IBEX LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWO YEARS ENDED JUNE 30, 2019

IBEX Limited

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
IBEX Limited
Hamilton, Bermuda

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of IBEX Limited (the "Company") as of June 30, 2019 and 2018, the related consolidated statements of profit or loss and other comprehensive income (loss), changes in equity, and cash flows for each of the two years in the period ended June 30, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

BDO LLP

BDO LLP

We have served as the Company's auditor since 2017.

London, United Kingdom
December 20, 2019

IBEX Limited
Consolidated Statements of Financial Position

	Notes	As of June 30, 2019	As of June 30, 2018
		(US$'000)	
Assets			
Non-current assets			
Goodwill	*4*	11,832	11,832
Other intangible assets	*5*	2,928	4,181
Property and equipment	*6*	82,309	18,899
Investment in joint venture	*7*	227	392
Deferred tax asset	*18*	2,517	5,219
Renewal receivables	*25.3*	-	27,284
Warrant asset	*28*	3,316	3,810
Other assets	*8*	3,398	3,465
Total non-current assets		**106,527**	**75,082**
Current assets			
Trade and other receivables	*9*	71,134	56,725
Renewal receivables	*25.3*	-	8,616
Deferred expenses		-	2,624
Due from related parties	*23*	1,768	515
Cash and cash equivalents	*10*	8,873	13,519
Total current assets		**81,775**	**81,999**
Total assets		**188,302**	**157,081**
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	*12*	12	12
Senior preferred shares	*12*	-	20,000
Additional paid-in capital	*12*	96,207	96,207
Other reserves		29,585	37,795
Accumulated deficit		(117,176)	(126,061)
Total equity		**8,628**	**27,953**
Non-current liabilities			
Deferred revenue	*11*	753	708
Lease liabilities	*6.3*	58,602	-
Borrowings	*13*	7,184	9,880
Deferred tax liability	*18*	147	-
Other non-current liabilities	*14*	1,607	2,306
Total non-current liabilities		**68,293**	**12,894**
Current liabilities			
Trade and other payables	*15*	48,357	45,955
Lease liabilities	*6.3*	10,632	-
Borrowings	*13*	41,835	51,876
Related party loans	*23*	-	1,200
Deferred revenue	*11*	4,388	5,657
Due to related parties	*23*	6,169	11,546
Total current liabilities		**111,381**	**116,234**
Total liabilities		**179,674**	**129,128**
Total equity and liabilities		**188,302**	**157,081**

The accompanying notes are an integral part of these consolidated financial statements.

IBEX Limited
Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)
For the years ended

	Notes	June 30, 2019	June 30, 2018
		(US$'000)	
Revenue	*25*	368,380	342,200
Payroll and related costs	*26*	254,592	252,925
Share-based payments	*19*	4,087	8,386
Reseller commission and lead expenses		27,877	28,059
Depreciation and amortization		20,895	12,182
Other operating costs	*27*	54,124	58,425
Income / (loss) from operations		**6,805**	**(17,777)**
Finance expenses	*17*	(7,709)	(3,093)
Loss before taxation		**(904)**	**(20,870)**
Income tax (expense) / benefit	*18*	(3,615)	108
Net loss for the year, continuing operations		**(4,519)**	**(20,762)**
Net income on discontinued operation, net of tax	*30.3*	15,484	4,881
Net income / (loss) for the year		**10,965**	**(15,881)**
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
Actuarial gain on retirement benefits	*14.1*	109	693
Item that will be subsequently reclassified to profit or loss			
Foreign currency translation adjustment		(316)	182
		(207)	**875**
Total comprehensive income / (loss) for the year		**10,758**	**(15,006)**
Net Income / (loss) for the year attributable to:			
- Shareholders of the Holding Company		10,965	(15,881)
		10,965	**(15,881)**
Other comprehensive income attributable to:			
- Shareholders of the Holding Company		(207)	875
		(207)	**875**
Total comprehensive income / (loss) attributable to:			
- Shareholders of the Holding Company		10,758	(15,006)
		10,758	**(15,006)**
		(US$)	
Loss per share from continuing operations attributable to the ordinary equity holders of the parent			
Basic loss per share	*20*	-	-
Diluted loss per share	*20*	(0.36)	(1.85)
Loss per share attributable to the ordinary equity holders of the parent			
Basic loss per share	*20*	-	-
Diluted loss per share	*20*	-	(1.42)

The accompanying notes are an integral part of these consolidated financial statements.

IBEX Holdings Limited
Consolidated Statements of Changes in Equity
For the years ended

	Attributable to shareholders of the Holding Company								
	Issued, Subscribed and Paid in Capital			Other Reserves					
	Share Capital	Senior Preferred Shares	Additional Paid in Capital	Re-organization Reserve	Share Option Plans	Foreign Currency Translation Reserve	Actuarial gain on defined benefit plan	Accumulated Deficit	Total Equity Attributable to the Holding Company
	(US$'000)								
Balance, July 1, 2017	**12**	**20,000**	**96,207**	**15,849**	**7,132**	**(710)**	**282**	**(110,034)**	**28,738**
Comprehensive income for the year									
Loss for the year ended June 30, 2018	-	-	-	-	-	-	-	(15,881)	(15,881)
Other Comprehensive Income	-	-	-	-	-	182	693	-	875
Total Comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**-**	**182**	**693**	**(15,881)**	**(15,006)**
Transactions with Owners									
Dividend distribution	-	-	-	-	-	-	-	(146)	(146)
Share-based transactions	-	-	-	-	8,936	-	-	-	8,936
Sale of subsidiary	-	-	-	5,431	-	-	-	-	5,431
	-	-	-	5,431	8,936	-	-	(146)	14,221
Balance, June 30, 2018 (as previously stated)	**12**	**20,000**	**96,207**	**21,280**	**16,068**	**(528)**	**975**	**(126,061)**	**27,953**
Adjustment on initial adoption of IFRS 15- Revenue from Contracts with Customers (Note 3.9.1)	-	-	-	-	-	-	-	(2,080)	(2,080)
Balance, July 1, 2018 (as restated)	**12**	**20,000**	**96,207**	**21,280**	**16,068**	**(528)**	**975**	**(128,141)**	**25,873**
Comprehensive income for the year									
Profit for the year ended June 30, 2019	-	-	-	-	-	-	-	10,965	10,965
Other Comprehensive Income	-	-	-	-	-	(316)	109	-	(207)
Total Comprehensive income / (loss) for the year	-	-	-	-	-	(316)	109	10,965	10,758
Transactions with Owners									
Redemption of senior preferred shares (Note 12.4.1)	-	(5,972)	-	-	-	-	-	-	(5,972)
Sale of subsidiary									
Net assets of sale of subsidiary (Note 30.3)	-	(14,028)	-	(11,536)	(2,030)	-	-	-	(27,594)
Share-based transactions (Note 19)	-	-	-	-	5,563	-	-	-	5,563
Balance, June 30, 2019	**12**	**-**	**96,207**	**9,744**	**19,601**	**(844)**	**1,084**	**(117,176)**	**8,628**

The accompanying notes are an integral part of these consolidated financial statements.

IBEX Limited
Consolidated Statements of Cash Flows
For the years ended

	Notes	June 30, 2019	June 30, 2018
		(US$'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income / (loss) before taxation	*29*	19,410	(15,935)
Adjustments for:			
Depreciation and amortization		21,805	12,419
Amortization of warrant asset		643	-
Foreign currency translation loss		78	521
Share warrants	*22*	(364)	(3,326)
Phantom expense	*19.4*	(300)	757
Share-based payments	*19*	5,262	8,936
Allowance of expected credit losses	*9*	343	1,048
Share of profit from investment in joint venture	*7*	(351)	(280)
(Gain) / loss on disposal of fixed assets		(140)	43
Provision for defined benefit scheme	*14.1*	129	310
Impairment on intangibles	*5*	163	-
Finance costs		13,383	5,335
(Increase) / decrease in trade and other receivables		(18,019)	758
Increase in renewal receivables		(35,022)	(17,022)
Decrease in prepayments and other assets		(173)	1,599
Increase in trade and other payables and other liabilities		8,997	4,406
Cash generated from / (used in) operations		15,844	(431)
Interest paid		(13,054)	(4,451)
Income taxes paid		(588)	(865)
Net cash inflow (outflow) from operating activities		**2,202**	**(5,747)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	*6*	(5,612)	(5,194)
Purchase of other intangible assets	*5*	(622)	(571)
Return on investment from joint venture	*7*	96	82
Proceed from sale of assets	*30.2*	188	144
Cash adjustment from sale of subsidiary to parent company	*30.3*	(3,554)	-
Capital repayment from joint venture	*7*	420	100
Net cash used in investing activities		**(9,084)**	**(5,439)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from line of credit		168,674	222,750
Repayments of line of credit		(162,851)	(216,254)
Proceeds from borrowings		36,617	1,360
Repayment of borrowings		(6,081)	(6,230)
Repayment of related party loans	*23.6*	(1,200)	(1,000)
Principal payments on lease obligations		(10,535)	(3,163)
(Repayment) / proceeds of private placement notes	*13.2*	(14,500)	5,870
Dividend distribution	*21*	(1,600)	(146)
Payment of senior preferred shares	*12.4.1*	(5,972)	-
Net cash inflow from financing activities		**2,552**	**3,187**
Effects of exchange rate difference on cash and cash equivalents		(316)	197
Net decrease in cash and cash equivalents		(4,646)	(7,802)
Cash and cash equivalents at beginning of the period		13,519	21,321
Cash and cash equivalents at end of the period		**8,873**	**13,519**
Non-cash items			
New leases (2018: finance leases)		89,771	1,857
Issuance of warrants	*28*	(150)	(4,291)
Acturial gain on defined benefit scheme	*14.1*	(109)	(693)
Sale of subsidiary	*30.3*	27,594	-

The accompanying notes are an integral part of these consolidated financial statements.

