



**TRG PAKISTAN LIMITED**

A graphic of a globe showing the Earth, positioned in the center of a red, stylized, curved shape that resembles a large letter 'C' or a thick, curved arrow. The globe is rendered in shades of orange and yellow, suggesting a sunrise or sunset. The red shape has a glossy, 3D effect with highlights and shadows.

**THIRD QUARTERLY REPORT**

**THIRD QUARTERLY REPORT  
MARCH 31, 2020**



# Vision

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

# Mission

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

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



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# Corporate Information

## Board of Directors

**Peter H.R. Riepenhausen**

Chairman

**Muhammad Ziaullah Khan Chishti**

CEO

**Zafar Iqbal Sobani**

**Muhammad Ali Jameel**

**John Leone**

**Mohammadullah Khan Khaishgi**

**Patrick McGinnis**

**Ameer S. Qureshi**

**Asad Nasir**

**Sabiha Sultan Ahmad**

## Audit Committee

Zafar Iqbal Sobani - Chairman

Patrick McGinnis

Ameer S. Qureshi

Asad Nasir

## HR Recruitment &

## Remuneration Committee

Sabiha Sultan Ahmad - Chairman

John Leone

Peter H.R. Riepenhausen

Mohammed Khaishgi

## 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

## Report of the Directors

### For the Nine Months ended March 31, 2020

Your Directors are pleased to present the condensed interim unconsolidated and consolidated financial information of TRG Pakistan Limited for the nine months ended March 31, 2020.

#### Key Developments

The first nine months of FY20 was a period of significant growth for TRG. Our consolidated revenues reached Rupees 70,073 million, representing a 36.5% increase over the same period last year. This growth was broad based across our portfolio and was also aided by a weaker Rupee against the US Dollar.

Noteworthy in its revenue growth trajectory during this first nine months was IBEX, where revenues increased to Rupees 47,578 million, representing a 27.3% growth over the same period in fiscal 2019. The improvement in margins was equally significant, with EBITDA increasing from Rupees 2,822 million to Rupees 6,161 million during these nine months of FY20. IBEX continues to transition away from revenues delivered from onshore locations to more profitable nearshore and offshore facilities.

e-Telequote, our health insurance marketing subsidiary, continued its record growth and its revenues increased from Rupees 5.4 billion to Rupees 13.2 billion. This increase was a result of the continued investment the Company is making in our Medicare insurance business. With this larger scale, e-Telequote has been successful in improving operational efficiencies and profitability, due to which, its EBITDA increased from Rupees 1,875 million to Rupees 4,400 million.

Our enterprise software subsidiary, Afiniti, continues to execute on plan and its topline grew from Rupees 8,529 million to Rupees 9,217 million.

The above 9 month period does not reflect the impact of COVID-19 given that the situation took effect only towards the second half of the month of March 2020. Since then, our operational assets have had to adjust to this new reality both from a client demand and service delivery perspective. Amongst our assets that depend upon large scale service delivery (such as IBEX and e-Telequote), we have invested heavily in "work-at-home" production with a view to partially offset the impact of limitations in delivery from physical facilities. We are also monitoring the effect of the crisis upon client demand for services provided by our operating companies, which for certain clients has strengthened but for others has weakened.

#### Financial Review:

TRG Pakistan's condensed interim financial information consists of the financial information of the parent company on a standalone basis, as well as the consolidated financial information of the entire group.

#### Consolidated Financial Information

For the nine months ended March 31, 2020, our consolidated revenues amounted to Rupees 70,073 million, which represents a 36.5% increase from revenues of Rupees 51,328 million for the comparative period in 2019.

Our recurring operating subsidiary revenues were offset by net recurring cash operating costs (excluding interest) of Rupees 64,395 million, resulting in recurring earnings before interest, taxes, depreciation and amortization at the operating subsidiary level of Rupees 5,678 million.

Our operating subsidiaries incurred a net interest expense of Rupees 3,728 million to service their respective loans and lines of credit. Our total corporate overheads for the nine months were Rupees 377 million.

In non-cash adjustments, we had depreciation and amortization expenses of Rupees 4,293 million, stock option charge of Rupees 140 million and exchange loss of Rupees 117 million. In addition, we incurred a non-cash interest expense of Rupees 1,617 million on account of preferred shares issued by our subsidiaries and tax expense of Rupees 339 million.

The net result of the above was a loss for the nine months period ended March 31, 2020 of Rupees 4,933 million, compared to a loss of Rupees 3,020 million during the same period in 2019.

#### TRG Pakistan Limited Standalone Financial Information

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

The company recognized income of Rupees 178.2 million mainly as a return on loan to an indirect subsidiary, whereas it incurred expenses of Rupees 152.6 million for administrative and other expenses. As a result, TRG Pakistan Limited realized net profit (on a standalone basis) of Rupees 19.2 million for the nine months ended March 31, 2020.

### Earnings per share

The loss per share of the Company on a consolidated basis was Rupees 1.83 per share. On a standalone basis, the company recognized earnings per share of Rupee 0.035.

### Outlook

We do expect some pressure on margins and growth in the short term due to COVID-19, especially in the April to June 2020 quarter as we face one-time margin pressure in adjusting to a new demand and service delivery situation. However, we remain focused on our strategic plan of creating significant shareholder value through the operational progress of our subsidiaries as well as preparing to realize this value in either public or private markets.

