recognized on a straight-line basis over the requisite employee service period, which is generally the vesting period. Share-based compensation is recognized only for those awards that are expected to vest, with forfeitures estimated at the date of grant based on historical experiences and future expectations. There is no limit to the number of phantom stock options that may be issued under the 2016 PSO plan.

The phantom options activity was as follows for the year ended June 30, 2018 and June 30, 2017:

	2018		2017	
	Weighted average exercise price (US$)	**Share options (Number)**	Weighted average exercise price (US$)	Share options (Number)
Options outstanding as at beginning of the year	**1.72**	**507,012**		-
Options granted during the year		**-**	1.72	507,012
Options exercised during the year		**-**		-
Options forfeited/cancelled/expired during the year	**1.72**	**(30,000)**		-
Options outstanding as at end of the year	**1.72**	**477,012**	1.72	507,012
Options exercisable as at end of the year		**241,000**		-

A summary of the stock options outstanding and exercisable as at June 30, 2018 and June 30, 2017 is as follows:

	2018					
	Options outstanding			**Options exercisable**		
Exercise price or range .....(US$).....	**Number**	**Weighted average remaining life (years)**	**Weighted average exercise price .....(US$).....**	**Number**	**Weighted average remaining life (years)**	**Weighted average exercise price .....(US$).....**
1.72	**477,012**	**8.40**	**1.72**	**241,000**	**8.40**	**1.72**

	2017					
	Options outstanding			Options exercisable		
Exercise price or range .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....
1.72	507,012	9.40	1.72	-	-	-

The weighted average fair value of the Phantom stock options granted during the year is US$ nil (June 30, 2017: US$ 1.72). For the year ended June 30, 2018, the Subsidiary recognized an expense of share-based payment amounting to US$ 0.1 million (June 30, 2017: US$ 0.18 million) in the consolidated statement of profit and loss and other comprehensive income. The liability under the Phantom stock option plan as at June 30, 2018 and 2017 was included as other non-current liabilities in note 18.

23.5 Afiniti stock option plan

Afiniti adopted an employee option plan in October 2013, amended in May 2014 and March 2016 (the "2013 Plan") to enable certain executives, employees and full time consultants of Afiniti and its subsidiaries to be granted options to acquire 10,258,542 shares of common shares of the Company. The terms of the options, including the exercise price per share and vesting provisions, are determined by the board of directors. Options are generally granted at exercise prices not less than the estimated fair market value of the Company's common shares at the date of grant based upon numerous objective and subjective factors including: third-party valuations, preference share transactions with third-parties, current operating and financial performance, management estimates and future expectations. Option grants typically vest upon the expiration of an initial one-year cliff and vest monthly thereafter over the remaining thirty-six months assuming continuing service, and expire ten years from the grant date. Compensation cost is recognized on a straight-line basis over the requisite employee service period, which is generally the vesting period and is recorded as employee compensation expense. Share-based compensation is recognized only for those awards that are expected to vest, with forfeitures estimated at the date of grant based on historical experiences and future expectations. Share-based compensation expense is recognized as part of expenses in the consolidated statement of profit or loss and other comprehensive income.

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

Expected term

The expected term represents the period of time the stock options are expected to be outstanding and is based on the simplified method. Afiniti uses the simplified method for employee awards due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected term of the stock options granted to employees. For options granted to non-employees, Afiniti uses an expected term equal to the contractual term of the option.

Volatility

Expected volatility is based on historical volatilities for publicly traded stock of comparable companies over the estimated expected term of the stock options.

Expected dividends

Afiniti assumes no dividend yield because dividends are not expected to be paid in the near future, which is consistent with the Afiniti's history of not paying dividends.

Risk-free rate

The risk-free interest rate assumption is based upon observed interest rates for constant maturity U.S. Treasury securities consistent with the expected term of Afiniti's stock options.

	2018		2017	
	Weighted average exercise price (US$)	**Share options (Number)**	**Weighted average exercise price (US$)**	**Share options (Number)**
Options outstanding as at beginning of the year	**1.68**	**3,033,048**	1.12	1,740,741
Options granted during the year	**22.71**	**3,053,444**	2.13	1,891,800
Options exercised during the year		**-**		-
Options forfeited/cancelled/expired during the year	**2.02**	**(998,152)**	1.19	(599,493)
Options outstanding as at end of the year	**14.17**	**5,088,340**	1.68	3,033,048
Options exercisable as at end of the year	**14.47**	**4,958,119**	1.70	2,488,915

A summary of the stock options outstanding and exercisable as at June 30, 2018 and June 30, 2017 is as follows:

	2018					
	Options outstanding			**Options exercisable**		
Exercise price or range .....(US$).....	**Number**	**Weighted average remaining life (years)**	**Weighted average exercise price .....(US$).....**	**Number**	**Weighted average remaining life (years)**	**Weighted average exercise price .....(US$).....**
1.12 - 22.71	**5,088,340**	**8.85**	**14.17**	**4,958,119**	**8.87**	**14.47**

	2017					
	Options outstanding			Options exercisable		
Exercise price or range .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....	Number	Weighted average remaining life (years)	Weighted average exercise price .....(US$).....
1.12 - 2.13	3,033,048	8.70	1.68	2,488,915	8.80	1.70

Based on the above assumptions, the weighted average fair value of all options granted during 2018 is US$ 0.54 (June 30, 2017: US$ 1.07). The amount recognized as share-based payment expense for the year ended June 30, 2018 and June 30, 2017 is US$ 1.7 million and US$ 1.4 million respectively.