1. THE GROUP AND ITS OPERATIONS

IBEX Holdings Limited was incorporated on February 28, 2017 and changed its name to IBEX Limited on September 11, 2019. IBEX Limited is hereinafter also referred to as “the Holding Company”. The registered office of the Holding Company is situated at Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda, which is also the principal place of business of the Holding Company. “The Group” or the “Company” refers to the Holding Company and its subsidiaries. The Holding Company is controlled by and majority owned by The Resource Group International Limited (“TRGI”) (the “Controlling Shareholder”), whereas TRG Pakistan Limited holds a majority interest in TRGI.

The Group is a leading end-to-end provider of technology-enabled customer lifecycle experience (“CLX”) solutions. Through the Group’s integrated CLX platform, a comprehensive portfolio of solutions is offered to optimize customer acquisition, engagement, expansion and experience for clients. The Group leverages sophisticated technology and proprietary analytics, in combination with its global contact and delivery center footprint and business process outsourcing expertise, to protect and enhance clients’ brands. The Group manages approximately 60 million interactions each year with consumers on behalf of clients through an omni-channel approach, using voice, web, chat and email.

Commencing in April 2017, TRGI undertook a series of transactions (“the Reorganization Transaction”) that, upon its completion on June 30, 2017, resulted in the Holding Company owning the majority of the share capital of three newly formed intermediate Bermuda holding companies, IBEX Global Limited, DGS Limited and Etelequote Limited, which in turn directly hold investments in IBEX (IBEX Global Limited and its subsidiaries), DGS (DGS Limited and its subsidiaries) and ETQ (Etelequote Limited and its subsidiaries) businesses, respectively, as listed below. The portfolio company assets corresponding to the iSky business (“iSky, Inc.”) are held directly by the Holding Company. All these portfolio company assets corresponding to the IBEX, DGS, ETQ and iSky businesses were indirectly controlled by TRGI prior to and following the Reorganization Transaction.

The financial statements of the Company were combined as if from the date of the original ownership by TRGI, as if the Company had always owned IBEX, DGS, ETQ and iSKY, from the same date as its parent company.

On June 26, 2019, the Holding Company transferred the shares of ETQ to the parent company TRGI. The disposal of ETQ is described in Note 30.3.

The financial position of the Group, its cash, liquidity position and borrowing facilities are described in Note 13 to the consolidated financial statements. In addition, Notes 22 and 24 to the consolidated financial statements include the Group’s objectives, policies and processes for managing its capital; financial risk management objectives; details of financial instruments; exposures to credit risk, market risks and liquidity risks.

Going Concern

As of June 30, 2019, the Group including discontinuing operations, has a net income of $11.0 million, net cash generated from operating activities of $2.2 million and an accumulated deficit of $117.2 million, as compared to June 2018 in which the Company had a net loss of $15.9 million, net cash outflow in operating activities of $5.7 million and an accumulated deficit of $126.1 million. Current liabilities exceed current assets by $29.6 million as of June 30, 2019 of which $41.8 million is associated with Borrowings, including line of credit due May 2023, which was drawn to $36.0 million at June 30, 2019 (See Note 13). The Group has cash and cash equivalents of $8.9 million as of June 30, 2019.

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern for at least a period of twelve months from the date of approval of these consolidated financial statements. This basis of accounting contemplates the recovery of the Group’s assets and the satisfaction of liabilities in the normal course of business. The Group is currently exploring additional financing options to enable it to develop its existing business and generate additional revenues.

The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current monetary facilities and plans. Management therefore has a reasonable expectation that the Group has adequate resources to continue its operational existence for a period of at least twelve months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparation of these consolidated financial statements.

The Group is comprised of the Holding Company and the following subsidiaries with the location (country of incorporation and principal place of business), nature of business and ownership percentage:

Description	Location	Nature of Business	Ownership % 2019		Ownership % 2018	
Subsidiaries						
IBEX Global Limited	Bermuda	Holding Company	100	%	100	%
DGS Limited	Bermuda	Holding Company	100	%	100	%
Etelequote Limited (Note 30.3)	Bermuda	Holding Company	-	%	100	%
iSky Inc.	Bermuda	Holding Company	100	%	100	%
iSky Canada Technologies Inc.	Canada	Market Research	100	%	100	%

Please refer to Note 30 for the indirect subsidiaries of the Holding Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (IFRS), as issued by the International Accounting Standards Board (IASB).

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented, except with respect to the adoption of new accounting standards which are described further below.

Changing in accounting standards:

The Group has applied as from July 1, 2018, the following new accounting standards.

IFRS 9 – Financial Instruments (Note 3.5)
IFRS 15 – Revenue from Contracts with Customers (Note 3.9)
IFRS 16 – Leases (Note 3.2)

These consolidated financial statements do not include any information or disclosures that, not requiring presentation due to their qualitative significance, have been determined as immaterial or of no relevance pursuant to the concepts of *materiality* or *relevance* defined in the IFRS conceptual framework, insofar as the Group's consolidated financial statements, taken as a whole, are concerned. All amounts are presented in thousands of dollars, unless otherwise indicated, rounded to the nearest $1,000.

2.2 Basis of accounting and presentation

Through the Reorganization Transaction, which took place in April 2017, the Holding Company acquired from TRGI 100% ownership of IBEX Global Limited, Etelequote Limited, DGS Limited, iSky Inc. and various subsidiaries (listed above and in Note 30, - referred to as "the Continuing Business Entities") and issued its shares to TRGI in exchange. Prior to the Reorganization Transaction TRGI controlled each of the Continuing Business Entities by virtue of its controlling interests in the predecessors to IBEX Global Limited, Etelequote Limited, DGS Limited and iSky Inc., all of which now have become part of the Group, which is controlled by TRGI.

As common control transactions are outside the scope of IFRS 3 'Business Combinations' the management has, as required by International Accounting Standard (IAS) 8 'Accounting Policies, Change in Accounting Estimates and Errors', used its judgement in applying an accounting policy which reflects the economic substance of the transaction to account for the Continuing Business Entities.

The Group's management considers the pooling of interest method of accounting to be appropriate to account for the combination of various subsidiaries controlled by TRGI with the Holding Company. As a result, the Holding Company and its subsidiaries are presented as if they have legally been a group of companies for all periods presented. The following accounting principles are applied:

- To ensure the continuation of the predecessor's basis in these consolidated financial statements, the assets and liabilities of the Holding Company and its subsidiaries represent the combined values of those assets and liabilities based on the carrying values attributed to the Continuing Business Entities as carried in the books of TRGI. The difference between the consideration transferred and the carrying value of the net assets of the Continuing Business Entities has been taken to equity as a reorganization reserve.
- The consolidated statements of profit or loss and other comprehensive loss include the results of each of the Continuing Business Entities and the Holding Company from the earliest date they were under control of the parent.

Restatement

During the fiscal year ended June 30, 2018, the Group assessed the presentation of its consolidated statement of cash flows and concluded that it was necessary to restate its previously issued financial statements for the fiscal year ended June 30, 2017 for the correction of an error in presentation. In accordance with International Accounting Standard (IAS) 7, Statement of Cash Flows, the cash flow associated with the proceeds and payments relating to the line of credit borrowing did not meet the criteria for net presentation as the maturity associated with the line of credit was significantly greater than 90 days and, therefore, the Group was required to re-present the cash flow activities associated with the line of credit by presenting separately proceeds from the line of credit and the associated repayments. Below is a reconciliation to the historically reported amounts for periods ended December 31, 2017, June 30, 2017, December 31, 2016 and June 30, 2016.

Cash flows from financing activities	**30-Jun-17 (US$'000)**	**30-Jun-16 (US$'000)**	**31-Dec-17 (US$'000)**	**31-Dec-16 (US$'000)**
Proceeds from line of credit	176,746	177,680	116,859	75,527
Repayments from line of credit	(171,945)	(164,411)	(115,988)	(76,046)
Net proceeds from line of credit, as previously reported	4,801	13,269	871	(519)

The restatement of the items included in cash flows from financing activities has had no effect on the net loss or statement of financial position or total cash flows from financing activities of the company for any period presented.

2.3 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.

2.4 Functional and presentation currency

As noted in Note 25.3, the Group generates more than 98% of its revenue in the United States of America, which is denominated in United States Dollars (US$ or USD). However, the Group conducts transactions in multiple currencies to carry out its business in various other jurisdictions as needed. The consolidated financial statements are presented in US$, which is the Holding Company's functional and presentation currency. Amounts are rounded to the nearest thousands of US$, unless otherwise stated.

Transactions denominated in foreign currencies are translated into $USD at the exchange rate at the end of the previous month-end. Monetary items in the statement of financial position are translated at the closing rate at each reporting date and the relevant translation adjustments are recognized in the financial result.

2.5 Critical accounting estimates and judgements

These consolidated financial statements are prepared in conformity with IFRS as issued by the IASB, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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 the following estimates and judgments which are significant to the consolidated financial statements:

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 consolidated financial statements.

- Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

- 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.

- Market value of common shares / fair market value of warrants

As the Company is not listed on a public market place, the calculation of the market value of common shares is subject to a greater degree of estimate in determining the basis for any share options or warrants that the Company may issue. For factors used in assessing the market value of the Company's common shares as well as the share options at grant date refer to Note 19. Additionally, the Company will also require the calculation of the fair market value of the warrants associated with the Amazon transaction. For factors used in determining the fair value of the warrants refer to Note 28.

- 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 consolidated 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 consolidated 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. Refer to Note 16.

