



TRG VISION

To be the global leader in providing business process outsourcing services

TRG MISSION

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

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



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CORPORATE INFORMATION

Board of Directors

Peter H.R. Riepenhausen

Chairman

Muhammad Ziaullah Khan Chishti

CEO

Muhammad Ali Jameel

Ameer S. Qureshi

Patrick McGinnis

John Leone

Rafiq K. Dossani

Abu Bakar Chowdhury

Mohammadullah Khan Khaishgi

Saleem Butt

Audit Committee

Muhammad Ali Jameel - Chairman

Saleem Butt

Patrick McGinnis

HR Recruitment &

Remuneration Committee

Peter H.R. Riepenhausen - Chairman

John Leone

Rafiq K. Dossani

Company Secretary

Syed Muhammad Talib Raza

Chief Financial Officer

Hassan Farooq

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Tasser Hadi & Co.

Chartered Accountants

Share Registrars

THK Associates (Pvt.) Ltd.

Share Department,

Ground Floor, State Life Bldg. No.3,

Dr. Ziauddin Ahmed Road, Karachi.

UAN: 111-000-322

FAX: 5655595

Registered Office

3rd Floor, Arcadia Building,

16th East Street, Defence Phase-I.

Main Korangi Road, Karachi-Pakistan.

UAN : (021) 111-874-874

FAX : (021) 3539-2843

REPORT OF THE DIRECTORS

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

Your Directors are pleased to present the standalone Financial Statements of TRG Pakistan Limited for the period ended September 30, 2013. We would like to note that we have received an exemption from the Securities and Exchange Commission of Pakistan (SECP) from the requirement of preparing consolidated financials for this current quarter. The reason for this exemption is that two of our investee companies (Digital Globe Services and IBEX Global Solutions) are listed on the London Stock Exchange, where the financial calendar is on a half-yearly basis. Hence these two companies no longer release their financial information in the first and third quarters of the year and as such, we will consolidate their financial information into our results in our December 31 and June 30 results.

Key Developments

On a standalone basis, TRG Pakistan serves as a holding company that holds equity interests in various operating companies through its TRG International subsidiary. TRG Pakistan has a 60.3% stake in TRG International Limited, and our financial statements reflect that stake at a book value (net of impairment) of Rupees 3,495 million.

As of the end of the quarter ending September 30, 2013, the market value of TRG International's combined stakes in our two publicly listed subsidiaries Digital Globe Services and IBEX Global Solutions was Rupees 14,098 million, corresponding to a pro-rated stake for TRG Pakistan Limited of Rupees 8,472 million (or 2.4 times the book value for all of TRG International reflected on our standalone financial statements). This pro-rated amount does not include the value represented by our other non-publicly listed subsidiaries such as iSky, e-Telequote or SatMap.

We will provide a more detailed update on our subsidiary-by-subsiidiary operations at the time of our consolidated financial statements release for the period ending December 31, 2013. Nonetheless, we are confident that the value creation in our operating subsidiaries, as evidenced by our mark-to-market stake in our publicly listed operating companies, is indicative of the significant progress we have made on the operational front over the last two years.

TRG Pakistan Standalone Financial Statements

TRG Pakistan Limited essentially services as a holding company with minimal operations on a standalone basis.

The Company recognized standalone income of Rupees 3.44 million consisting of return on its cash balances as well as a foreign exchange gain whereas it incurred expenses of Rupees 4.36 million for payroll and professional services associated with its holding company activities. As a result, TRG Pakistan Limited realized a net loss of Rupees 0.92 million for the quarter ended September 30, 2013.

REPORT OF THE DIRECTORS

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

Outlook

With the successful listings of our Digital Globe Services and IBEX Global Solutions subsidiaries, we have now moved to a phase where our focus is not just on value creation for our shareholders but also on value realization. We are highly focused on continuing to sustain the strong operational performance of these two subsidiaries which would result in greater value realization opportunities. We also continue to focus on the operational progress of our private subsidiaries, with the objective of bringing these to a level where they can present attractive valuations in international private and public capital markets.