### Board of Directors

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

S. No.	Category	Name of Director
1.	Executive Directors	Muhammad Ziaullah Khan Chishti Mohammed Khaishgi
2.	Non-Executive Directors	Muhammad Ali Jameel Patrick McGinnis John Leone Peter H.R. Riepenhausen Ameer S. Qureshi
3.	Independent Directors	Zafar Iqbal Sobani Asad Nasir Sabiha Sultan Ahmad

### Board Sub-Committees

S. No.	Category	Name of Member
1.	Audit Committee	Zafar Iqbal Sobani Patrick McGinnis Ameer S. Qureshi Asad Nasir
2.	HR Recruitment & Remuneration Committee	Sabiha Sultan Ahmad John Leone Peter H.R. Riepenhausen Mohammed Khaishgi

### Acknowledgments

Your directors close this report by thanking you of your continued confidence and for the opportunity to serve you as your fiduciaries in the management of your Company.

#### For and on Behalf of the Board of Directors

**Muhammad Ziaullah Khan Chishti**  
Chief Executive

**Muhammad Ali Jameel**  
Director

Karachi:  
April 29, 2020

## بورڈ آف ڈائریکٹرز

کمپنی اپنے بورڈ پر آزاد غیر جانبدار ڈائریکٹرز اور مینوریٹی انٹرسٹ کی نمائندگی کرنے والے ڈائریکٹرز کی حوصلہ افزائی کرتی ہے۔ اس وقت بورڈ میں مندرجہ ذیل ڈائریکٹرز شامل ہیں:

نمبر شمار	عہدہ	ڈائریکٹرز کے نام
1.	ایگزیکٹو ڈائریکٹرز	جناب محمد ضیاء اللہ چشتی جناب محمد اللہ شفیقی
2.	غیر ایگزیکٹو ڈائریکٹرز	جناب محمد علی جمیل جناب پیٹرک مک گینز جناب جان لیون جناب پیٹر ایچ۔ آر۔ رائین ہاسن جناب امیر شاہ پوریشی
3.	آزاد ڈائریکٹرز	جناب ظفر اقبال سجانی جناب اسد ناصر سہیہا سلطان احمد

## بورڈ آف ڈائریکٹرز کی ذیلی کمیٹیاں

نمبر شمار	عہدہ	ڈائریکٹرز کے نام
1.	آڈٹ کمیٹی	جناب ظفر اقبال سجانی جناب پیٹرک مک گینز جناب امیر شاہ پوریشی جناب اسد ناصر
2.	ایچ آر کے کمیٹی اینڈ ریویویشن کمیٹی	سہیہا سلطان احمد جناب جان لیون جناب پیٹر ایچ۔ آر۔ رائین ہاسن جناب محمد اللہ شفیقی

## اظہار تشکر

اس رپورٹ کے اختتام پر ڈائریکٹرز آپ کے مستقل اعتماد اور کمپنی کی انتظامیہ کو ایمین کے طور پر خدمات کا موقع دینے پر آپ کے تہہ دل سے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

علی جمیل  
ڈائریکٹر

محمد ضیاء اللہ خان چشتی  
چیف ایگزیکٹو

کراچی

تاریخ: 29 اپریل 2020

## مالیاتی جائزہ

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

## مجموعی مالیاتی بیانے

31 مارچ 2020 کو ختم ہونے والی نو ماہی رپورٹ کیلئے ہماری مجموعی آمدنی 2019 کے اسی عرصے کے مقابلے میں 36.5 فیصد اضافے کے ساتھ 51,328 ملین روپے سے بڑھ کر 70,073 ملین روپے ہو گئی۔

ہمارے ذیلی اداروں سے حاصل ہونے والی آمدنی ہمارے بار بار ہونے والے نقد اخراجات نکالنے کے بعد مبلغ 64,395 ملین روپے تھی۔ جسکے نتیجے میں ہماری ٹیکس کٹوتی، فرسودگی، سود اور قرضہ جات سے قبل آمدنی 5,678 ملین روپے رہی۔

ہمارے ذیلی اداروں نے اپنے متعلقہ قرضہ جات کی سروس کے لئے 3,728 ملین روپے کا خرچ کیا۔ اس ششماہی رپورٹ میں کارپوریٹ اور ہیڈ 377 ملین روپے رہے تھے۔

غیر نقدی تصفیہ میں ہمارے فرسودگی کے اخراجات 4,293 ملین روپے، غیر نقدی اسٹاک آپشن کے اخراجات 140 ملین روپے اور ایکسیجنگ خسارہ 117 ملین روپے رہے۔ اس کے علاوہ، ہمارے ماتحت اداروں کی طرف سے جاری کردہ ترجیحی حصص کے غیر نقدی سودی اخراجات 1,617 ملین روپے رہے۔ اور ٹیکس اخراجات 339 ملین روپے تھے۔

مذکورہ بالا کے نتیجے میں اس نو ماہی رپورٹ کے دوران 4,933 ملین روپے خسارہ ہوا جبکہ 2019 کے اسی عرصے کے دوران یہ خسارہ 3,020 ملین روپے تھا۔

## ٹی آر جی پاکستان لمیٹڈ کے انفرادی مالیاتی بیانے

ٹی آر جی پاکستان لمیٹڈ بنیادی طور پر بہت کم آپریشنز کے ساتھ ایک ہولڈنگ کمپنی کے طور پر کام کرتی ہے۔

کمپنی نے اپنی آمدنی کے بیانے میں 178.2 ملین روپے کی آمدنی ظاہر کی جسکی بنیادی وجہ ہمارے ذیلی ادارے سے قرضہ جات کی مدد میں آمدنی ہے۔ جبکہ انتظامی اور دیگر اخراجات 152.6 ملین روپے رہے اور جسکے نتیجے میں اس نو ماہی کے اختتام پر ٹی آر جی پاکستان لمیٹڈ نے 19.2 ملین روپے صافی نفع حاصل کیا۔