Judgements

- Going Concern:

  As of June 30, 2019, the Group including discontinuing operations, has a net income of $11.0 million, net cash generated from operating activities of $2.2 million and an accumulated deficit of $117.2 million, as compared to June 2018 in which the Company had a net loss of $15.9 million, net cash outflow in operating activities of $5.7 million and an accumulated deficit of $126.1 million,. Current liabilities exceed current assets by $29.6 million as of June 30, 2019 of which $41.8 million is associated with Borrowings, including line of credit due May 2023, which was drawn to $36.0 million at June 30, 2019 (See Note 13). The Group has cash and cash equivalents of $8.9 million as of June 30, 2019.

  The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern for at least a period of twelve months from the date of approval of these consolidated financial statements. This basis of accounting contemplates the recovery of the Group's assets and the satisfaction of liabilities in the normal course of business. The Group is currently exploring additional financing options to enable it to develop its existing business and generate additional revenues.

  The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current monetary facilities and plans. Management therefore has a reasonable expectation that the Group has adequate resources to continue its operational existence for a period of at least twelve months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparation of these consolidated financial statements.

- Training revenue:

IBEX Global Limited - The adoption of IFRS 15 resulted in the deferral of training revenues. As the revenues generated from training did not qualify to be treated as a distinct performance obligation, the requirement is to defer those revenues over the life of the contract, and where no fixed date of expiry is stated in the contract (i.e. auto renewals), defer those contract training revenues over typically 1- 1.5 years.

The associated costs for most clients under the new guidance requires that all costs associated with training are immediately recognized as an expense in accordance with IAS 38, as IFRS 15 defers to IAS 38 regarding costs associated with training. Consistent with the cumulative catch – up approach, IBEX Global Limited has adjusted the prior period amount as an opening balance sheet adjustment, effective July 1, 2018 rather than adjusting the prior period amounts.

- Leases:

The assessment of whether a contract is or contains a lease will be straightforward in most arrangements. However, judgement may be required in applying the definition of a lease to certain arrangements. For example, in contracts that include significant services, the Group believes that determining whether the contract conveys the right to direct the use of an identified asset may be challenging.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain (in accordance with lease contracts) to be extended (or not terminated).

- Staff retirement plans:

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 are set out in Note 14.1.

- Share-based payments:

The share-based payments expense is recognized in the Group's consolidated statement of profit or loss and comprehensive income. The key assumptions made in relation to the share-based payments are set out in Note19.

- 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 18.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements present the results of the Holding Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present:

- power over the investee,
- exposure to variable returns from the investee, and
- the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

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:

- *Joint ventures*: where the Group has rights to only the net assets of the joint arrangement
- *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 statement of financial position at cost. Subsequently joint ventures are then 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 statement of profit or loss 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 manner 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. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition. Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and comprehensive income. Refer to Note 30.3.

3.2 Property and equipment

Owned

Items of property, plant and equipment are initially recognized at cost. The initial cost of an item of property and equipment consists of its purchase price including import duties, taxes and directly attributable costs of bringing the asset to its working condition and location for the intended use. Additionally, any direct labor costs that is directly attributable to the development of software is capitalized.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to reduce their carrying value over their expected useful economic lives.

Depreciation on property and equipment is provided using the straight line method. A full month's depreciation is charged in the month of addition, and no depreciation is charged in the month of disposal. Rates of depreciation are disclosed in Note 6 (property and equipment).

Property and equipment	Useful economic life	Depreciation method
Buildings on freehold land	10 years	Straight line
Leasehold improvements	3 - 5 years or life of lease if less	Straight line
Furniture, fixture and office equipment	3 - 5 years	Straight line
Telecommunications and computer equipment	3 years	Straight line
Vehicles	5 years	Straight line
Right of Use Assets	expected term of lease	Straight line

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Leased

Right of use assets and lease liabilities

Adoption of IFRS 16 - Leases

This standard is mandatory for the accounting period beginning on January 1, 2019, but the Group early adopted it on July 1, 2018 under the modified retrospective approach.

IFRS 16 replaces the existing Standard for leases, IAS 17, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value of $5,000.

IFRS 16 requires an entity to determine whether a contract is a lease or contains a lease at the inception of the contract. The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC Interpretation 4 - Determining whether an arrangement contains a lease.

Under IFRS 16, leases are accounted for based on a 'right-of-use model'. The model reflects that, at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the expected lease term.

The lessor conveys that right to use the underlying asset at lease commencement, which is the time when it makes the underlying asset available for use by the lessee.

The Group has elected to adopt IFRS 16 utilizing the modified retrospective method. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures for the year ended June 30, 2018 are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee's accounting policies under IAS 17.

Under IAS 17:

In the comparative figures for the year ended June 30, 2018, the Group classified leases that substantially all of the risk and rewards of ownership as finance leases. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. Furthermore, the leased asset is subject to depreciation with the useful life being the lesser of the lease term or the normal useful life of the asset. The corresponding lease commitment is shown as a liability.

Previously assets and liabilities held under finance leases on transition of IFRS 16, there is no adjustment made in application of the standard on those leases however carrying amounts reclassified to right-of-use assets and lease liabilities (as shown below).

Where substantially all the risks and rewards to ownership are not transferred to the Group, leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payment made under operating leases were recognized in the statements of profit or loss on a straight line basis over the lease term.

If a lessee chooses modified retrospective application, a number of more specific transition requirements and practical expedients also apply.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Measure the lease liability at the date of initial application (DOIA) at the present value of the remaining lease payments based on the lessee's incremental borrowing rate over the remaining lease term. The lease payments would include fixed payments, variable lease payments based on an index or a rate, residual value guarantees, exercise price for purchase options reasonably certain to be exercised, as well as termination penalties for termination options reasonably certain to be exercised.

- Measure the right-of-use (ROU) asset at either of the following amounts:

    - as if IFRS 16 has been applied since the inception of the lease but using the incremental borrowing rate on the DOIA; or
    - the value of the lease liability (adjusted for any prepaid or accrued lease payments).

- Applying single discount rate to a portfolio of leases with reasonably similar characteristics (i.e. similar region, similar class of asset).

- Using hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Group recognizes a right-of-use asset and a lease liability at the commencement date, except for short-term leases of 12 months or less and low value. Measurement of right-of-use assets and lease liabilities are as follows:

- The lease liability is initially measured at the date of DOIA or commencement date at the present value of the remaining lease payments using the incremental borrowing rate specific to the country, term and currency of the contract. The lease liability is subsequently measured at amortized cost using the effective interest rate method and re-measured (with a corresponding adjustment to the related ROU asset) when there is change in future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options. Interest on the lease liability is measured on the discount rate.

- Weighted average Group's incremental borrowing rate is 9.8% applied to lease liabilities recognized at the date of initial application.

- At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligation to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as indicated in Note 3.4.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

ROU assets are included in the heading Property and Equipment (see Note 6.2), the lease liability is shown separately as current and non-current in the statements of financial position, and interest on the lease liability is included in the heading Finance Expenses.

As a result of the Group's early adoption of IFRS 16, the impact on the Group's financial position as of July 1, 2018 and statement of profit or loss and comprehensive income was as follows:

Consolidated Statement of Financial Position - Impact of IFRS 16 at initial adoption

Account	DR / (CR) (US$'000) Impact of adoption of IFRS 16
Assets	
Right-of-use assets - reclassification from prior finance leases at initial adoption	3,547
Right-of-use assets - recognized at initial adoption	53,733
Liabilities	
Lease liabilities - reclassification from prior finance leases at initial adoption	(2,765)
Lease liabilities - recognized at initial adoption	(54,191)
Other liabilities	458
[1]Finance expenses & depreciation	(782)
Equity	
Accumulated Deficit	-

[1]Finance expenses and depreciation of $0.8 million represent the amount of finance leases uopn adoption of IFRS 16.

Consolidated Statement of Profit or Loss and Comprehensive Income - Impact of IFRS 16 at initial adoption

Account	DR / (CR) (US$'000) Impact of adoption of IFRS 16
Income Statement	
Other operating costs	(11,720)
Depreciation and amortization	10,286
Interest expense	4,021
Net loss	**2,587**

The reconciliation between the amounts of lease liabilities recognized at initial adoption of IFRS 16 and the amount of operating lease commitments disclosed in the Notes to the consolidated financial statements for the year ended June 30, 2018 is as follows:

Lease liabilities - Recognized at initial adoption

	(US$'000)
Operating lease commitments at June 30, 2018	**32,135**
Discounted at the date of initial adoption at weighted average rate of 9.8%	26,228
Short-term leases not included in lease liabilities	(915)
Renewal options not included in commitments	28,055
Lease not included in commitments	823
Lease liabilities at July 1, 2018 after initial adoption	**54,191**

3.3 Intangible assets

3.3.1 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the capital plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the capital. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through the consolidated statement of profit or loss and other comprehensive income. Direct costs of acquisition are expensed immediately.

Goodwill is capitalized as an intangible asset with any impairment in carrying value being charged to the consolidated statements of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statements of profit or loss and other comprehensive loss on the acquisition date.

3.3.2 Other intangible assets

Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives.

Intangible assets are recognized on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements above).

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably

Capitalized development costs are amortized over the periods the Group expects to benefit from selling the products developed. The amortization expense is included within the "Depreciation and amortization" line in the consolidated statements of profit or loss and other comprehensive income. Development expenditures not satisfying the above criteria and expenditures associated with the research phase of internal projects is charged out in the consolidated statements of profit or loss and other comprehensive loss.

The significant intangibles recognized by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible Asset	Useful economic life	Valuation method
Customer lists	5 - 6 years	Straight line
Software	3 - 5 years	Straight line

3.4 Impairment of non-financial assets

Goodwill and other intangibles:

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Additionally, these assets are subject to impairment tests whenever events or changes in circumstances which indicate that their carrying amount may not be recoverable. In those instances where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Property, Plant and Equipment:

The carrying amounts of the Group's assets including right-of-use assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the consolidated statement of comprehensive income in other operating expenses. During the years ended June 30, 2019 and 2018, no impairments have been recorded.