24. WARRANTS

On November 13, 2017, one of the Subsidiary of the Group issued to an electronic commerce and cloud computing company, a 10-year warrant to acquire up to 1,443,740 common shares of the Subsidiary, representing 10% of equity on a fully diluted and as-converted basis as of the date of issuance of the warrant. The agreement was then amended on April 30, 2018. The warrant is exercisable, either for cash or on a net issuance basis, at a price per share equal to:

- If, prior to June 30, 2018, no qualified IPO or qualified valuation event (each as defined in the warrant) occurs, the price will be $15.00,

- If we complete a firm commitment for an initial public offering whereby the net proceeds exceeds $20 million prior to June 30, 2018, the initial public offering price will be the exercise price,

- if a qualified valuation event occurs whereby the valuation is 85% of the price per warrant share, the warrant will take on that price, or

- If a neither a qualified IPO not a qualified valuation event has occurred on or prior to June 30, 2018, but a qualified IPO or an M&A event occurs after June 30, 2018 but prior to December 31, 2019, the exercise price would be the lower of (i) $15.00 and (ii) the price established in respect of the first qualified IPO or M&A event to occur in such period per numeral 2 or 3 above.

The common shares subject to the warrant vest on an incremental basis upon the satisfaction of specified milestones that are tied to payments made by an electronic commerce and cloud computing company or its affiliates in connection with the purchase of services from us during a seven and a half year period ending on June 30, 2024, and the warrant will become fully vested when a cumulative total of $600 million is paid by the electronic commerce and cloud computing company or its affiliates to the Subsidiary during this period. The vesting is partially accelerated in the event of a reorganization transaction (as defined in the warrant).

On March 16, 2018, the Subsidiary effected a reverse stock split which had an impact on any employee stock option plans as well as the warrants associated with the above warrant. As a result of the stock split, the number of common shares subject to the warrant was reduced based on the original agreement from 1,611,944 to 1,443,740 as per the amended agreement.

The exercise price and the number of common shares issuable upon exercise of the warrant are subject to customary anti-dilution adjustments.

The electronic commerce and cloud computing company is entitled to customary shelf and piggy-back registration rights with respect to the common shares issued upon exercise of the warrant. The electronic commerce and cloud computing company may not transfer the warrant except to its wholly-owned subsidiary.

In December 2017, the Subsidiary elected to utilize the Black Scholes valuation model to calculate the fair value of the above warrants. At June 2018, the Subsidiary opted to use the Monte Carlo simulation as a more dynamic method for calculating the value of warrants. The use of the Monte Carlo Simulation is appropriate for stock warrants where the complexity of the option may lend itself to outcomes based upon multiple different scenarios. The Black-Scholes is a closed form model whereas the Monte Carlo is an open form. While a Black Scholes and Monte Carlo would produce the same or very similar results for an option that is based upon an outcome with a single path scenario (such as a potential IPO), a Monte Carlo is able to recognize and adjust the value of an option based upon different path dependent scenarios (the decision to remain a privately held firm or an IPO, for example).

The Subsidiary estimated the fair value of warrants on the date of the grant at $6.935 using the 'Black Scholes' option pricing model. The model also requires the use of certain other estimates and assumptions that affect the reported amount of share-based payments cost recognized in the consolidated statement of profit or loss and other comprehensive income.

Expected term

The expected term of options granted is ten years starting November 13, 2017, and ending November 12, 2027.

Volatility

The Subsidiary used average volatility of comparable listed companies as 35.6%.

Expected dividends

The expected average dividend yield is 0% for the year ended June 30, 2018. The Subsidiary does not expect to pay any dividends in the future.

Risk-free rate

The risk-free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The average risk-free rate used for options granted during the year was 2.40%.

There were no warrants cancelled, expired or vested as of June 30, 2018. The Subsidiary recorded a reduction to revenue of approximately $0.5 million in the year ended June 30, 2018.

Based on the number of warrants expected to vest, the total fair value of the warrant liability included in other non-current liabilities at date of issue is $4.0 million.

In June 2018, the Subsidiary revalued the warrant liability to account for the change in the fair market value of the organization. The updated value per unit share was $5.41 which resulted in a fair value of warrants on June 30, 2018 of $1.67 which is based on the Monte Carlo simulation. Based on the number of warrants expected to vest, the total fair value of the warrant liability included in other non-current liabilities at June 30, 2018 is approximately $1.0 million.