## نی شہیر آمدنی

مجموعی بنیاد پر نی شہیر خسارہ 1.83 پیسے رہا جبکہ انفرادی سطح پر کمپنی نے نی شہیر 0.035 پیسے کی آمدنی حاصل کی۔

## آئیندہ امکانات

ہم کوویڈ-19 کی وجہ سے قلیل مدت میں مارجن اور ترقی پر کچھ دباؤ کی توقع کرتے ہیں، خاص طور پر اپریل سے جون 2020 سہ ماہی میں کیونکہ ہمیں نئی طلب اور خدمات کی فراہمی کی صورت حال کو ایڈجسٹ کرنے میں ایک وقتی مارجن پریشاں کا سامنا کرنا پڑتا ہے۔ تاہم، ہم اپنے ماتحت اداروں کی آپریشنل پیشرفت کے ذریعہ ہم حصص یافتگان کی قیمت پیدا کرنے کے ساتھ ساتھ سرکاری یا نجی مارکیٹوں میں بھی اس قدر کو محسوس کرنے کی تیاریوں پر اپنی توجہ مرکوز رکھتے ہیں۔

## ڈائریکٹرز کی رپورٹ

برائے دورانیہ 31 مارچ 2020 کے اختتام پر (نوماہی رپورٹ)

آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ ٹی آر جی پاکستان لمیٹڈ کے 31 مارچ 2020 کو اختتام پذیر ہو چکے نوماہی میں انفرادی اور مجموعی معاشی بیانیے پیش کرتے ہیں۔

### اہم ترقیات

مالی سال 2020 کے پہلے نوماہی ٹی آر جی کے لیے بہت اہم ترقی کی مدت تھی ہماری مجموعی آمدنی 70,073 ملین روپے تک پہنچ گئی جو کہ پچھلے سال کے مقابلے میں اسی مدت کے دوران 36.5 فیصد سے زیادہ ہے یہ اضافہ وسیع پیمانے پر ہے اور ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے بھی ہمیں مدد ملی ہے۔

قابل ذکر ہے کہ اس نوماہی کے دوران آمدنی کی ترقی کی پیش رفت میں آئی بیکس اپنی آمدنی میں مالی سال 2019 کے مقابلے میں اسی مدت میں 27.3 فیصد اضافے کے ساتھ 47,578 ملین روپے رہی۔ اس مارجن میں بہتری کی اہم وجہ یہ بھی ہے کہ آمدنی کے ساتھ ساتھ ای بی ٹی ڈی اے نوماہ کے دوران 2,822 ملین روپے سے بڑھ کر 6,161 ملین روپے ہو گیا۔

ہمارے ذیلی ادارے ای ٹیلیکوم جو کہ ہیلتھ انشورنس مارکیٹنگ کا ادارہ ہے نے ریکارڈ ترقی کو جاری رکھا اور اس کی محصولات 5.4 ارب روپے سے بڑھ کر 13.2 ارب روپے ہو گئی یہ اضافہ اس بات کا نتیجہ ہے کہ کمپنی ہمارے میڈیکل انشورنس کے کاروبار میں لگاتار سرمایہ کاری کر رہی ہے اس بڑے پیمانے پر، ای ٹیلیکوم آپریشنل اہلیتوں کو بہتر بنانے اور منافع بڑھانے میں کامیاب رہا ہے اس کا ای بی آئی ٹی ڈی اے 1,875 ملین روپے سے بڑھ کر 4,400 ملین روپے ہو گیا ہے۔

ہمارے انٹرپرائز سوفٹ ویئر کی ماتحت ایفٹی نے منصوبہ بندی کو جاری رکھا ہے اور گزشتہ سال کے مقابلے میں اس کی آمدنی 8,529 ملین روپے سے بڑھ کر 9,217 ملین روپے ہو گئی۔

مذکورہ بالا 9 ماہ کی مدت کو ٹیڈ-19 کے اثرات کی عکاسی نہیں کرتی ہے جب کہ یہ صورتحال مارچ 2020 کے مہینے کے دوسرے نصف حصے میں ہی موثر ہوئی۔ تب سے ہمارے آپریشنل اثاثوں کو کلائنٹ کی مانگ اور خدمت کی ترسیل کے نقطہ نظر سے دونوں کو اس نئی حقیقت کے مطابق کرنا پڑا۔ ہمارے اثاثوں میں جو بڑے پیمانے پر سروس کی ترسیل پر منحصر ہیں (جیسے آئی بیکس اور ای ٹیلی کوٹ)، ہم نے جسمانی سہولیات سے حاصل ہونے والی فراہمی میں حدود کے اثرات کو جزوی طور پر دور کرنے کے لئے "گھر سے کام کرنے" کے تحت پیداوار میں بہت زیادہ سرمایہ کاری کی ہے۔ ہم اپنی آپریٹنگ کمپنیوں کے ذریعہ فراہم کردہ خدمات کے لئے کلائنٹ کی مانگ پر بحران کے اثر کی بھی نگرانی کر رہے ہیں، جو مخصوص کلائنٹ کے لئے مضبوط ہے لیکن دوسروں کے لئے کمزور ہو چکی ہے۔

A large, stylized graphic of a globe is centered on the page. The globe is rendered in shades of gray and is surrounded by a thick, dark gray, curved band that resembles a ribbon or a thick line. The text 'Third Quarterly Report' is written in white, bold, sans-serif font along the curve of this band.