Impairment charges are included in the consolidated statements of profit or loss and other comprehensive loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

3.5 Financial instruments

3.5.1 Adoption of IFRS 9, Financial Instruments

IFRS 9 effective for annual periods beginning on or after January 1, 2018, contains new requirements that cover classification and measurement, impairment, and hedge accounting. It replaces the rules based model in IAS 39 with an approach that bases classification and measurement on the business model of an entity and on the cash flows associated with each financial asset.

For classification and measurement of the financial liabilities designated as fair value through profit and loss, IFRS 9 requires that changes in own credit risk should generally be recognized directly in other comprehensive income. IFRS 9 sets out a new forward looking 'expected credit loss (ECL)' model which replaces IAS 39 incurred loss model for the following:

- Trade receivables, Initial Receivables, Renewal Receivables and contract assets – For the various receivable balances which we maintain with our 3rd party customers, the individual subsidiaries perform an analysis on the collectability of the receivable and apply any applicable reserve which is then recorded through consolidated statements of profits and loss and other comprehensive income.
- The Company does perform an overall review on the overall health of the clients and deem that there is no significant risk in a similar fashion that an expected credit loss model would produce. This will include a review of any public information available regarding the customer including, but not limited to, Securities and Exchange Commission (SEC) filings, press releases and analysts commentary.

The Group adopted IFRS 9, which addresses the classification, measurement and de-recognition of financial assets and financial liabilities, on July 1, 2018, considering the cumulative impact at this date in assessing whether an adjustment to opening reserves is required.

Based on the information, the Group analyzed the financial instruments within its consolidated statements of financial position and deems that the impact of IFRS 9 is either nil or immaterial to the financial statements.

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories in accordance with application of IFRS 9 Financials Instruments.

3.5.2 Financial assets

The Group classifies all its financial assets at amortized cost. The Group has not classified any of its financial assets as fair value through profit or loss.

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.

For impairment provisions, the Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables to measure expected credit losses on a collective basis. Trade receivables are grouped based on a similar credit risk and ageing. Our historic treatment is not materially different to the simplified approach under IFRS 9. The Company measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

Other financial assets includes time deposits and other receivables, and the Group has determined that credit risk has not increased significantly on those assets and considers to have low credit risks at the reporting date.

The Group applies the IFRS 9 general approach to measure expected credit losses using a lifetime expected credit loss provision for related party balances to measure expected credit losses on a collective basis.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognized in the consolidated statement of comprehensive income (operating profit).

The Group's assets at amortized costs comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

3.5.3 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit and loss (“FVTPL”):

The warrant liability is classified as a financial liability at FVTPL and valued using the Monte Carlo simulation. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss.

Other financial liabilities:

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

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. Gains and losses are recognized in the Statement of profit or loss and other comprehensive income/loss when the liabilities are derecognized as well as through the effective interest rate method amortization process. 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. Changes 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.

Receivables and payables made to the Group companies outside the control of IBEX Limited are presented under the heading due to/from related parties. When denominated in a currency other than the US dollar, they are translated to US dollar at closing rates. Related parties receivables and payables are initially recognized at fair value and subsequently measured at amortized cost.

3.6 Renewal receivables

Renewal receivables are recognized against insurance commission on policies already sold but expected to be renewed and collected in future years. These expected revenues are estimated based on historical policy retention patterns and discounted at an appropriate discount rate. Renewal receivables are subsequently adjusted when related revenue is realized or in the event where the policies are not renewed. Renewal receivables are recognized and measured in accordance with the provisions of IFRS 15 - Revenue from Contracts with Customers. Renewal receivables are related to discontinued operations described in Note 30.3.

3.7 Trade receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for expected credit losses.

3.8 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.

3.9 Adoption of IFRS 15 Revenue from Contracts with Customers

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

In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard was mandatory for the accounting period beginning on January 1, 2018, and has been applied with Cumulative catch-up approach on July 1, 2018.

IFRS 15 lays out a five step process to ascertain the amount and timing of revenue that should be recognized.

- Step 1: Identify the contract: The Company determines whether a contract exists between the reporting entity and customers that identifies rights, payment terms, has commercial substance and basis for collectability can be determined.
- Step 2: Identify the Performance Obligations: The Company reviews the nature of the goods or service to be rendered in the contract and whether these are distinct. The reporting entity should recognize the revenue when it satisfies the performance obligations.
- Step 3: Determine the transaction price: The amount of consideration expected to be received is defined which may be fixed or variable. With variable consideration the reporting entity can reasonably estimate the expected consideration. This step includes consideration of the various criteria which need to be identified and analyzed in determining whether revenues are fixed, variable or both.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – Where separate performance obligations exist, the reporting entity allocates and assigns the consideration to the respective performance obligations.
- Step 5: Revenue Recognition: Recognize revenue to when the entity satisfies the performance obligations.

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

See below for impact of IFRS 15 (Note 3.9.1).

Customer Management

Revenues from the Customer Engagement and Customer Expansion divisions of the Customer Management ("Customer Mgmt") segment are recognized over the period 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 and recognized over the estimated life of the client program 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 expenses are immediately charged to the income statement as incurred. Revenues are recognized in the amount as per the contractual billing rights which the segment has a right to invoice.

Customer Experience revenues 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 over the period as the related services are performed on a per hour basis.

As a result of the adoption of IFRS 15 IBEX Global Limited was impacted by the deferral of training revenues. As the revenues generated from training did not qualify to be treated as a performance obligation, the requirement was to defer those revenues over the life of the agreement, which are typically 1- 1.5 years.

The associated costs for most clients under the new guidance requires that all costs associated with training are immediately recognized into expense in accordance with IAS 38, as IFRS 15 defers to IAS 38 regarding costs associated with training. Consistent with the cumulative catch – up approach, IBEX Global Limited has adjusted the prior period amount as an opening balance sheet adjustment, effective July 1, 2018 rather than adjusting the prior period amounts.

Customer Acquisition

Revenues from the Customer Acquisition ("Customer Acq") segment 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 (i.e. web-portal orders, call center orders, or affiliate or partner orders placed on the Group's behalf) 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. Revenue is recognized from this segment at this point of time.

Revenues from the ETQ consist of commissions earned primarily from the sale by the Group to senior citizens and other eligible recipients (e.g. people with disabilities) of Medicare private insurance policies offered by leading U.S. insurance carriers. The commissions earned are dependent on the type of Medicare product sold, where the insured is based and the month in which the policy becomes effective. The commissions are based on a pre-determined rate card for which guidance and ranges are set by the regulatory body - CMS (Center for Medicare and Medicaid). The Company recognizes revenue on the sale date of the insurance policy after taking appropriate provisions for any cancellations during the first year of sale.

Costs of fulfilling contracts do not result in the recognition of an asset as the majority of revenue is recognized at a point in time and control of the asset is transferred to the customer when the service is transferred therefore no asset in relation to costs to fulfil contracts has been recognized. In relation to costs incurred to obtain a contract, no asset is recognized because the majority of costs (i.e. travel, employee commission, administrative expenses) are short-term in nature and also insignificant therefore they are recognized in the profit and loss account when incurred.

3.9.1 Impact of the adoption of IFRS 15

The Group has elected to adopt utilizing the full cumulative catch-up approach - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

As of June 30, 2019				
	DR / (CR) (US$'000)			
		IFRS 15 Impact		
Account	Excluding impact of IFRS 15 Adoption	Customer Mgmt	Customer Acq	As Reported
Assets				
Deferred expenses (ST / LT)	661	(661)	-	-
Liabilities				
Deferred revenue (ST / LT)	(3,386)	(1,755)	-	(5,141)
Current tax liability	(1,386)	(81)	-	(1,467)
Equity				
Accumulated Deficit	114,679	2,497	-	117,176

For the year ended June 30, 2019

Account	Excluding impact of IFRS 15 Adoption	IFRS 15 Impact: Customer Mgmt	IFRS 15 Impact: Customer Acq	As Reported
	DR / (CR) (US$'000)			
		Continuing Operations	Continuing Operations	Continuing Operations
Income Statement				
Revenues & Other income	369,532	1,152	-	368,380
Payroll and related costs & share-based payments	260,426	(1,747)	-	258,679
Other operating costs	110,935	(330)	-	110,605
Income tax expense	3,534	81	-	3,615
Net income	**(5,363)**	**(844)**	**-**	**(4,519)**

Impact of IFRS 15 on discontinued operation is $3.1 million in the consolidated statement of profit or loss and comprehensive income during the year ended June 30, 2019.

July 1, 2018 Opening Balance Sheet Adjustment

Account	June 30, 2018 Excluding impact of IFRS 15 Adoption	IFRS 15 Impact: Customer Mgmt	IFRS 15 Impact: Customer Acq	As Reported, July 1, 2018
	DR / (CR) (US$'000)			
Assets				
Renewal Receivables (ST / LT)	35,900	-	220	36,120
Initial Commission Receivable	(898)	-	1,041	143
Deferred expenses (ST / LT)	2,738	(2,738)	-	-
Liabilities				
Deferred revenue (ST / LT)	(6,365)	(603)	-	(6,968)
Equity				
Accumulated Deficit	126,061	3,341	(1,261)	128,141

Customer Management:

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 immediately charged to the income statement as incurred with the adoption of IFRS 15. Prior to IFRS 15, training cost were deferred over the life of the contract.

Customer Acquisition:

The commission revenues are earned primarily from the sale of Medicare Insurance policies. It assists eligible consumers, US senior citizens or other eligible recipients (e.g. disabled people) to select between Medicare products offered by leading private insurance carriers in the US.

Once the Carrier accepts a new insuree, a carrier confirmation number is generated and the sale is made on the date the policy comes into effect. The Carrier then pays a commission to Company at the agreed rates for the first full year (initial year) of the policy. Historically, the Company recognizes revenue on the effective date of the insurance policy. As a result of IFRS 15, the Company will record the revenue based on the sales date, which represents the issuance of the confirmation number from the carrier and is earlier than the use of the effective date.