Warrant asset

Upon inception of partnership with electronic commerce and cloud computing company, the Subsidiary recorded both the warrant asset and liability. The warrant asset was initially recorded as $4.3 million. The asset will amortize on a pro-rata based on the revenues actually recognized. The Subsidiary recorded a reduction to revenue of approximately $0.5 million in the year ended June 30, 2018. The current balance of the warrant asset at June 30, 2018 is $3.8 million.

25. LOSS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year. On the basis that the pooling of interests approach has been applied in the preparation of these financial statements, earnings per share has been calculated and presented as if the number of shares in issue following the reorganization of the Group had been in issue throughout the periods presented. Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Holding Company by the weighted average number of ordinary shares in issue and the potential ordinary shares.

The inclusion of the Company's stock options in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share.

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Loss attributable to equity holders of the Parent Company	**(2,936,815)**	(4,378,217)
	(Shares)	
Weighted average number of ordinary shares - basic	**545,390,665**	545,390,665
	(Rupees)	
Basic loss per share	**(5.38)**	(8.03)
	(Shares)	
Weighted average number of ordinary shares - diluted	**545,390,665**	545,390,665
	(Rupees)	
Diluted loss per share	**(5.38)**	(8.03)

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 analyze 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:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Financial assets		
Deposits, prepayments and other receivables	**3,023,926**	2,673,790
Trade receivables	**8,380,913**	5,888,611
Cash and bank balances	**6,189,004**	3,073,986
	17,593,843	11,636,387
Financial liabilities		
Borrowings	**24,338,100**	15,127,757
Convertible preference shares	**3,645,000**	3,145,620
Trade and other payables	**5,856,646**	6,454,078
	33,839,746	24,727,455

26.1 Market risk

26.1.1 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the cash and bank balances and credit facilities. Effective interest rates and maturities are given in respective notes to the consolidated financial statements, the Group do not use derivative financial instruments to hedge its risk of interest rate volatility.

26.1.2 Foreign currency exchange risk

Foreign currency exchange risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. As the Group has operations in countries with different currencies, the Group is exposed to certain foreign currency exchange risks which could have an impact on results of operations. The Group's primary foreign currency exposures are in Philippine Peso, Euro and US$. As such, the management believes that the Group is exposed to the following foreign currency exchange risks:

- Transaction foreign currency risk is the exchange risk associated with the time delay between entering into a contract and settling it. Greater time differences exacerbate transaction foreign currency risk, as there is more time for the two exchange rates to fluctuate. Because significantly all of the Group's transactions are denominated in U.S. Dollars, the management do not believe transaction foreign currency exposure to be a significant risk to the Group's financial position and results of operations.

- Translation foreign currency risk is the risk that the Group's non-U.S. Dollar assets and liabilities will change in value as a result of exchange rate changes. Monetary assets and liabilities are valued and translated into U.S. Dollars at the applicable exchange rate prevailing at the applicable date. Any adverse valuation moves due to exchange rate changes at such time are charged directly and could impact our financial position and results of operations. For the purposes of preparing the financial statements, the Group convert subsidiaries' financial statements as follows:

- Statements of financial position are translated into PKR from local currencies at the period-end exchange rate, shareholders' equity is translated at historical exchange rates prevailing on the transaction date and income and cash flow statements are translated at average exchange rates for the period. As such, the management do not believe translation foreign currency risk to be a significant risk to the Group's financial position and results of operations.

26.1.3 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Borrowings	Accumulated losses	Non-controling interests	Total
	(Rupees in '000)			
Balance as at 1 July 2017	**15,127,757**	**(8,712,985)**	**(1,291,560)**	**5,123,212**
Changes from financing cash flows				
Transactions with non-controlling interests	-	1,134,225	2,343,898	3,478,123
Proceeds from borrowings - net	9,210,343	-	-	9,210,343
Warrant issues	-	-	124,416	124,416
Dividend paid	-	(17,693)	-	(17,693)
Total changes from financing activities	9,210,343	1,116,532	2,468,314	12,795,189
Other changes				
Equity related other changes	-	(2,858,617)	(3,420,034)	(6,278,651)
	-	(2,858,617)	(3,420,034)	(6,278,651)
Balance as at 30 June 2018	**24,338,100**	**(10,455,070)**	**(2,243,280)**	**11,639,750**

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and causes the other party to incur a financial loss. The Group is exposed to credit risk on its accounts receivable mainly to the automotive, IT, medical and tourism sectors. The Group mitigates the risk by diversifying its client base in these sectors.

Financial instruments which potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, loans and advances and notes receivable. The Group's cash and cash equivalents are held with Pakistan and foreign commercial banks. The balance at times may exceed insured limits.