Closing

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

Karachi: October 31, 2013

For and on behalf of the Board of Directors
Muhammad Ziaullah Khan Chishti
CEO



***CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION***
For the period ended ***September 30, 2013***

TRG PAKISTAN LIMITED
CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2013 (UNAUDITED)

	Note	September 30, 2 0 1 3 (Unaudited)	June 30, 2 0 1 3 (Audited)
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property and equipment		65	93
Long term investment		3,495,397	3,303,859
Long term deposits		75	75
		<u>3,495,537</u>	<u>3,304,027</u>
CURRENT ASSETS			
Accrued markup		5	7
Receivable from related party		604	571
Advance income tax		1,216	1,214
Cash and bank balances		971	1,569
		<u>2,796</u>	<u>3,361</u>
TOTAL ASSETS		<u><u>3,498,333</u></u>	<u><u>3,307,388</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	4	<u>7,330,000</u>	<u>7,330,000</u>
Issued, subscribed and paid-up capital		3,853,907	3,853,907
Foreign exchange translation reserve		1,106,608	924,166
Accumulated losses		(1,633,474)	(1,632,559)
		<u>3,327,041</u>	<u>3,145,514</u>
CURRENT LIABILITIES			
Accrued and other liabilities		62,419	62,496
Payable to related parties		108,873	99,378
		<u>171,292</u>	<u>161,874</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,498,333</u></u>	<u><u>3,307,388</u></u>
CONTINGENCIES AND COMMITMENTS	5		

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

TRG PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
 FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

Three months period ended
 September 30, September 30,
 2013 2012
 (Rupees in thousand)

Interest and other income	3,441	163
Other operating expenses	(4,356)	(3,131)
Loss for the period	(915)	(2,968)
Other comprehensive income for the period <i>Items that will not be reclassified to profit and loss subsequently</i>		
Currency translation difference	182,442	3,223
Total comprehensive income for the period	181,527	255
	(Rupees)	
Loss per share - basic and diluted	(0.002)	(0.008)

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

 Chief Executive Officer

 Director

TRG PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

Three months period ended
September 30, September 30,
2013 2012
(Rupees in thousand)

CASH FLOW FROM OPERATING ACTIVITIES

Net loss for the period	(915)	(2,968)
Adjustments for:		
Depreciation	27	64
Interest / markup / profit	(20)	(130)
Unrealised exchange gain	(3,421)	(33)
	(3,414)	(99)
Decrease / (increase) in current assets		
Prepayments	-	(970)
Other receivables	(33)	(2)
	(33)	(972)
(Decrease) / increase in current liabilities		
Accrued and other liabilities	(76)	(1,918)
Payable to related parties	9,495	4,656
	9,419	2,738
Cash generated from / (utilised in) operations	5,057	(1,301)
Interest / markup / profit received	22	49
Taxes paid	(2)	(5)
	20	44
Net cash generated from / (utilised in) operating activities	5,077	(1,257)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	468
Net cash generated from (utilised in) investing activities	-	468
Effects of exchange rate	(5,675)	(250)
Net decrease in cash and cash equivalents	(598)	(1,039)
Cash and cash equivalents as at July 01, 2013	1,569	2,952
Cash and cash equivalents as at September 30, 2013	971	1,913

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

TRG PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

	Issued, subscribed and paid- up capital	Foreign exchange translation reserve	Accumulated losses	Total
	----- (Rupees in thousand) -----			
Balance as at July 1, 2012	3,853,907	804,576	(3,640,227)	1,018,256
Comprehensive income for the period				
Net loss for the three months ended September 30, 2012	-	-	(2,968)	(2,968)
Other comprehensive income				
Currency translation reserve	-	3,223	-	3,223
Balance as at September 30, 2012	<u>3,853,907</u>	<u>807,799</u>	<u>(3,643,195)</u>	<u>1,018,511</u>
Balance as at July 1, 2013	3,853,907	924,166	(1,632,559)	3,145,514
Comprehensive income for the period				
Net loss for the three months ended September 30, 2013	-	-	(915)	(915)
Other comprehensive income				
Currency translation reserve	-	182,442	-	182,442
Balance as at September 30, 2013	<u>3,853,907</u>	<u>1,106,608</u>	<u>(1,633,474)</u>	<u>3,327,041</u>