3.10 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.

The Group has recognized provisions against legal disputes. Provisions are made for costs to defend legal disputes where it is considered that an outflow of economic benefit is probable. 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.11 Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation (see also Note 30.3).

3.12 Retirement benefits

Defined contribution pension schemes

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 pension 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.

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

Virtual World (Private) Limited, IBEX Global Solutions (Private) Limited, and DS (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 (Virtual World (Private) Limited) and 6.5% of the gross salary (IBEX Global Solutions (Private) Limited and DGS (Private) Limited) are made to the Provident Fund (the Fund) both by the subsidiaries and the employees of the respective entities. 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 of profit or loss and other 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

Re-measurements of the net defined obligation are recognized directly within other comprehensive income. The re-measurements 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.

3.13 Share-based payments

In December 2018, the Group terminated both the Stock Option Plan as well as the Phantom Plan, with the exception of those in IBEX Global Solutions (Philippines) Inc., IBEX Global ROHQ, and IBEX Global Jamaica Limited. The Group in the same period issued the Restricted Stock Plan (RSA). The details of the share-based compensation plans are given in Note 19 (Share based compensation plans) to these consolidated financial statements.

The Company uses the fair value method of accounting for both, the share options and restricted stock award plan. The fair value of these share options are estimated using the Black-Scholes pricing model. The measurement of share options at fair value is based on the Black-Scholes option pricing model taking into account the following variables:

- The share price.
- The strike price.
- Volatility determined based on historical prices of our shares.
- The duration, which has been estimated as the difference between the valuation date of the warrant plans and final exercise date.
- The risk free interest rate.

The measurement of the RSA plan is based on the valuation provided by a third party valuation firm which the Group applied as the Fair Value of the awards.

The Group recognizes compensation expense for stock options on an accelerated basis over the requisite service period of the award. Any excess tax benefits or expense related to employee share-based payments, if any, are recognized as income tax benefit or expense in the consolidated statements of comprehensive loss when the awards vest or are settled.

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 and 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.

3.14 Warrant Shares

The Company accounts for the warrants to purchase its common shares in accordance with the provisions of IAS 32 − Financial Instruments: Presentation and IFRS 9 – Financial Instruments. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net-cash settle the contract if an event occurs and if that event is outside the control of the Company) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

The Company assessed the classification of warrant as of the date it was issued and determined that such instruments met the criteria for liability classification. The warrant is reported on the consolidated statement of financial position as a liability at fair value using the Black-Scholes valuation method. The initial value was recorded as a long term liability on the consolidated statements of financial position with the common shares underlying the warrant which have vested recorded as contra revenue and the remainder recorded to long term assets.

The total fair value of the warrant liability is determined at the end of each reporting period by multiplying the fair value of a warrant by the total number of warrants that are expected to vest under the arrangement based on the satisfaction of the specified revenue milestones provided in the warrant. The total number of warrants that are expected to vest is based upon the cumulative revenues that are expected, as determined at the end of each reporting period, to be earned from Amazon during a period of 7.5 years ending on June 30, 2024.

In December 2017, the Group elected to utilize the Black Scholes valuation model to calculate the fair value of the Amazon warrants as the imminent IPO was anticipated to be $14.0 to $15.0, which would have no impact on the warrant's strike price. As the IPO did not consummate in March 2018 as anticipated, the Monte Carlo simulation was used to value the warrants in June 2018 to capture the anti-dilution feature if a qualified IPO were to occur within the next year for calculating the value of the warrants.

The measurement of the warrant at fair value as of the initial measurement date is based on the Black Scholes valuation model taking into account the following variables:

- The share price.
- The strike price.
- Volatility determined based on historical prices of our shares.
- The duration, which has been estimated as the difference between the valuation date of the warrant plans and final exercise date.
- The risk free interest rate.

At the end of each reporting period, the Company has fair valued the warrant liability with changes in fair value through profit and loss. For the year ended June 30, 2019 and June 30, 2018, the Company used the Monte Carlo simulation, which requires the input of subjective assumptions, including the expected volatility and the expected term.

Given the absence of an active market for the common shares, the Company is required to estimate the fair value of its common shares at the time of each grant.

The Company considers a variety of factors in estimating the fair value of its common shares on each measurement date, including:

- the Company's historical and projected operating and financial performance;
- the Company's introduction of new products and services;
- the Company's completion of strategic acquisitions;
- the Company's stage of development;
- the global economic outlook and its expected impact on the Company's business; and
- the market performance of comparable companies.

The long-term asset will be amortized on a systematic basis over the life of the arrangement as revenue is recognized for the transfer of the related goods or services as included Note 3.9 (Customer Management). The Company will review the asset on a reporting period basis to determine whether an impairment is required. In the event that an impairment is needed, the company will reduce the asset and offset to revenues.

3.15 Income taxes

Current tax

Current tax expense is based on taxable income at the current rates of taxation of the respective jurisdictions 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 management expects to pay to the tax authorities. Any such provisions are based on estimates and are subject to changing facts and circumstances considering the progress of ongoing tax audits, case law and new legislation.

Deferred tax

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities / assets are settled / recovered.

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.

3.16 Foreign Currency

Foreign currency translation

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "Functional Currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the consolidated statement of profit or loss and other comprehensive loss. The net exchange losses amounted to $1.3 million (June 30, 2018: $0.4 million) for the year ended June 30, 2019.

On consolidation, the results of overseas operations are translated into dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognized in other comprehensive income and accumulated in the foreign exchange reserve. Exchange differences recognized profit or loss in Group entities' separate consolidated financial statements on the translation of long term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of profit or loss and other comprehensive income as part of the profit or loss on disposal.

Transactions denominated in foreign currencies are translated into $USD at the exchange rate at the end of the previous month-end. Monetary items in the statement of financial position are translated at the closing rate at each reporting date and the relevant translation adjustments are recognized in financial result.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when the entity 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 the normal course of business and in the event of default, insolvency or winding up of the entity or the counterparties.

3.18 Dividend

Dividends declared 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.

3.19 Standards, interpretations and amendments not yet effective

On February 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

The effective date for application of this amendment is the annual period beginning on or after January 1, 2019, though an early application is permitted. The Group is evaluating the effect of this amendment on the consolidated financial statements.

In June 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, IFRIC 23 will be applied retrospectively to each prior reporting period presented in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019 and the Group is currently evaluating the requirements of IFRIC 23 and the impact on the consolidated financial statements.

4. GOODWILL

	June 30, 2019	June 30, 2018
	(US$'000)	
Goodwill as of beginning of the year	11,832	11,832
Goodwill acquired during the year	-	-
Goodwill impaired during the year	-	-
Goodwill as of end of the year	**11,832**	**11,832**

A cash-generating unit (CGU) 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, 2019 and June 30, 2018, the carrying amount of goodwill is allocated as follows:

	June 30, 2019	June 30, 2018
	(US$'000)	
IBEX (BPO division)	11,626	11,626
DGS (Customer Acquisition division)	206	206
	11,832	**11,832**

The calculation of value in use for the business operations is most sensitive to changes in the following assumptions which are discussed below, together with the amounts by which these key assumptions would have to change (independent of other changes in assumptions) for an impairment to arise. Management has calculated the recoverable amount of the cash generating unit to exceed its carrying amount by $271.8 million:

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 2019 to 2023. 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 following rates were used by the Group for the years ended June 30, 2019 and 2018:

	Average revenue growth rate	Average Gross Margin	Discount Rate	Terminal Growth Rate
	%	%	%	%
June 30, 2019	5.6	25.5	10.6	5
June 30, 2018	6.7	18.7	11.5	5

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 management. Management is of the view that these assumptions are reasonable considering current market conditions. An impairment in the carrying value of goodwill would not arise if the 2020-2023 average revenue growth rate declined to nil.

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. An impairment in the carrying value of goodwill would not arise even if the 2020 estimated gross margin is decreased significantly.

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. An impairment in the carrying value of goodwill would not arise if the weighted average cost of capital were to increase significantly.

5. OTHER INTANGIBLE ASSETS

	Patents	Trademarks	Customer lists	Software	Total
			(US$'000)		
Cost					
At July 1, 2018	541	371	2,817	18,348	22,077
Additions	-	-	-	622	622
Foreign exchange movements	-	-	-	28	28
Disposal of subsidiary	-	-	-	(534)	(534)
At June 30, 2019	541	371	2,817	18,464	22,193
Accumulated amortization and impairment					
At July 1, 2018	196	-	2,187	15,513	17,896
Disposal of subsidiary	-	-	-	(521)	(521)
Impairment charge for the year	-	-	163	-	163
Amortization charge for the year	-	-	127	1,600	1,727
At June 30, 2019	196	-	2,477	16,592	19,265
Net book value					
At June 30, 2019	**345**	**371**	**340**	**1,872**	**2,928**
At June 30, 2018	345	371	630	2,835	4,181
Cost					
At July 1, 2017	541	371	2,742	17,921	21,575
Additions	-	-	75	506	581
Foreign exchange movements	-	-	-	(5)	(5)
Disposal	-	-	-	(74)	(74)
At June 30, 2018	541	371	2,817	18,348	22,077
Accumulated amortization					
At July 1, 2017	196	-	1,950	13,462	15,608
Amortization charge for the year	-	-	237	2,051	2,288
At June 30, 2018	196	-	2,187	15,513	17,896
Net book value					
At June 30, 2018	**345**	**371**	**630**	**2,835**	**4,181**
At June 30, 2017	345	371	792	4,459	5,967
Amortization Rate			**16.67% to 50.00%**	**20.00% to 33.33%**	
Estimated remaining useful life					
Customer Lists			5 - 6 Years		
Software			3 - 5 Years		

Amortization charge for the years ended June 30, 2019 and 2018 comprise of:

	June 30, 2019	June 30, 2018
	(US$'000)	
Amortization from continued operations	1,722	2,273
Amortization from discontinued operations	5	15
Total	**1,727**	**2,288**

5.1 Net book value of software licenses held under finance lease is $0.3 million as of June 30, 2019 (June 30, 2018: $0.2 million).