Credit rating wise breakup of bank balances:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
AA	**463,075**	110,411
AA-	**1,075,868**	725,264
A-1 +	**518,313**	125,045
A-1	**626,573**	101,371
A+	**2,313,556**	1,544,243
A	**108,229**	23,907
A-	**367,545**	185,069
A-2	**102,361**	2,599
A-3	**258,641**	130,232
BBB+	**24,844**	274
BBB-	**38,460**	7,130
Non-rated	**169,034**	100,407
	6,066,499	3,055,952

The maximum exposure to credit risk as at June 30, 2018 is as follows:

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Financial assets			
Deposits, prepayments and other receivables	*26.2.1*	**3,023,926**	2,673,790
Trade receivables		**8,380,913**	5,888,611
Balances with banks		**6,066,499**	3,055,952
		17,471,338	11,618,353

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

2018

	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	**8,650,618**	**18%**	**1,267,457**	**15%**
Client 2	**6,953,648**	**14%**	**1,366,945**	**16%**
Client 3	**5,810,530**	**12%**	**800,215**	**9%**
	21,414,796	**44%**	**3,434,617**	**40%**
Others	**27,641,757**	**56%**	**5,221,271**	**60%**
	49,056,553	**100%**	**8,655,888**	**100%**

2017

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

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

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Dues 0 to 30 days	**7,400,526**	5,161,798
Dues 31 to 60 days	**602,132**	478,270
Dues 61 to 90 days	**367,958**	83,967
Dues 91 to 180 days	**13,735**	290,315
Dues over 180 days	**271,537**	259,901
Less: provision for doubtful debts	**(274,975)**	(385,640)
	8,380,913	5,888,611

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.

26.2.1 This includes 4 year promissory notes issued by the Group amounting to US$ 1,127,325 (June 30, 2017: US$ 1,167,345) against allotment of shares of a subsidiary. This also includes a 5 year promissory note amounting to US$ 1,595,664 (June 30, 2017: US$ 1,595,664) against sale of restricted common shares held in a subsidiary.

26.3 Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The board receives cash flow projections on a quarterly basis as well as information regarding cash balances and investments. The liquidity risk of each group entity is managed at the entity level. Where facilities of group entities need to be increased, approval must be sought by the entity's CFO. Where the amount of the facility is above a certain level, agreement of the Group CFO and the board is needed.

The following table presents liquidity analysis as of June 30, 2018:

	June 30, 2018			
	Less than 1 year	**1 - 3 Years**	**4 - 5 Years**	**Total**
	(Rupees in '000)			
Deposits, prepayments and other receivables	**1,638,855**	**1,385,071**	**-**	**3,023,926**
Trade receivables	**8,380,913**	**-**	**-**	**8,380,913**
Cash and cash equivalents	**6,189,004**	**-**	**-**	**6,189,004**
	16,208,772	**1,385,071**	**-**	**17,593,843**
Obligation under finance leases	**910,917**	**478,828**	**-**	**1,389,745**
Long-term borrowings	**640,822**	**8,317,218**	**8,458,269**	**17,416,309**
Line of credit	**3,709,546**	**-**	**-**	**3,709,546**
Private placements notes	**1,822,500**	**-**	**-**	**1,822,500**
Convertible preference shares	**3,645,000**	**-**	**-**	**3,645,000**
Trade and other payables	**5,856,646**	**-**	**-**	**5,856,646**
	16,585,431	**8,796,046**	**8,458,269**	**33,839,746**
Net liquidity position	**(376,659)**	**(7,410,975)**	**(8,458,269)**	**(16,245,903)**

	June 30, 2017			
	Less than 1 year	1 - 3 Years	4 - 5 Years	Total
	(Rupees in '000)			
Deposits, prepayments and other receivables	861,388	1,812,402	-	2,673,790
Trade receivables	5,888,611	-	-	5,888,611
Cash and bank balances	3,073,986	-	-	3,073,986
	9,823,985	1,812,402	-	11,636,387
Obligation under finance leases	684,327	759,215	-	1,443,542
Long-term borrowings	874,789	2,551,330	6,775,181	10,201,300
Line of credit	2,525,598	-	-	2,525,598
Private placements notes	957,317	-	-	957,317
Convertible preference shares	3,145,620	-	-	3,145,620
Trade and other payables	6,454,078	-	-	6,454,078
	14,641,729	3,310,545	6,775,181	24,727,455
Net liquidity position	(4,817,744)	(1,498,143)	(6,775,181)	(13,091,068)

27. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings, staff retirement funds, directors and key management personnel. The balances due from and to related parties of the Group have been disclosed in the respective notes to the consolidated financial statements.

27.1 The investments out of provident fund of the Group have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

27.2 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year. During the year ended June 30, 2018, executives remuneration was Rs. 15.1 million (June 30, 2017: Rs. 16.7 million) and there were 5,126 (June 30, 2017: 5,696) executives as at June 30, 2018. During the year ended June 30, 2018, directors remuneration was Rs. 46.0 million (June 30, 2017: Rs. 59.6 million). No fee for attending meetings or any other remuneration was paid to the directors of the Parent Company during the year (number of directors: 10).