**Third Quarterly Report**

**Condensed Interim Un-consolidated  
Financial Statements**  
For the nine months period ended  
**March 31, 2020**

## Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2020

		March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets		70	101
Long term investment	4	17,428,815	16,392,528
Long term loan to related party - secured and considered good	5	-	1,579,646
Long term deposits		75	75
		17,428,960	17,972,350
<b>Current assets</b>			
Current maturity of accrued mark-up	5.1	19,706	-
Current maturity of long term loan - secured and considered good	5	1,579,646	-
Cash and bank balances	6	1,391	1,685
		1,600,743	1,685
<b>Total assets</b>		19,029,703	17,974,035
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	7	7,330,000	7,330,000
<i>Share capital</i>			
Issued, subscribed and paid-up capital	7	5,453,907	5,453,907
<i>Revenue reserves</i>			
Foreign currency translation reserve		8,746,774	8,202,725
Fair value reserve - net of deferred tax		2,289,757	2,022,911
Accumulated losses		(506,586)	(525,804)
		15,983,852	15,153,739
<b>Non-current liability</b>			
Deferred tax liability		3,016,772	2,791,380
<b>Current liabilities</b>			
Accrued and other liabilities		3,558	9,529
Payable to related parties - unsecured	8	4,769	4,579
Taxation - net		20,752	14,808
		29,079	28,916
<b>Total equity and liabilities</b>		19,029,703	17,974,035
<b>Contingencies and commitments</b>	9		

The annexed notes 1 to 14 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
Director

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

\_\_\_\_\_  
Director

## Condensed Interim Unconsolidated Statement of Profit or Loss Account and Other Comprehensive Income (Un-audited)

For the nine months period ended March 31, 2020

	Note	Quarter ended		Nine months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
----- (Rupees in '000) -----					
Revenue	10	58,641	61,022	178,183	179,285
Administrative and other expenses		(57,685)	(20,912)	(152,607)	(242,815)
<b>Profit / (loss) before taxation</b>		<b>956</b>	40,110	<b>25,576</b>	(63,530)
Taxation		(266)	(275)	(6,358)	(1,964)
<b>Profit / (loss) for the period</b>		<b>690</b>	39,835	<b>19,218</b>	(65,494)
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>					
Equity investments at FVOCI - net of tax		713,611	(124,582)	810,895	1,547,422
<b>Total comprehensive income for the period</b>		<b>714,301</b>	(84,747)	<b>830,113</b>	1,481,928
----- (Rupee) -----					
Earnings / (loss) per share - basic and diluted		0.001	0.07	0.035	(0.12)

The annexed notes 1 to 14 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
Director

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

\_\_\_\_\_  
Director

**Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)**  
 For the nine months period ended March 31, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves		Total	
		Foreign currency translation reserve	Fair value reserve - net of deferred tax		Accumulated losses
----- (Rupees in '000) -----					
<b>Balance as at July 1, 2018</b>	5,453,907	5,065,891	4,866,594	(527,659)	14,858,733
<b>Total comprehensive income</b>					
Loss for the nine months period ended March 31, 2019	-	-	-	(65,494)	(65,494)
Equity investments at FVOCI - change in fair value net of deferred tax	-	-	(505,148)	-	(505,148)
Foreign currency translation difference - net of related tax	-	2,052,570	-	-	2,052,570
	-	2,052,570	(505,148)	(65,494)	1,481,928
<b>Balance as at March 31, 2019</b>	5,453,907	7,118,461	4,361,446	(593,153)	16,340,661
<b>Balance as at July 1, 2019</b>	<b>5,453,907</b>	<b>8,202,725</b>	<b>2,022,911</b>	<b>(525,804)</b>	<b>15,153,739</b>
<b>Total comprehensive income</b>					
Profit for the nine months period ended March 31, 2020	-	-	-	19,218	19,218
Equity investments at FVOCI - change in fair value net of deferred tax	-	-	266,846	-	266,846
Foreign currency translation difference - net of related tax	-	544,049	-	-	544,049
	-	544,049	266,846	19,218	830,113
<b>Balance as at March 31, 2020</b>	5,453,907	8,746,774	2,289,757	(506,586)	15,983,852

The annexed notes 1 to 14 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
 Director

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

\_\_\_\_\_  
 Director

## Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)

For the nine months period ended March 31, 2020

	Note	March 31, 2020 ----- (Rupees in '000) -----	March 31, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	11	<b>(158,386)</b>	54,294
Mark-up income received - <i>net</i>		<b>158,477</b>	-
Taxes paid		<b>(414)</b>	(5)
Net cash (used in) / generated from operating activities		<b>(323)</b>	54,289
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		-	(127)
Net cash used in investing activities		-	(127)
Effects of exchange rate difference		<b>29</b>	(54,234)
Net decrease in cash and cash equivalents		<b>(294)</b>	(72)
Cash and cash equivalents at beginning of the year		<b>1,685</b>	799
Cash and cash equivalents at end of the year		<b>1,391</b>	727

The annexed notes 1 to 14 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
Director

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

\_\_\_\_\_  
Director

# Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the nine months period ended March 31, 2020

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Act, 2017 (formerly 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 a holding company. The Parent Company, (through its subsidiary, The Resource Group International Limited) has a portfolio of investments primarily in the Technology, IT Enabled Services and Medicare Insurance sectors.
- 1.3 These condensed interim financial statements are unconsolidated financial statements of the Company. Condensed interim consolidated financial statements are prepared separately.

### 2. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019.

These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position as at March 31, 2020, condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows and notes thereto for the nine months period then ended. These condensed interim unconsolidated financial statements also include the condensed interim unconsolidated statement of profit or loss and other comprehensive income for the quarter ended March 31, 2020 which are neither audited nor reviewed.