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

TRG PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited Company on December 2, 2002 under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The Company obtained certificate of commencement of business on February 27, 2003. The operations of the Company effectively started on April 11, 2003. The registered office of the Company is situated at 3rd Floor, Arcadia Building, 16 East Street, Phase 1, DHA, Karachi, Pakistan. The Company obtained a license on May 14, 2003 from the Securities and Exchange Commission of Pakistan (SECP) to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Regulations 17(1) & (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been relaxed for the Company, permitting the Company to expose up to 100% of its equity attributable to venture capital investment in its subsidiary. The Company filed an application with SECP under Section 21 of the Companies Ordinance 1984, seeking approval for the exit of the Company from NBFC Regime and continue to operate as a listed company. The SECP vide its letter dated January 18, 2012 has approved the Company's application.
- 1.2** The principal activity of the Company is to directly and / or indirectly acquire, manage and / or maintain the business of telephone answering services, call centres, business process outsourcing services and information technology related services. To date, the Company has acquired call centre operations in North America, Africa, Asia and Europe through its subsidiary, The Resource Group International Limited, Bermuda (TRGIL), which include companies that are presently experiencing losses. The Company has adopted multiple strategies to improve their profitability and cash flows by a combination of cost rationalisation, operational efficiencies and off shore migration of labour.
- 1.3** This condensed interim financial information is unconsolidated financial information of the Company in which investment in subsidiary is carried at cost, less accumulated impairment. Securities and Exchange Commission of Pakistan ("SECP"), vide its letter No. EMD/233/650/2003 dated October 31, 2013 has exempted the Company from preparation of consolidated financial statements for the quarter ended September 30, 2013. Accordingly, the consolidated financial statements of the group comprising the Company and its subsidiary, The Resource Group International Limited (TRGIL), have not been attached with these financial statements.
- 1.4** As stated in note 4.3, TRGIL has not consummated a qualified public offering within the specified time period. Accordingly, the rights available to the Pinebridge investors (formerly AIG) to cause the subsidiary (TRGIL) to liquidate its assets or to force the sale of the subsidiary's ordinary shares to a third party have become exercisable. If the Pinebridge investors exercise their right, TRGIL may, as an alternative, be required by the Pinebridge investors to purchase back their preference shares from them (Pinebridge investors) instead, at a price not less than the original issue price (i.e. USD 1.12 per share). Depending on the option, if any, chosen by Pinebridge investors the liquidation of assets or redemption of preference shares by them (Pinebridge investors) could cause significant liquidity problems for TRGIL. If Pinebridge investors were to force TRGIL's current ordinary shareholders, which includes the Company, to sell their shares, the Company would only receive a proportionate share of the proceeds after deducting USD 30 million. However, a special resolution by the Company's shareholders is required to approve the sale of shares or the assets under the aforementioned arrangement.

TRG PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

The above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the management is confident that the Pinebridge investors would continue with their investment in the preference shares of TRGIL in foreseeable future and accordingly the Company based on its projected cash flows would be able to service all its liabilities. Accordingly, this condensed interim unconsolidated financial information has been prepared under the 'going concern' assumption.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of this standard, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2013 has been extracted from annual audited financial statements of the Company for the year ended June 30, 2013 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the period ended September 30, 2012 are unaudited.

As explained in note 1.3, this interim financial information is condensed unconsolidated financial information of the Company. The Securities and Exchange Commission of Pakistan ("SECP") has exempted the Company from preparation of condensed interim consolidated financial information for the current quarter. Accordingly, these results only effect the financial operations of TRG Pakistan standalone entity, and not of its subsidiaries.

2.2 Critical accounting judgements and estimates

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

During the preparation of this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that apply to the financial statements of the Company for the year ended June 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2013.

TRG PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

4. SHARE CAPITAL

	September 30, 2013		June 30, 2013	
	Number of shares	Rupees in thousand	Number of shares	Rupees in thousand
Authorised share capital				
Ordinary class 'A' shares of Rs 10 each	720,000,000	7,200,000	720,000,000	7,200,000
Ordinary class 'B' shares of Rs 10 each	13,000,000	130,000	13,000,000	130,000
	<u>733,000,000</u>	<u>7,330,000</u>	<u>733,000,000</u>	<u>7,330,000</u>
Issued, subscribed and paid-up capital				
Ordinary class 'A' shares of Rs 10 each				
Shares allotted for consideration paid in cash	375,765,722	3,757,657	375,765,722	3,757,657
Shares allotted for consideration other than cash (Note 4.1)	9,624,978	96,250	9,624,978	96,250
	<u>385,390,700</u>	<u>3,853,907</u>	<u>385,390,700</u>	<u>3,853,907</u>