5.2 As of June 30, 2019, Software includes, on a net basis, $0.4 million (June 30, 2018: $0.8 million) capitalized for an internally generated software tool titled as "Clearview". Management has assessed the useful life of Clearview to be five years.

5.3 Trademarks and patents are capitalized at cost of acquisition and are not amortized but are tested for impairment annually. Trademarks and patents have an indefinite life on the grounds of the proven longevity of the trademarks or patents and the Group's commitment to maintaining those trademarks or patents.

5.4 Estimated amortization expense for the next five years is projected to be:

	(USD$)
2020	1.2 millions
2021	0.8 millions
2022	0.2 millions
2023	-
2024	-

During the year ended June 30, 2019, one of the Group's subsidiaries recorded an impairment amounting $0.2 million (2018: nil) which is recognized in other operating costs.

6. PROPERTY AND EQUIPMENT

	Buildings	Leasehold Improvements	Furniture, fixture and equipment	Computer Equipment	Vehicles	Assets under Construction	Total
				(US$'000)			
Cost							
At July 1, 2018	641	16,585	18,456	39,617	310	33	75,642
Adoption of IFRS 16	52,910	-	-	623	200	-	53,733
At July 1, 2018 - restated	**53,551**	**16,585**	**18,456**	**40,240**	**510**	**33**	**129,375**
Additions	30,925	1,101	2,453	4,034	356	2,781	41,650
Transfer from CWIP	-	-	-	33	-	(33)	-
Foreign exchange movements	(1,599)	(64)	(219)	(456)	(35)	-	(2,373)
Disposal of subsidiary	(8,800)	(301)	(910)	(865)	(10)	-	(10,886)
Disposal	-	(3)	(5)	(2)	(62)	-	(72)
At June 30, 2019	**74,077**	**17,318**	**19,775**	**42,984**	**759**	**2,781**	**157,694**
Accumulated depreciation							
At July 1, 2018	225	10,750	12,267	33,226	275	-	56,743
Disposal of subsidiary	(609)	(56)	(349)	(418)	(4)	-	(1,436)
Charge for the year	10,806	1,980	2,411	4,643	238	-	20,078
At June 30, 2019	**10,422**	**12,674**	**14,329**	**37,451**	**509**	**-**	**75,385**
Net book value							
At June 30, 2019	**63,655**	**4,644**	**5,446**	**5,533**	**250**	**2,781**	**82,309**
At June 30, 2018	416	5,835	6,189	6,391	35	33	18,899
Cost							
At July 1, 2017	538	15,169	16,869	35,790	286	773	69,425
Additions	103	1,634	1,963	3,260	66	24	7,050
Transfer from CWIP	-	-	-	764	-	(764)	-
Foreign exchange movements	-	(209)	(319)	(189)	(3)	-	(720)
Disposal	-	(9)	(57)	(8)	(39)	-	(113)
At June 30, 2018	**641**	**16,585**	**18,456**	**39,617**	**310**	**33**	**75,642**
Accumulated depreciation							
At July 1, 2017	140	8,636	9,447	28,144	244	-	46,611
Charge for the year	85	2,114	2,820	5,082	31	-	10,132
At June 30, 2018	**225**	**10,750**	**12,267**	**33,226**	**275**	**-**	**56,743**
Net book value							
At June 30, 2018	**416**	**5,835**	**6,189**	**6,391**	**35**	**33**	**18,899**
At June 30, 2017	398	6,533	7,422	7,646	42	773	22,814
Depreciation rate	10.00%	20.00% to 33.33%	20.00% to 33.33%	33.33%	20.00%		

No impairment of property, plant and equipment was recorded in the years ending June 30, 2019 and 2018.

Depreciation charge for the years ended June 30, 2019 and 2018 comprise of:

	June 30, 2019	June 30, 2018
	(US$'000)	
Depreciation from continued operations	19,173	9,910
Depreciation from discontinued operations	905	222
Total	**20,078**	**10,132**

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

	Buildings	Leasehold Improvements	Furniture, fixture and equipment	Computer Equipment	Vehicles	Assets under Construction	Total
			(US$'000)				
June 30, 2019	-	-	-	-	-	-	-
June 30, 2018	-	392	2,637	1,082	17	-	4,128

6.2 Right of use assets comprise of:

	Building	Leasehold Improvements	Furniture, fixture and equipment	Computer Equipment	Vehicles	Assets under Construction	Total
				(US$'000)			
Right-of-use assets							
Balance at July 1, 2018							
Reclassification from prior finance leases at initial adoption	-	367	2,800	376	4	-	3,547
Recognized at initial adoption	52,910	-	-	623	200	-	53,733
Total	**52,910**	**367**	**2,800**	**999**	**204**	**-**	**57,280**
Additions	30,925	98	107	506	224	1,488	33,348
Disposal - net of depreciation	(8,191)	-	(225)	(65)	-	-	(8,481)
Foreign exchange movements	(1,572)	12	70	(131)	(27)	-	(1,648)
Depreciation charge for the year	(10,715)	(156)	(1,432)	(396)	(119)	-	(12,818)
Balance at June 30, 2019	**63,357**	**321**	**1,320**	**913**	**282**	**1,488**	**67,681**

6.3 Lease liabilities:

	June 30, 2019
	(US$'000)
Lease liabilities included in statement of financial position as of June 30, 2019	**69,234**
Current	**10,632**
Non Current	**58,602**

In the previous year, the Group only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in leasehold improvement, building, furniture, and office & computer equipment and vehicles and the liabilities as part of the Group's borrowings. For adjustments recognized on adoption of IFRS 16 on July 1, 2018, please refer to Notes 3.2 and 13.1.

6.4 Description of lease activities:

The Group leases buildings for its offices, equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3-5 years and may include renewal options, which provide operational flexibility and when recognizing right-of-use assets and lease liabilities, the Group includes certain renewal options where the Group is reasonably assured to exercise the renewal option. The operating leases recognized have reasonably assured lease terms ranging from 2 to 15 years. The Group allocates the consideration in the contract of lease related to the building to the lease and non-lease components based on their relative stand-alone prices.

6.5 Other lease disclosures:

A maturity analysis of lease liability is shown in Note 22.3. The interest expenses on lease liabilities is $4.4 million. The expense incurred relating to short-term leases, not included in the measurement of lease liabilities, is $1.0 million and no other variable lease payments were incurred during the year ended June 30, 2019. The total cash outflow for leases amounted $10.5 million.

The Group recognized 87 leases related to right of use assets. During the year ended June 30, 2019, there were 23 new leases and 6 disposal of leases.

6.6 Security Interest on property and equipment

The net book value of property and equipment at June 30, 2019 and 2018 includes $8.0 million and $11.0 million, respectively, of assets that are pledged as security for borrowings.

7. INVESTMENT IN JOINT VENTURE

On January 1, 2016, one of the subsidiaries of the Group ("the Subsidiary") made a 47.5% investment in a Joint Venture Lake Ball LLC, doing business 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 Lake Ball LLC is the United States of America. The investment is accounted for under the equity method of accounting. As of June 30, 2019, the market value of the investment amounts to $0.2 million (June 30, 2018: $0.39 million). The details of the investment are as follows:

	June 30, 2019	June 30, 2018
	(US$'000)	
Opening balance	392	294
Return on investment during the year	(96)	(82)
Dividend received during the year	(420)	(100)
Share of profit for the year	351	280
Ending balance	**227**	**392**

Share of profit for the year ended June 30, 2019 and June 30, 2018 of $0.4 million and $0.3 million, respectively, is included in the other operating costs in statement of profit or loss and comprehensive income.

Summarized financial information of equity accounted Joint Venture from the financial statements of Lake Ball LLC is as follows:

	For the Year Ended	
	June 30, 2019	June 30, 2018
	(US$'000)	
Revenue	2,140	1558
Profit after tax	739	589
Other comprehensive income	-	-
Total comprehensive income / (loss)	**739**	**589**

8. OTHER ASSETS

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Deposits		1,930	1,873
Prepayments	*8.1*	909	888
Other		559	704
Other Assets		**3,398**	**3,465**

8.1 These include prepayments for call center optimization services which are amortized over 120 months.

9. TRADE AND OTHER RECEIVABLES

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Trade receivables			
Trade receivables - gross		65,886	52,038
Less: Allowance for credit losses	*9.1*	(2,209)	(2,244)
Trade receivables - net		63,677	49,794
Less: receivables attributable to related parties, net		(652)	(276)
Trade receivables - net closing balance		**63,025**	**49,518**
Other receivables			
Prepayments		3,149	3,117
Advance Tax		1,457	2,390
VAT receivables		1,039	334
Other receivables		1,091	781
Deposits		1,373	585
		8,109	7,207
		71,134	**56,725**

9.1 Allowance for credit losses

	June 30, 2019	June 30, 2018
	(US$'000)	
Opening balance	2,244	3,658
Foreign exchange movements	(273)	(81)
Loss allowance recognized during the year	343	1,048
Trade receivables written off against allowance	(105)	(2,381)
Closing balance	**2,209**	**2,244**

9.2 For discussions associated with the adoption of IFRS 9, see Note 3.5.1 and Note 22.

10. CASH AND CASH EQUIVALENTS

	June 30, 2019	June 30, 2018
	(US$'000)	
Balances with banks in:		
− current accounts	7,079	12,384
− deposit accounts (with a maturity of 3 months or less at inception)	1,783	1,128
	8,862	13,512
Cash in hand	11	7
	8,873	**13,519**

11. DEFERRED REVENUE

	June 30, 2019	June 30, 2018
	(US$'000)	
Deferred revenue	5,141	6,365
Less: current portion of deferred revenue	(4,388)	(5,657)
	753	**708**

12. SHARE CAPITAL AND OTHER RESERVES

12.1 Authorized share capital

The Holding Company's authorized share capital is $12,000 and the authorized share capital was previously divided into 4,749,861 preference shares and 115,250,139 common shares of par value $0.0001 each.