The comparative condensed interim unconsolidated statement of financial position, presented in these condensed interim unconsolidated financial statements as at June 30, 2019 have been extracted from the annual audited unconsolidated financial statements of the Company for the year then ended, whereas the comparative condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows are extracted from the unaudited condensed interim unconsolidated financial statements for the nine months period ended March 31, 2019. The comparative condensed interim unconsolidated statement of profit or loss and other comprehensive income for the quarter ended March 31, 2019 which is included in this condensed interim unconsolidated financial statements was neither audited nor reviewed.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited) For the nine months period ended March 31, 2020

### Judgments and estimates

The preparation of these condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019.

The significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019.

### Risk management

Risk management policies are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the Company's annual audited unconsolidated financial statements for the year ended June 30, 2019.

A number of other pronouncements are effective from July 1, 2019 as detailed in Company's annual audited unconsolidated financial statements as at and for the year ended June 30, 2019, but they do not have a material effect on these condensed interim unconsolidated financial statements and therefore have not been detailed.

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

### 4. LONG TERM INVESTMENT - fair value through OCI

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
---- (Rupees in '000) ----			
In unquoted subsidiary - The Resource Group International Limited (TRGIL) 60,450,000 (June 30, 2019: 60,450,000)			
Series B Preferred Shares	4.1	<u>17,428,815</u>	<u>16,392,528</u>

- 4.1 This represents investment in a subsidiary incorporated in Bermuda having par value and additional paid up share capital of US\$0.01 and US\$ 0.99 per share respectively. The percentage of the Company's holding in TRGIL's shares is 57.32% (June 30, 2019: 57.32%) and the percentage of holding on a fully diluted basis, after taking into account all the classes of shares that will potentially participate in equity distribution, is 45.32% (June 30, 2019: 45.32%).

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited) For the nine months period ended March 31, 2020

### 4.2 Reconciliation of carrying amount of investment

	<b>March 31, 2020</b>	June 30, 2019
	<b>(Un-audited)</b>	(Audited)
	----- (Rupees in '000) -----	
Opening balance	<b>16,392,528</b>	16,138,471
Changes in fair value	<b>341,016</b>	(3,694,284)
Foreign currency translation difference	<b>695,271</b>	3,948,341
Closing balance	<b>17,428,815</b>	16,392,528

- 4.3** On October 4, 2005, TRGIL entered into a Preferred Stock Purchase Agreement with a consortium of related investors (the PineBridge investors). Under the agreement, the total amount invested for purchase of Series A Preferred Shares was US\$ 30 million (the original issue price). The PineBridge investors have the right to have their Series A Preferred Shares purchased back at the original issue price or convert into Common Shares. Further, 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.

### 5. LONG TERM LOAN TO RELATED PARTY - secured and considered good

	<b>March 31, 2020</b>	June 30, 2019
	<b>(Un-audited)</b>	(Audited)
	----- (Rupees in '000) -----	
Loan amount	<b>1,579,646</b>	1,579,646
Less: current maturity	<b>(1,579,646)</b>	-
	<b>-</b>	1,579,646

This represents loan to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loan has a maturity period of twelve months, which may be extended by another twelve months. The loan carries markup of 15% per annum. Loan is secured by letter of guarantee from The Resource Group International Limited, subsidiary of the Company.

### 5.1 Accrued mark-up

	<b>March 31, 2020</b>	June 30, 2019
	<b>(Un-audited)</b>	(Audited)
	----- (Rupees in '000) -----	
Accrued mark-up	<b>19,706</b>	-
Less: current maturity	<b>(19,706)</b>	-
	<b>-</b>	-

This represents the accrued markup on loan to TRG (Private) Limited as referred in note 5.

Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the nine months period ended March 31, 2020

**6. CASH AND BANK BALANCES**

	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
---- (Rupees in '000) ----		
Balance with bank in		
- current account	625	625
- saving account	760	1,047
	<b>1,385</b>	1,672
Cash in hand	6	13
	<b>1,391</b>	1,685

**7. SHARE CAPITAL**

	March 31, 2020 (Un-audited)		June 30, 2019 (Audited)	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
<b>Authorized share capital</b>				
- Ordinary class 'A' shares of Rs.10 each	720,000,000	7,200,000	720,000,000	7,200,000
- Ordinary class 'B' shares of Rs.10 each	13,000,000	130,000	13,000,000	130,000
	<b>733,000,000</b>	<b>7,330,000</b>	733,000,000	7,330,000
<b>Issued, subscribed and paid-up capital</b>				
Ordinary class 'A' shares of Rs. 10 each				
- allotted for consideration paid in cash	535,765,687	5,357,657	535,765,687	5,357,657
- allotted for consideration other than cash (note 8.1)	9,624,978	96,250	9,624,978	96,250
	<b>545,390,665</b>	<b>5,453,907</b>	545,390,665	5,453,907

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

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

This comprises of Rs. 4.8 million (June 2019: Rs. 4.6 million) payable to TRGIL, subsidiary of the Company.

**9. CONTINGENCIES AND COMMITMENTS**

There is no change in contingencies and commitments as reported in note 11 to the annual audited unconsolidated financial statements for the year ended June 30, 2019.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited) For the nine months period ended March 31, 2020

### 10. REVENUE

	Note	March 31, 2020	March 31, 2019
--- (Rupees in '000) ---			
Interest income on			
- Bank balances		149	53
- Long term loan	5	178,034	179,232
		<b>178,183</b>	<b>179,285</b>

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

Profit / (loss) for the year before taxation	25,576	(63,530)
Adjustments for :		
Depreciation	32	41
Interest on loan and return on bank balances	(178,183)	(179,285)
Exchange loss - net	-	232,008
Working capital changes	(5,811)	65,060
	<b>(183,962)</b>	<b>117,824</b>
	<b>(158,386)</b>	<b>54,294</b>

#### 11.1 Working capital changes

(Decrease) / increase in current liabilities:

Accrued and other liabilities	(6,001)	64,595
Payable to related parties	190	465
	<b>(5,811)</b>	<b>65,060</b>

### 12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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. Management has established a control framework for fair value measurement.