28. CAPITAL RISK MANAGEMENT

Capital risk management is carried out by the Group's management. The Group's board of directors sets Capital risk management policies and procedures to which our management is required to adhere. The Group's management identifies and evaluates Capital risks and enters into agreements and explore avenues to mitigate these risk exposures in accordance with the policies and procedures outlined by the Group's board of directors.

The Group manages its capital to safeguard that the Group will be able to continue as a going concern. The capital structure of the Group consists of cash at bank and in hand and cash equivalents, borrowings, as well as private placements of debt securities and preferred shares. In addition the Group's capital structure includes equity attributed to the holders of equity instruments of the Holding Company, such as capital, reserves and results carried forward, as mentioned in the consolidated statement of changes in equity.

The Group manages its capital structure and makes the necessary adjustments in the light of changes of economic circumstances, the risk characteristics of underlying assets and the projected cash needs of the current and prospective operational / financing / investment activities. The adequacy of the Group's capital structure will depend on many factors, including capital expenditures, market developments and any future acquisition.

The Group and any of its subsidiaries are not subject to any externally imposed capital requirements, other than those imposed by generally applicable company law requirements.

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.

29. SEGMENT INFORMATION

Management has determined its operating segments based on reports reviewed by the board of directors ("BOD") that are used to assess the performance of the various components and in making resource allocation decisions. Management has determined that the lines of the business constitute operating segments. There are three operating segments, namely, customer management, customer acquisition and software and AI platform for behavioral pairing.

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

- Customer Management: Customer Management segment comprises the Engagement, Expansion and Experience solutions. The suite of customer engagement solutions consist of customer service, technical support and other value added outsourced back office services. This omni-channel offering is delivered through voice, email, chat, SMS, social media and other communication applications. The customer expansion solution is a derivative of the segment's customer engagement solution, combining traditional BPO solutions with the segment's sales and acquisition oriented contact center capability to allow existing clients to further mine their existing customer base. The segment's customer experience solution is comprised of a comprehensive suite of proprietary software tools to measure, monitor and manage the customer experience.

- Customer Acquisition: In the customer acquisition segment, the segment works with consumer-facing businesses and acquires customers for them. Most of the customer acquisition solutions are based on two steps: (a) generating or purchasing a lead or a prospect, and (b) converting that lead or prospect into a customer, most frequently through a voice-based channel. In this segment, customers are primarily acquired for clients in the telecommunications, cable, technology and insurance industries. The segment's activity for the insurance industry is conducted through segment's Medicare Insurance division, which acquires customers for the leading health insurance carriers.

- AI platform for behavioral pairing: AI platform for behavioral pairing provides optimized call outcomes for contact centers by pairing agents with callers based on behaviors and other related data.

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

- Third party revenue for each operating segment; and

- Adjusted EBITDA

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

29.1 Information about segments

The segment information provided to the chief operating decision makers for the reportable segments for the year ended June 30, 2018 is as follows:

	2018			
	Customer Management	**Customer Acquisition**	**AI platform for behavioral pairing**	**Total**
	(Rupees in '000)			
Segment revenue	**31,833,611**	**10,150,105**	**7,590,036**	**49,573,752**
Less: inter-segment revenue	**(478,913)**	**(38,286)**	**-**	**(517,199)**
Revenue from external customers	**31,354,698**	**10,111,819**	**7,590,036**	**49,056,553**
Adjusted EBITDA	**230,855**	**1,244,741**	**(1,909,588)**	**(433,992)**

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

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
29.2 Adjusted EBITDA for reportable segments for the year	**(433,992)**	(923,332)
Depreciation, amortization and other non-cash costs	**(3,879,812)**	(5,930,624)
Finance expenses - net	**(1,975,882)**	(1,719,815)
Taxation	**(28,900)**	46,939
Others	**(454,838)**	(1,114,601)
Loss for the year	**(6,773,424)**	(9,641,433)
29.3 Revenue by location		
United States of America	**45,465,884**	34,009,669
Others	**3,590,669**	1,980,991
	49,056,553	35,990,660
29.4 Non current assets by location		
United States of America	**10,171,786**	4,806,717
Others	**3,731,291**	5,557,462
	13,903,077	10,364,179

30. AUDITORS' REMUNERATION

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Fee for audit of separate financial statements	**1,265**	1,265
Fee for review of half yearly financial statements	**400**	400
Fee for the audit of consolidated financial statements	**2,875**	2,875
Sales tax	**380**	380
Other certifications	**205**	205
Out of pocket expenses	**174**	173
	5,299	5,298

31. NUMBER OF EMPLOYEES

	June 30, 2018	June 30, 2017
	(Number)	
Parent Company		
Average number of employees during the year ended	**1**	1
Number of employee as at year end	**1**	1
Subsidiary companies		
Average number of employees during the year ended	**18,294**	17,800
Number of employees as at year end	**18,152**	18,584

32. PARENT COMPANY'S INDIRECT SUBSIDIARIES

The following entities are indirect subsidiaries of the Parent Company through IBEX Holdings Limited as at June 30, 2018.