On March 16, 2018 the Holding Company's authorized share capital was consolidated and divided into 103,223,990.46 common shares and 4,254,221.39 preference shares of par value $0.000111650536 each, and the shares held by the existing shareholders at that time duly converted.

On December 21, 2018, the Group issued a revised equity structure converting the Holding Company's authorized share capital of $12,000 to the following new structure, noting that all shares set out below have a par value of $0.000111650536 each:

- Series A Convertible Preferred ("Series A") - The maximum number of Series A Convertible Preference Shares shall be one (1) whose holder is The Resource Group International Limited ("TRGI").
- Series B Convertible Preferred ("Series B") - The maximum number of Series B Convertible Preference Shares shall be 12,512,994.466500, of which 11,083,691.3814 Series B shares are issued and outstanding as of June 30, 2019.
- Series C Convertible Preferred ("Series C", and together with the Series A shares and the Series B Shares, the "Preferred Convertible Shares") - The maximum number of Series C Convertible Preference Shares shall be 12,639,389.35000 of which 111,986.4786 Series C shares are issued and outstanding as of June 30, 2019.
- Class A Common Shares ("Class A") – The maximum number of Class A shares shall be 79,766,504.249454. There are no Class A shares issued and outstanding as of June 30, 2019.
- Class B Common Shares ("Class B", and together with the Class A shares, the "Common Shares") - The maximum number Class B shares shall be 2,559,323.13 which are authorized for issuance for the Restricted Stock Plan, of which 2,373,374 Class B shares have been issued as of June 30, 2019.

The holders of Preferred Convertible Shares shall be entitled to vote, together with the holders of Class A shares, as a single class on all matters submitted to the shareholders for a vote.

At the time of a consummation of a qualified initial public offering ("IPO") the following conversions will occur on a mandatory basis:

- Series A will convert to Series C on a 1:1 basis
- Series B will convert to Series C on a 1:1 basis
- Series C (including those existing as a result of the above conversions) will then convert to Class A on a pro rata basis based on a specified metric which includes factors such as IPO price and number of preferred shares issued at time of conversion and which will result in each Series C share converting into more than one Class A common share.
- Class B will convert to Class A on a 1:1 basis.

In the event that the Holding Company declares a dividend, the Company shall not declare nor pay any dividends or make any distribution upon other class of shares of the Company until and unless the Company has declared and paid aggregate dividends of at least US$9,499,720.06 with respect to the individual Series A share.

On any voluntary or involuntary liquidation, dissolution or winding-up of the Holding Company, and assuming non-conversion of any preferred shares, Series A holders will be entitled to receive the first approximately $9.5 million of proceeds in the event that such event is treated as an asset sale. Series B will then be entitled to receive the next approximately $53.5 million and Series C holders will then be entitled to receive the next approximately $86.2 million (out of which $47.9 million is waived due to the transfer of shares of Etelequote Limited to the parent Company TRGI see Note 30.3) of proceeds in excess of such $9.5 million, Series C and common holders will then be entitled to receive those proceeds in excess of such $139.7 million. In the event that the liquidation event is treated as a stock sale, Series B and C Holders will be entitled to receive the first approximately $139.7 million of proceeds. Series A, Series C and common holders will then be entitled to receive those proceeds in excess of such $139.7 million.

12.2 Issued, subscribed and paid-in share capital – Pre December 2018

The Holding Company's initial issued, subscribed and paid-in share capital consisted of preference shares of $475 divided into 4,749,861 preference shares of par value $0.0001 each and share capital of $775 divided into 7,750,141 common shares of par value $0.0001 each. The amount of additional paid-in capital is $96.2 million.

During the year ended June 30, 2017, the Holding Company issued a total of 11,606,000 common shares of par value $0.0001 each to TRGI in return for its investments in the Continuing Business Entities and $190,000 in cash. The investments were transferred from TRGI at their carrying values totaling $87,375,616. These share issues resulted in the recognition of additional paid-in capital totaling $87,565,616, and as noted below 4,749,861 of these common shares were subsequently re-designated into preference shares with the same par value of $0.0001 per share.

The Holding Company further issued 360,184 common shares to the CEO of DGS, in return for his equity interest in DGS Limited, resulting in the recognition of additional paid-in capital of $2,887,813; and 533,818 common shares to the CEO of e-Telequote, in return for his equity interest in e-Telequote Plc, resulting in the recognition of additional paid-in capital of $5,765,195.

On June 20, 2017, the Holding Company re-designated its 4,749,861 common shares held by TRGI into Senior Preference Shares at a price of $0.0001 per share. The preference shares shall automatically convert into common shares upon the consummation of a qualified public offering, with such conversion only being affected at the time and subject to the closing of the sale of securities by the Holding Company pursuant to such qualified public offering. Each convertible preference share shall be converted into one common share.

The holders of convertible preference shares shall be entitled to vote, together with the holders of common shares, as a single class on all matters submitted to the shareholders for a vote.

The Holding Company shall not declare nor pay any dividends or make any distribution upon common shares, until and unless the Holding Company has declared and paid a dividend of at least $2.00 with respect to each convertible preference share. Preference shares thereafter participate with any dividends declared for common shares.

On any voluntary or involuntary liquidation, dissolution or winding-up of the Holding Company, holders of convertible preference shares shall be entitled to receive, proportionately according to the number of convertible preference shares held, those assets available for distribution to the members.

See Note 12.4 for senior preferred shares.

12.2.1 Reverse Share Split

On March 16, 2018, the Holding Company effectuated a 1.11650536356898-to-1 reverse share split. Under the terms of the reverse share split:

(i) each common share, issued and outstanding as of such effective date, was automatically reclassified and changed into 0.895651765436606 common shares, and

(ii) each convertible preference share, issued and outstanding as of such effective date, was automatically reclassified and changed into 0.895651765436606 convertible preference shares, in each instance without any further action by our shareholders.

The reverse share split had an impact on the common shares, any employee share option plans as well as the warrants associated with the Amazon agreement. As a result of the share split:

	Pre - Split	Post - Split
	March 16, 2018	
Weighted average number of shares outstanding - basic and diluted	12,500,002	11,195,649
Common shares outstanding	7,750,141	6,941,427
Convertible preference shares held by TRGI converting to common shares	4,749,861	4,254,221
Outstanding employee share options	1,985,782	1,778,569
Warrants associated with Amazon	1,611,944	1,443,740
Common shares available for future issuance	2,857,498	2,559,323

The consolidated financial statements reflect the effects of the reverse share split for all periods presented.

12.3 Other Reserves

The nature and purpose of other reserves within equity is described below:

Reorganization reserve

Reorganization reserve consists of differences between the combined net asset values of subsidiaries from their separate financial statements and recognized share capital, under the pooling of interest method.

Additionally, on December 31, 2017, the Directors of DGS Limited (“DGS Ltd.”) sold DGS Tech, a wholly owned subsidiary that owned intellectual property of DGS Ltd. and licensed the use of this IP to other entities within DGS Ltd., to The Resource Group International Limited for a consideration of $12 (10 Euros). The Directors of DGS Ltd. committed to a plan to sell this unit following a revision in the overall structure and the integration of DGS Ltd. into the Holding Company.

The gain on sale of subsidiary is recognized in statement of changes in equity as part of the Reorganization Reserve due to the transaction being between the owners.

Share option plans

Weighted average cost of shares kept under the share option plans that pertain to the Group’s various subsidiaries.

Foreign currency translation reserve

Gain / losses arising on retranslating the net assets of overseas operations into presentation currency.

Actuarial gain on defined benefit scheme

Actuarial gain or losses represents adjustments to actuarial assumptions used to value defined benefit pension scheme obligations.

Accumulated deficit

The accumulated deficit decreased from $(126.1) million per end of June 30, 2018 to $(117.2) million as of June 30, 2019. The decrease is due to the net income of the year ended June 30, 2019.

12.4 Senior Preferred Shares

	Note	June 30, 2019	June 30, 2018
		(US$’000)	
17Capital Fund	***12.4.1***	-	20,000

12.4.1 At June 30, 2017, in consideration of the cancellation of $20.0 million of the indebtedness under the loan note instrument referred to in Note 23.6, the Group’s subsidiary Etelequote Limited (the Subsidiary) entered into a senior preferred shares subscription agreement (“Agreement”) with a consortium of investors, comprised of 17Capital Fund 3, L.P. and 17Capital Fund 3 Luxembourg S.C.Sp. (“Subscribers”) providing for the purchase by the Subscribers of 1,538,462 non-convertible Senior Preferred Shares.

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.

The Subsidiary 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.

These shares will also be mandatorily redeemable upon the event of a public offering of IBEX Limited, to the extent of the proceeds of such an offering.

Upon a Liquidation Event (which is defined as any liquidation, dissolution, bankruptcy or winding up of the Subsidiary whether voluntary or involuntary but not on redemption or purchase by the Subsidiary of any Common Shares), each holder of Senior Preferred Shares shall be entitled to receive from the surplus assets of the Subsidiary remaining after the payment of its liabilities, prior and in preference to any distribution or payment made of any of the assets of the Subsidiary to holders of the Subsidiary’s Junior Securities (other securities of the subsidiary) 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.