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.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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 asset or liability that are not based on observable market data (unobservable inputs).

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

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

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited) For the nine months period ended March 31, 2020

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

	March 31, 2020 (Un-audited)			Fair value Level 3
	Carrying amount			
	FVOCI - equity instruments	Financial assets at amortized cost	Other financial liabilities	
	----- (Rupees in '000) -----			
<b>Financial assets measured at fair value</b>				
Long term investment	17,428,815	-	-	17,428,815
<b>Financial assets not measured at fair value</b>				
Long term deposits	-	75	-	-
Current maturity of accrued markup	-	19,706	-	-
Current maturity of loan to related party	-	1,579,646	-	-
Cash and bank balances	-	1,391	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued and other liabilities	-	-	3,558	-
Payable to related parties - current account	-	-	4,769	-

	June 30, 2019 (Audited)			Fair value Level 3
	Carrying amount			
	FVOCI - equity instruments	Financial assets at amortized cost	Other financial liabilities	
	----- (Rupees in '000) -----			
<b>Financial assets measured at fair value</b>				
Long term investment	16,392,528	-	-	16,392,528
<b>Financial assets not measured at fair value</b>				
Long term loan to related party	-	1,579,646	-	-
Long term deposits	-	75	-	-
Cash and bank balances	-	1,685	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued and other liabilities	-	-	8,919	-
Payable to related parties - current account	-	-	4,579	-

Management assessed that the fair values of cash and cash equivalents, loan, accrued markup receivable thereon, long term deposits, payables and other current liabilities approximate their carrying amounts.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment 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.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the nine months period ended March 31, 2020

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, forecast of EBITDA margin of underlying unquoted equity portfolios, discount rates, terminal value growth rate 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.

### 13. 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 period and their balances have been disclosed in respective notes to these condensed interim unconsolidated financial statements. The investments out of provident fund of the Company have been made in accordance with the provisions of the Section 218 of the Companies Act, 2017 and rules formulated for this purpose.

### 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 29, 2020 by the board of directors of the Company.

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Director

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Chief Financial Officer

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Director

A large, stylized graphic of a globe is centered on the page. The globe is rendered in shades of gray and is surrounded by a thick, dark gray, curved band that resembles a ribbon or a thick line. The text 'Third Quarterly Report' is written in white, bold, sans-serif font along the curve of this band.

**Third Quarterly Report**

**Condensed Interim Consolidated  
Financial Statements**  
For the nine months period ended  
**March 31, 2020**

## Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2020

	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	5,108,729	4,904,932
Other intangible assets	2,352,501	2,153,991
Property and equipment	20,861,046	18,848,625
Long term investment	55,389	36,282
Deferred tax asset	490,278	479,346
Long term receivables	15,012,322	9,371,201
Deferred expenses	806,550	774,375
Long term deposits, prepayments and other assets	1,816,746	1,697,450
<b>Total non-current assets</b>	<b>46,503,561</b>	<b>38,266,202</b>
<b>Current assets</b>		
Trade and other receivables	17,589,240	17,214,366
Current portion of long term receivables	4,740,734	2,181,731
Current portion of deferred expenses	433,064	415,788
Cash and bank balances	7,192,525	14,021,555
<b>Total current assets</b>	<b>29,955,563</b>	<b>33,833,440</b>
<b>Total assets</b>	<b>76,459,124</b>	<b>72,099,642</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
<b>Share capital</b>		
Issued, subscribed and paid-up capital	5,453,907	5,453,907
<b>Revenue reserves</b>		
Foreign currency translation reserve	(3,888,751)	(3,017,025)
Accumulated deficit	(11,349,222)	(10,703,678)
	(15,237,973)	(13,720,703)
Non-controlling interests	(9,902,463)	(6,185,806)
<b>Total equity</b>	<b>(19,686,529)</b>	<b>(14,452,602)</b>
<b>Non-current liabilities</b>		
Deferred revenue	77,404	120,447
Lease liabilities	15,556,084	13,906,091
Borrowings	49,415,593	42,330,440
Deferred tax liability	835,758	805,124
Other non-current liabilities	1,976,212	1,829,926
<b>Total non-current liabilities</b>	<b>67,861,051</b>	<b>58,992,028</b>
<b>Current liabilities</b>		
Trade and other payables	13,331,583	11,465,276
Current portion of lease liabilities	2,549,912	2,893,382
Current portion of borrowings	5,337,172	6,735,756
Convertible preference shares	5,001,000	4,801,500
Current portion of deferred revenue	2,064,935	1,664,302
<b>Total current liabilities</b>	<b>28,284,602</b>	<b>27,560,216</b>
<b>Total liabilities</b>	<b>96,145,653</b>	<b>86,552,244</b>
<b>Total equity and liabilities</b>	<b>76,459,124</b>	<b>72,099,642</b>
<b>Contingencies and commitments</b>		

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The annexed notes from 1 to 8 form an integral part of these condensed interim consolidated financial statements.