Subsidiaries of TRGIL (Indirect subsidiaries of the Parent Company)	Location	Nature of Business	Ownership as at June 30, 2018	Ownership as at June 30, 2017
IBEX Global Limited	Bermuda	Holding company	**53.22%**	53.24%
IBEX Global Solutions Limited	England	Holding company	**53.22%**	53.24%
IBEX Holdings Bermuda	Bermuda	Holding company	**53.22%**	53.24%
Lovercius Consultants Limited	Cyprus	Call center	**53.22%**	53.24%
IBEX Global Europe S.a.r.l	Luxembourg	Tech support services	**53.22%**	53.24%
IBEX Global ROHQ	Philippines	Regional headquarter	**53.22%**	53.24%
TRG Customer Solutions, Inc. (TRG CS) (trading as IBEX Global Solutions, Inc.)	USA	Call center	**53.22%**	53.24%
TRG Customer Solutions (Canada), Inc.	Canada	Call center	**53.22%**	53.24%
TRG Marketing Solutions Limited	England	Call center	**53.22%**	53.24%
Virtual World (Private) Limited	Pakistan	Call center	**53.22%**	53.24%
IBEX Philippines Inc.	Philippines	Call center	**53.22%**	53.24%
IBEX Global Solutions (Philippines) Inc.	Philippines	Call center	**53.22%**	53.24%
TRG Customer Solutions (Philippines), Inc.	Philippines	Call center	**53.22%**	53.24%
IBEX Global Solutions Senegal S.A. (formerly TRG Senegal SA.)	Senegal	Call center	**53.22%**	53.24%
IBEX Global Solutions (Private) Limited	Pakistan	Call center	**53.22%**	53.24%
IBEX Global MENA FZE	Dubai	Call center	**53.22%**	53.24%
IBEX I.P. Holdings Ireland Limited	Ireland	Holding company	**53.22%**	53.24%
IBEX Global Bermuda Limited	Bermuda	Call center	**53.22%**	53.24%
IBEX Global Solutions Nicaragua SA	Nicaragua	Call center	**53.22%**	53.24%
IBEX Global St. Lucia Limited	St. Lucia	Holding company	**53.22%**	53.24%
IBEX Global Jamaica Limited	Jamaica	Call center	**53.22%**	53.24%
IBEX Global Solutions France SARL	France	Call center	**53.22%**	53.24%
DGS Limited	Bermuda	Holding company	**53.22%**	53.24%

Subsidiaries of TRGIL (Indirect subsidiaries of the Parent Company)	Location	Nature of Business	Ownership as at June 30, 2018	Ownership as at June 30, 2017
Digital Globe Services, Inc.	USA	Internet marketing for residential cable services	**53.22%**	53.24%
Telsat Online, Inc.	USA	Internet marketing for non-cable telco services	**53.22%**	53.24%
DGS Worldwide Marketing Limited	Cyprus	Holding company and global marketing	**53.22%**	53.24%
DGS Worldwide BV	Netherlands	Global marketing	**53.22%**	53.24%
DGS (Pvt.) Limited	Pakistan	Call centre and support services	**53.22%**	53.24%
DGS Tech, Limited	Ireland	Tech support services	**53.22%**	53.24%
DGS EDU LLC	USA	Internet marketing for the education industry	**53.22%**	53.24%
DGS Auto LLC	USA	Motor vehicle licensing	**53.22%**	53.24%
7 Degrees LLC	USA	Digital marketing agency	**53.22%**	53.24%
e - Telequote Limited	Bermuda	Holding company	**53.22%**	53.24%
e - Telequote, Plc	USA	Call center	**53.22%**	53.24%
e - Telequote (Private) Limited	Pakistan	Call center	**53.22%**	53.24%
ETQ HK SPV, Inc.	USA	Profit center	**53.22%**	53.24%
e - Telequote HK Limited	Hong Kong	Licensing & billing	**53.22%**	53.24%
iSky, Inc.	USA	Market research	**53.22%**	53.24%
iSky Technologies Canada Inc.	Canada	Market research	**53.22%**	53.24%

The following entities are indirect subsidiaries of the Holding Company through Afiniti International Holding Limited (formerly SATMAP International Holding Limited) as at June 30, 2018:

Subsidiaries of TRGIL (Indirect subsidiaries of the Parent Company)	Location	Nature of Business	Ownership as at June 30, 2018	Ownership as at June 30, 2017
SATMAP Incorporated d/b/a Afiniti	USA	Contact center optimization	**30.56%**	30.93%
Afiniti Europe Technologies Ltd. (formerly known as SATMAP Europe Technologies, Limited)	United Kingdom	Contact center optimization	**30.56%**	30.93%
Afiniti Worldwide Marketing Limited (formerly known as SATMAP Worldwide Marketing Limited)	Cyprus	Contact center optimization	**30.56%**	30.93%
Afiniti Canada Inc. (formerly known as SATMAP Canada, Inc.)	Canada	Contact center optimization	**30.56%**	30.93%
Afiniti Software Solutions (Pvt) Ltd. (formerly known as SATMAP Services (Pvt) Ltd.)	Pakistan	Contact center optimization	**30.56%**	30.93%
Afiniti Brazil Solucoes em Tecnologia Ltda	Brazil	Contact center optimization	**30.56%**	30.93%
AETL S.A.R.L	Luxembourg	Contact center optimization	**30.56%**	30.93%
Afiniti France	France	Contact center optimization	**30.56%**	30.93%
Afiniti HK Pacific	Hong Kong	Contact center optimization	**30.56%**	30.93%

Subsidiaries of TRGIL (Indirect subsidiaries of the Parent Company)	**Location**	**Nature of Business**	**Ownership as at June 30, 2018**	Ownership as at June 30, 2017
Afiniti Spain S.L.	Spain	Contact center optimization	**30.56%**	30.93%
Afiniti Technologies, S. de R.L. de C.V.	Mexico	Contact center optimization	**30.56%**	30.93%
Afiniti Germany GmbH	Germany	Contact center optimization	**30.56%**	30.93%
Afiniti Italia S.R.L.	Italy	Contact center optimization	**30.56%**	30.93%
Afiniti Technologies FZ-LLC	Dubai	Contact center optimization	**30.56%**	30.93%
Afiniti Australia PTY Ltd.	Australia	Contact center optimization	**30.56%**	30.93%
Afiniti Japan	Japan	Contact center optimization	**30.56%**	-
Shenzen Afiniti Technologies, Co., Ltd.	China	Contact center optimization	**30.56%**	-

The following entity is associate of the Parent Company through DGS Limited as at June 30, 2018:

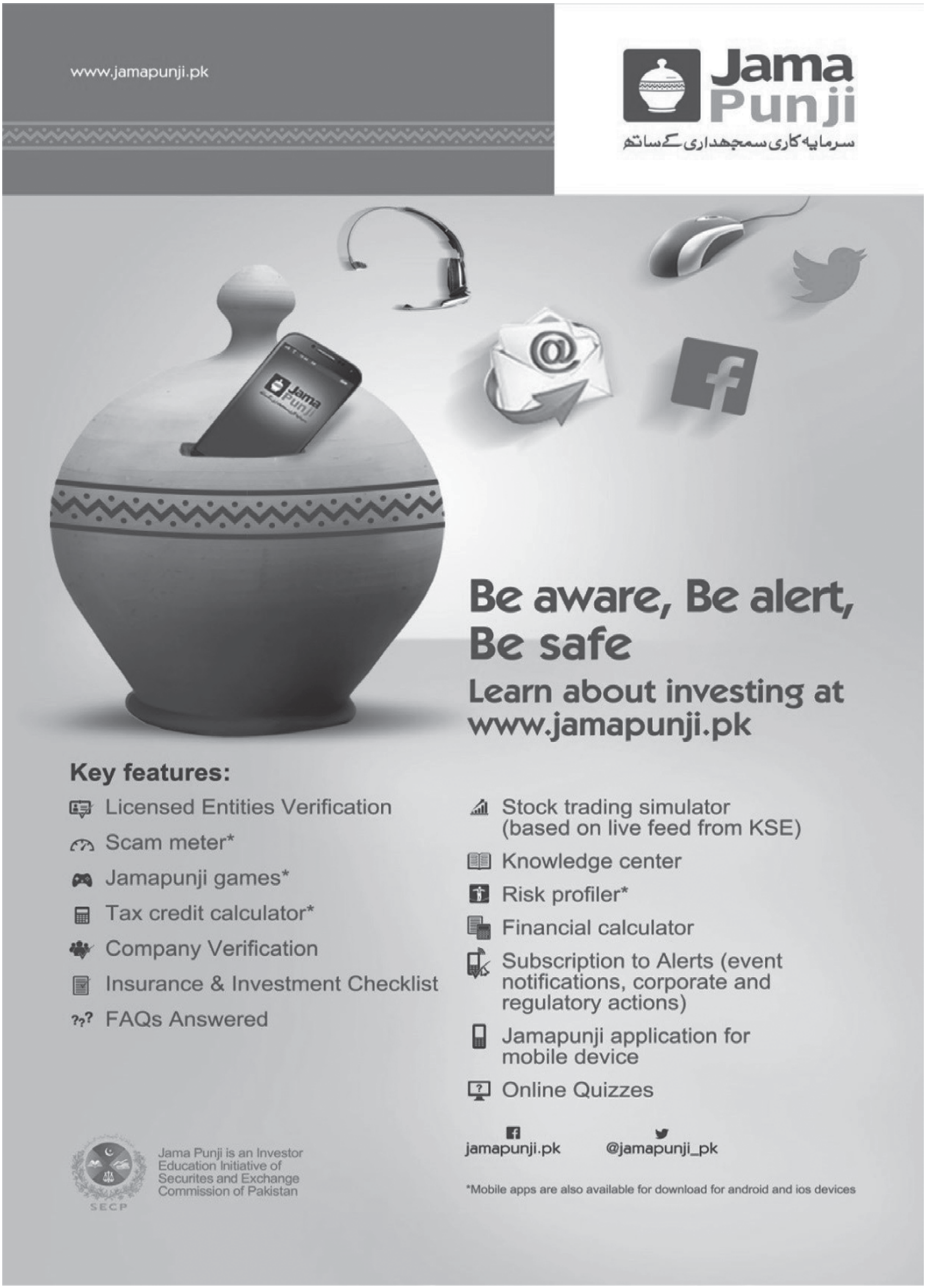
Associate	**Location**	**Nature of Business**	**Ownership as at June 30, 2018**	Ownership as at June 30, 2017
DGS Lakeball LLC	USA	Internet marketing for commercial cable services	**27.23%**	27.23%