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

4.2 On July 25, 2007, TRGIL entered into an equity subscription and shareholders agreement with IDB Infrastructure Fund L.P. (IDB). In accordance with this agreement TRGIL issued 12,396,694 shares at US\$1.21 per share resulting in gross proceeds of US\$15 million. IDB had an option under this agreement to invest a further US\$15 million into TRGIL as ordinary shares at a price of US\$1.21 per share. This option expired on July 25, 2009, which was the second anniversary of the date of the agreement. IDB has the right to exchange all or any lesser portion of its ordinary shares into a predefined number of freely tradable shares of the Company. During the year ended June 30, 2012, IDB conveyed its intention to convert its shares in TRGIL into shares of the Company. The conversion is subject to the completion of certain legal and regulatory requirements. During last year, IDB entered into an agreement to sell its equity interest in TRGIL to the Company's Chief Executive Officer Mr. Zia Chishti. The principal terms of the transaction comprise the sale of 12,396,694 shares reflecting approximately 12.4% of the total outstanding shares of TRGIL. Additionally, Mr. Chishti has undertaken not to sell the shares he will acquire under this agreement until such time as PineBridge Investors has either converted their preference shares in TRGIL into common shares or otherwise realized its preference shares.

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

The preferred stock is entitled to the same voting rights and dividend entitlements as ordinary share, but rank higher in the event of liquidation. The preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not

TRG PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

met and only for the duration that TRGIL remains in breach of such conditions and covenants. There were no triggering events for the period ended September 30, 2013, requiring such an accrual or payment.

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

If TRGIL has not consummated a qualified public offering on or before the third anniversary of the initial closing date, then the PineBridge Investors have the right to cause the TRGIL to sell to a third party all or a portion of either (1) the TRGIL issued ordinary shares or (2) the consolidated assets of the Group. If the PineBridge Investors exercise this right, TRGIL as an alternative be required by PineBridge Investors to purchase back their preference shares from them at a price not less than the original issue price (US\$1.12). However, according to section 4.06(e) of the Investor Rights Agreement (an agreement between the Company and International Finance Corporation (IFC)), the Company shall not, without the approval of its shareholders by a special resolution, undertake or permit, amongst other things, change in control of any key subsidiary (which includes TRGIL). Further, section 4.06(e) of the Investor Rights Agreement has been made part of the aforementioned Preferred Stock Purchase Agreement. Nonetheless, according to paragraph 8.7(c)(iii) of the Preferred Stock Purchase Agreement, the Company, TRGIL and the management shareholders are required to take all necessary steps to enable the PineBridge Investors to cause sale of the TRGIL's issued ordinary shares.

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

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

TRG PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

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

As of September 30, 2013, PineBridge Investors has invested the full US\$30 million committed to the TRGIL.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 There is no change in contingent liabilities as reported in Note 14.1 to the financial statements for the year ended June 30, 2013.

5.2 Commitments

There were no commitments outstanding as at September 30, 2013.

6. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

7. RELATED PARTY DISCLOSURES

Related parties of the Company comprise direct subsidiary, indirect subsidiaries, associate, directors and key management personnel. Material transactions with related parties, other than remuneration and benefits to the directors and key management personnel are as follows:

	Three months period ended	
	September 30,	September 30,
	2013	2012
	(Rupees in thousand)	
TRG (Private) Limited - (Indirect subsidiary)		
Services acquired by the Company	-	334
Virtual World (Private) Limited - (Indirect subsidiary)		
Interest income on advance	-	98
TRG Pakistan Limited Staff Provident Fund		
Contributions to the fund	128	98

The transactions are carried out on the basis of mutually agreed terms.

TRG PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UNAUDITED)

7.1 The following balances were (payable) to / receivable from related parties:

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
	(Rupees in thousand)	
TRG International Limited - (Subsidiary)	(12,008)	(11,350)
TRG (Private) Limited - (Indirect subsidiary)	(723)	(723)
Trakker (Private) Limited - (Common directorship)	(2,178)	(2,178)
TRG Holdings LLC - (Indirect subsidiary)	(93,964)	(85,127)
TRG Marketing Solutions - (Indirect subsidiary)	604	571
TRG Pakistan Limited Staff Provident Fund	(85)	(99)

DATE OF AUTHORISATION FOR ISSUE

8. This condensed interim financial information was authorised for issue on October 31, 2013 by the Board of Directors of the Company.

Chief Executive Officer

Director