Director

Chief Financial Officer

Director

## Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the nine months period ended March 31, 2020

	Quarter ended		Nine months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Note</b>	----- (Rupees in '000) -----			
Revenue	22,630,992	17,546,771	70,073,240	51,327,915
Other operating income	292,667	55,586	1,180,939	368,911
Payroll and related costs	13,340,633	10,855,028	40,979,292	30,469,929
AI and development costs	2,236,687	1,625,083	6,053,291	3,612,893
Acquisition expenses	2,237,758	1,569,489	6,286,721	4,432,506
Depreciation, amortization and other non-cash costs	1,320,993	381,425	4,550,286	1,716,808
Other operating costs	4,507,902	3,872,321	12,634,067	11,456,705
<b>Profit / (loss) from operations</b>	<b>(720,314)</b>	<b>(700,989)</b>	<b>750,522</b>	<b>7,985</b>
Finance expenses	(1,421,068)	(1,005,429)	(5,344,633)	(2,816,468)
<b>Loss before taxation</b>	<b>(2,141,382)</b>	<b>(1,706,418)</b>	<b>(4,594,111)</b>	<b>(2,808,483)</b>
Income tax (expense) / benefit	(115,353)	24,019	(338,869)	(211,370)
<b>Net loss for the period</b>	<b>(2,256,735)</b>	<b>(1,682,399)</b>	<b>(4,932,980)</b>	<b>(3,019,853)</b>
<b>Other comprehensive loss</b>				
<i>Item that will be subsequently reclassified to profit or loss account</i>				
Foreign currency translation adjustment	(1,677,570)	(148,143)	(1,132,356)	(1,351,589)
<b>Total comprehensive loss</b>	<b>(3,934,305)</b>	<b>(1,830,542)</b>	<b>(6,065,336)</b>	<b>(4,371,442)</b>
<b>Loss attributable to:</b>				
- Shareholders of the Parent Company	(505,974)	(550,859)	(996,794)	(903,659)
- Non-controlling interest	(1,750,761)	(1,131,540)	(3,936,186)	(2,116,194)
	<b>(2,256,735)</b>	<b>(1,682,399)</b>	<b>(4,932,980)</b>	<b>(3,019,853)</b>
<b>Other comprehensive loss attributable to:</b>				
- Shareholders of the Parent Company	(975,669)	(66,997)	(871,726)	(919,363)
- Non-controlling interest	(701,901)	(81,146)	(260,630)	(432,226)
	<b>(1,677,570)</b>	<b>(148,143)</b>	<b>(1,132,356)</b>	<b>(1,351,589)</b>
<b>Total comprehensive loss attributable to:</b>				
- Shareholders of the Parent Company	(1,481,643)	(617,856)	(1,868,520)	(1,823,022)
- Non-controlling interest	(2,452,662)	(1,212,686)	(4,196,816)	(2,548,420)
	<b>(3,934,305)</b>	<b>(1,830,542)</b>	<b>(6,065,336)</b>	<b>(4,371,442)</b>
<b>Loss per share attributable to the ordinary equity holders of the Parent Company</b>	----- (Rupees) -----			
Basic loss per share	5 (0.93)	(1.01)	(1.83)	(1.66)
Diluted loss per share	5 (0.93)	(1.01)	(1.83)	(1.66)

The annexed notes from 1 to 8 form an integral part of these condensed interim consolidated financial statements.

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Director

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Chief Financial Officer

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Director

## Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the nine months period ended March 31, 2020

	Attributable to shareholders of the Parent Company			Non-controlling interests	Total	
	Share capital	Revenue reserves				
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses	Sub-total		
----- (Rupees in '000) -----						
<b>Balance as at July 1, 2018</b>	5,453,907	(262,813)	(10,455,070)	(5,263,976)	(2,243,280)	(7,507,256)
<b>Comprehensive loss for the period</b>						
Loss for the period	-	-	(903,659)	(903,659)	(2,116,194)	(3,019,853)
<b>Other comprehensive loss</b>						
Foreign currency translation difference	-	(919,363)	-	(919,363)	(432,226)	(1,351,589)
<b>Total comprehensive loss for the period ended March 31, 2019</b>	-	(919,363)	(903,659)	(1,823,022)	(2,548,420)	(4,371,442)
<b>Transactions with owners</b>						
Redemption of senior preferred shares	-	-	-	-	(835,553)	(835,553)
Share-based transactions	-	-	-	-	411,588	411,588
Transactions with non-controlling interests	-	-	651,222	651,222	(7,545)	643,677
<b>Balance as at March 31, 2019</b>	<u>5,453,907</u>	<u>(1,182,176)</u>	<u>(10,707,507)</u>	<u>(6,435,776)</u>	<u>(5,223,210)</u>	<u>(11,658,986)</u>
<b>Balance as at July 1, 2019</b>	<u>5,453,907</u>	<u>(3,017,025)</u>	<u>(10,703,678)</u>	<u>(8,266,796)</u>	<u>(6,185,806)</u>	<u>(14,452,602)</u>
<b>Comprehensive loss for the period</b>						
Loss for the period	-	-	(996,794)	(996,794)	(3,936,186)	(4,932,980)
<b>Other comprehensive loss</b>						
Foreign currency translation difference	-	(871,726)	-	(871,726)	(260,630)	(1,132,356)
<b>Total comprehensive loss for the period ended March 31, 2020</b>	-	(871,726)	(996,794)	(1,868,520)	(4,196,816)	(6,065,336)
<b>Transactions with owners</b>						
Share-based transactions	-	-	-	-	140,360	140,360
Transaction with non-controlling interests	-	-	370,041	370,041	339,799	709,840
Dividend distribution to minority shareholders by an indirect subsidiary	-	-	(18,791)	(18,791)	-	(18,791)
<b>Balance as at March 31, 2020</b>	<u>5,453,907</u>	<u>(3,888,751)</u>	<u>(11,349,222)</u>	<u>(9,784,066)</u>	<u>(9,902,463)</u>	<u>(19,686,529)</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim consolidated financial statements.