32.1 During the year, Afiniti International Holdings Limited issued 772,701 preference D shares to outside investors amounting to US$ 30.07 million at a price of US$ 40.21 per share. The Group recognized an increase in non-controlling interests of US$ 24 million and an increase in equity attributable to shareholders of the Holding Company of US$ 9.4 million.

33. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 10, 2018 by the board of directors of the Parent Company.

Director	**Chief Financial Officer**	**Director**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*Mobile apps are also available for download for android and ios devices
SECP
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

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 Sixteenth Annual General Meeting of the Company to be held on November 02, 2018 and at any adjournment thereof.

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

Folio Number/CDC No. ______________________

Numbers of shares held: ______________________

Signature over Revenue Stamp of Rs. 5

Signatures and addresses of witnesses

Witness 1

Signature ______________________

Name ______________________

NIC No. ______________________

Address ______________________

Signatures and addresses of witnesses

Witness 2

Signature ______________________

Name ______________________

NIC No. ______________________

Address ______________________

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of our Shares Registrar, M/s. THK Associates (Pvt.) Ltd. Share Department, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, not less than 48 hours before the time of holding the meeting.
2. A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak, and vote for him/her. A proxy need not be a member of the Company.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

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

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

TRG PAKISTAN LIMITED.

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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ٹی آر جی پاکستان لمیٹڈ

مختار نامہ

سینٹر پوائنٹ بلڈنگ، لیول 18، پلاٹ نمبر 2-66/3-3 آف شہید ملت روڈ، ایکسپریس وے، نزد کے پی ٹی انٹرچینج فلائی اوور، کراچی 74900 پاکستان۔

میں/ہم ____________________ کا/کے ____________________

بحیثیت رکن ٹی آر جی پاکستان لمیٹڈ اور حامل عام حصص، بمطابق شیئر رجسٹر فولیو نمبر ____________________ اور/یا سی ڈی سی

پارٹیسپنٹ (شرکت) آئی ڈی نمبر ____________________ اور سب اکاؤنٹ (ذیلی کھاتہ نمبر) ____________________

محترم/محترمہ ____________________ کو اپنے/ہمارے ایماء پر ____________________ 2018 کو دن ______

____________________ میں منعقد ہونے والے کمپنی کے 16ویں سالانہ اجلاس عام

میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ____________ بتاریخ ____________ 2018 کو دستخط کئے گئے۔

گواہان:

ا۔ دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

____

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

۲۔ دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

____

نوٹ:

ا۔ ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کرسکتا ہے۔

۲۔ ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل سیکریٹری، ٹی آر جی پاکستان لمیٹڈ کو رجسٹرآفس پر ارسال کرے۔

۳۔ سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ درج ذیل ہدایات پر بھی عمل کرنا ہوگا:

(الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔

(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(ج) بینیفیشل اونرز (مستفید ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔

(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(ہ) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن) بورڈ آف ڈائریکٹرز کی قرارداد/مع نامزد کردہ شخص/اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

ٹی آر جی پاکستان لمیٹڈ

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ٹی آر جی پاکستان لمیٹڈ

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

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CENTRE POINT BUILDING, LEVEL 18,
PLOT NO. 66/3-2, OFF. SHAHEED-E-MILLAT
EXPRESSWAY, NEAR KPT INTERCHANGE
FLYOVER, KARACHI-74900, PAKISTAN.
UAN # +92.21.111.TRG.TRG.
http://trgpcorp.com