Director

Chief Financial Officer

Director

## Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

For the nine months period ended March 31, 2020

	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,594,111)	(2,808,483)
Adjustments for:		
Depreciation, amortization and other non-cash costs	4,550,286	1,716,808
Share of profit from long term investment	(16,520)	(14,065)
Finance expenses	5,344,633	2,816,468
Increase in trade and other receivables	(422,434)	(5,361,966)
Increase in long term receivables	(8,200,124)	(3,377,771)
(Increase) / decrease in prepayments and other assets	(168,747)	411,502
Decrease in trade and other payables and other liabilities	682,795	909,791
<b>Cash used in operations</b>	<b>(2,824,222)</b>	<b>(5,707,716)</b>
Finance expenses paid	(3,728,086)	(1,611,819)
Income taxes paid	(248,326)	(145,766)
<b>Net cash used in operating activities</b>	<b>(6,800,634)</b>	<b>(7,465,301)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment - net	(5,822,912)	(1,522,583)
Purchase of other intangible assets - net	(681,366)	(485,043)
<b>Net cash used in investing activities</b>	<b>(6,504,278)</b>	<b>(2,007,626)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings - net	5,686,569	10,161,727
Redemption of senior preferred shares	-	(835,553)
Transactions with non-controlling interests	709,840	643,677
Dividend paid	(18,791)	-
Movement in lease liabilities - net	1,306,523	-
<b>Net cash generated from financing activities</b>	<b>7,684,141</b>	<b>9,969,851</b>
Effects of exchange rate difference on cash and cash equivalents	(1,208,259)	(336,578)
Net decrease in cash and cash equivalents	(6,829,030)	160,346
Cash and cash equivalents at beginning of the period	14,021,555	6,189,004
<b>Cash and cash equivalents at end of the period</b>	<b>7,192,525</b>	<b>6,349,350</b>

The annexed notes from 1 to 8 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
Director

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

\_\_\_\_\_  
Director

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended March 31, 2020

### 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. On January 18, 2012 the Parent Company exited from NBFC regime and continues to operate as a listed company.
- 1.2 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 a portfolio of investments primarily in the Technology, IT Enabled Services and Medicare Insurance sectors.
- 1.3 The Parent Company's holding in The Resource Group International Limited ("TRGIL") is 57.32% (June 30, 2019: 57.32%). Whereas the Parent Company's fully diluted holding in TRGIL is 45.32% (June 30, 2019: 45.32%).

### 2. BASIS OF PREPARATION

These condensed interim consolidated financial statements has 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 following;

- International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017 and;
- Provisions of and directives issued under the Companies Act, 2017 and;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified 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.

These condensed interim consolidated financial statements does not include all of the statements required for full financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Parent Company for the year ended June 30, 2019.

These condensed interim consolidated financial statements comprises of the condensed interim consolidated statement of financial position as at March 31, 2020, condensed interim consolidated statement of profit or loss account and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows and notes thereto for the nine months period then ended.

The comparative condensed interim consolidated statement of financial position, presented in these condensed interim consolidated financial statements as at June 30, 2019 has been extracted from the annual audited consolidated financial statements of the Parent Company for the year then ended, whereas the comparative condensed interim consolidated statement of profit or loss account and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows are extracted from the unaudited condensed interim consolidated financial statements for the nine months period ended March 31, 2019, which were neither audited nor reviewed.

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

### For the nine months period ended March 31, 2020

#### **Judgments and estimates**

The preparation of condensed interim consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan, requires 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.

The significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to annual audited consolidated financial statements of the Parent Company for the year ended June 30, 2019.

#### **Risk management**

Risk management policies are consistent with those disclosed in the annual audited consolidated financial statements of the Company for the year ended June 30, 2019.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (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. All intercompany balances, transactions and related unrealized profits and losses are eliminated in consolidation.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual audited consolidated financial statements for the year ended June 30, 2019.

### **4. CONTINGENCIES AND COMMITMENTS**

There is no material change in contingencies and commitments as disclosed in note 20 to the annual audited consolidated financial statements for the year ended June 30, 2019.

### **5. EARNINGS / (LOSS) PER SHARE**

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Parent 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.

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended March 31, 2020

	Quarter ended		Nine months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----			
Loss attributable to equity holders of the Parent Company	<u>(505,974)</u>	<u>(550,859)</u>	<u>(996,794)</u>	<u>(903,659)</u>
	----- (Shares) -----			
Weighted average number of ordinary shares - basic	<u>545,390,665</u>	<u>545,390,665</u>	<u>545,390,665</u>	<u>545,390,665</u>
	----- (Rupees) -----			
Basic loss per share	<u>(0.93)</u>	<u>(1.01)</u>	<u>(1.83)</u>	<u>(1.66)</u>
	----- (Shares) -----			
Weighted average number of ordinary shares - diluted	<u>545,390,665</u>	<u>545,390,665</u>	<u>545,390,665</u>	<u>545,390,665</u>
	----- (Rupees) -----			
Diluted loss per share	<u>(0.93)</u>	<u>(1.01)</u>	<u>(1.83)</u>	<u>(1.66)</u>

### 6. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings, staff retirement funds, directors and key management personnel. The investments out of provident fund of the Parent Company have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 7. GENERAL

All financial information presented has been rounded off to nearest thousands of Pakistani Rupees.

### 8. DATE OF AUTHORISATION

These condensed interim consolidated financial statements was authorized for issue by the board of directors of the Parent Company on April 29, 2020.

Director

Chief Financial Officer

Director



**TRG PAKISTAN LTD.**

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