At the time of redemption the following pricing mechanism will apply:
- for redemption date on or before June 06, 2018, $13.00, or
- for redemption date after June 06, 2018, the greater of $13.90 and the variable return (as defined in the Agreement).
- the variable return provides for an interest rate of 14% until June 2021 and 18% thereafter.

These shares are redeemable upon the event of a public offering of IBEX Limited or a liquidation event (as explained above), whichever comes earlier. Upon such events these shares will cease to exist as an equity item and will be recognized as a debt liability. 17Capital Fund has a limited right to transfer these preference shares to TRGI up until an IPO. In the event that 17Capital exercises this option, the subsidiary will register TRGI as the holders of record for these preference shares.

During the year ended June 30, 2019, 459,325 of these preferred shares have been redeemed by paying $13.9 per share to 17th Capital (comprising of $5.9 million principal and $0.4m interest) and remaining $14 million is part of the disposal of subsidiary during the year as included in Note 30.3.

13. BORROWINGS

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Obligation under finance leases	*13.1*	-	2,765
Long-term other borrowings	*13.3*	12,993	14,289
Line of credit	*13.4*	36,026	30,202
Private placement notes	*13.2*	-	14,500
		49,019	**61,756**
Less: Current portion of;			
− obligation under finance leases	*13.1*	-	(1,899)
− long-term other borrowings	*13.3*	(5,809)	(5,275)
− line of credit	*13.4*	(36,026)	(30,202)
− private placement notes	*13.2*	-	(14,500)
Less: Current portion of borrowings		**(41,835)**	**(51,876)**
Non-current portion of borrowings		**7,184**	**9,880**

13.1 Obligation under finance leases

	June 30, 2019	
	Minimum lease payments	Present value of payments
	(US$'000)	
Within one year	-	-
After one year but not more than five years	-	-
Total minimum lease payments	-	-
Less: amounts representing finance charges	-	-
Present value of minimum lease payments	-	-
Current portion shown under current liabilities	-	-
	-	**-**

	June 30, 2018	
	Minimum lease payments	Present value of payments
	(US$'000)	
Within one year	2,010	1,900
After one year but not more than five years	955	865
Total minimum lease payments	2,965	2,765
Less: amounts representing finance charges	(200)	-
Present value of minimum lease payments	2,765	2,765
Current portion shown under current liabilities	(1,899)	(1,899)
	866	**866**

Various subsidiaries in the Group hold assets subject to finance leases. For the year ended June 30, 2019, these lease arrangements have interest rates ranging from 5% to 10% (June 30, 2018: 5% to 10%) per annum. At the end of the lease term, the ownership of the assets shall be transferred to the respective entities. On July 1, 2018, obligation under finance lease has been reclassed in lease liabilities at adoption of IFRS 16 (See Note 3.2).

13.2 In June and July 2017, e-Telequote Insurance, Inc. issued $9.1 million and 1.0 million respectively, aggregate principal amount of 12.0% 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 e-TeleQuote Insurance Inc renewed the facility and expanded the loan to $15.0 million on the same terms maturing on May 15, 2019. During the year ended June 30, 2019, the loan notes were paid in full.

A contributor in the Senior Secured Notes is a related party to the Group as he serves on the board of TRGI as well as the board of our e – Telequote Insurance, Inc. See Related Party Loan, Note 23.6 for details.

13.3 Long-term other borrowings

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Financial Institutions			
IBM Credit LLC	*13.3.1*	1,924	1,020
Newcore		-	165
PNC Bank, N.A.	*13.4.1*	188	1,077
IPFS Corporation	*13.3.2*	614	-
Heritage Bank of Commerce	*13.4.3*	1,000	-
PNC Term loan	*13.4.1*	7,111	10,667
First Global Bank Limited Demand loan	*13.3.3*	2,156	1,360
		12,993	**14,289**
Less: Current portion of long-term other borrowings		(5,809)	(5,275)
Non-current portion of long term other borrowings		**7,184**	**9,014**

13.3.1 The Group has financed the purchase of various property and equipment and software during the fiscal year 2019 and 2018 with IBM, PNC and FGB. As of June 30, 2019 and 2018, the Group has financed $3.6 million and $1.2 million, respectively, of assets at interest rates ranging from 6% to 9% per annum.

13.3.2 The Group has financed the insurance policies related to property and worker compensation with the IPFS Corporation with an interest rate of 5.7%.

13.3.3 In January 2018, the Group's subsidiary IBEX Global Jamaica Limited entered into a $1.4 million non-revolving demand loan with First Global Bank Limited. The loan bears interest at a fixed rate of 7.0% per annum for the term of the loan, has a maturity date of January 2023, and is required to be repaid in 54 equal monthly installments (commencing six months after the drawdown date). The loan is guaranteed by IBEX Global Limited and secured by substantially all the assets of IBEX Global Jamaica Limited. The debenture under which IBEX Global Jamaica Limited granted security over its assets contains limitations on liens, the incurrence of debt and the sale of assets. As of June 30, 2019, the balance of the loan is $1.1 million (June 30, 2018: $1.4 million).

In November 2018, the Group's subsidiary IBEX Global Jamaica Limited entered into a $1.2 million non-revolving demand loan with First Global Bank Limited. The loan bears a variable interest at 6-month LIBOR plus a margin of 5.26%, subject to a floor of 7.0% per annum, for the term of the loan. The loan is to be paid in 60 equal monthly installments, triggering a bullet payment after 36 months, with an option to renew for an additional 24 months, with an overall maturity in January 2023. The loan is guaranteed by IBEX Global Limited and secured by substantially all the assets of IBEX Global Jamaica Limited. The debenture under which IBEX Global Jamaica Limited granted security over its assets contains limitations on liens, the incurrence of debt and the sale of assets. At June 30, 2019, the balance of the loan is $1.04 million (June 30, 2018: $0.0 million).

13.4 Line of credit

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Financial Institutions			
PNC Bank, N.A.	*13.4.1*	33,521	27,098
Seacoast Business Funding	*13.4.2*	80	245
Heritage Bank of Commerce	*13.4.3*	2,425	2,859
		36,026	**30,202**

13.4.1 In November 2013, the Group's subsidiary TRG Customer Solutions, Inc. entered into a three-year $35.0 million revolving credit facility (as amended, the "PNC Credit Facility") with PNC Bank, N.A. ("PNC"). In June 2015, the maximum revolving advance amount under the PNC Credit Facility was increased to $40.0 million, with an additional $10.0 million of incremental availability (subject to PNC's approval and satisfaction of conditions precedent) and the maturity date was extended to May 2020. In December 2018, the PNC Credit

Facility maximum revolving advance amount was increased to $45.0 million. In May 2019, the PNC Credit Facility was amended to include the following: the maximum revolving advance amount was increased to $50.0 million, with an additional $10.0 million of availability (in $5.0 million increments) subject to satisfaction of conditions precedent, and the maturity date was extended to May 2023. 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 is guaranteed by IBEX Global Limited and secured by substantially all the assets of TRG Customer Solutions, Inc. The line of credit balance as of June 30, 2019 is $33.5 million (June 30, 2018: $27.1 million), as presented in Note 13.4.

In June 2016, the PNC Credit Facility was amended to add a Term Loan A of $6.0 million, which was drawn down in full, and a Term Loan B of $4.0 million (subject to satisfaction of conditions precedent), which was never drawn down and cancelled. In November 2016, the PNC Credit Facility was amended by adding a Term Loan C of $16.0 million which was drawn down in full with $6.0 million applied to repay in full Term Loan A. Term Loan C bears interest at LIBOR plus a margin of 4.00% and is required to be repaid in 54 equal monthly instalments (commencing January 1, 2017). Term Loan C balance as of June 30, 2019 is $7.1 million (June 30, 2018: $10.7 million).

In addition, the PNC Credit Facility was amended in June 2016 to include a $3.0 million non-revolving line of credit for purchases of equipment, which was drawn down in full, bearing interest at LIBOR plus a margin of 3.25%. The balance of this line as of June 30, 2019 is $0.2 million (June 30, 2018: $1.1 million), as presented in Note 13.3.

13.4.2 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 $1.5 million of accounts receivable owed to iSky, Inc. All payments from Seacoast to iSky, Inc. are subject to a discount of 1.0% for receivables outstanding 30 days or less and an additional 0.5% for each additional 15 days that such receivable is outstanding. The average discount during the fiscal year ended June 30, 2019 was approximately 1.2% (June 30, 2018: 1.3%) of net sales. Under the Seacoast Receivables Financing Agreement, Seacoast may also advance an amount up to 85% of iSky, Inc.'s receivables to iSky, Inc. at a rate of LIBOR plus 7.0%.

The Seacoast Receivables Financing Agreement requires iSky, Inc. to sell $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.

13.4.3 In March 2015, the Group's subsidiaries, Digital Globe Services, Inc., Telsat Online Inc. and DGS EDU, LLC entered into a one-year $3.0 million loan and security agreement (the "HBC Loan Agreement") with Heritage Bank of Commerce ("HBC"). In March 2016, the HBC Loan Agreement was amended to increase the credit line capacity to $5.0 million and extend its maturity date until March 31, 2018, subject to collateral review. In June 2017, the HBC Loan Agreement was amended to add an additional subsidiary, 7 Degrees LLC, as a borrower, along with extending the maturity date until March 31, 2019. In August 2018, the HBC Loan Agreement was amended to increase the accrued account advance rate and certain other terms along with extending the maturity date until March 31, 2021. In January 2019, HBC Loan Agreement was amended to exclude DGS EDU, LLC therefrom pursuant to its sale. Refer to Note 30.2. Borrowings under the HBC Loan Agreement bear interest at the Prime Rate plus a margin of 2.50%. The credit line is secured by substantially all the assets of Digital Globe Services, Inc., Telsat Online Inc., and 7 Degrees LLC. The line of credit balance as of June 30, 2019 was $2.4 million (June 30, 2018: $2.9 million), as presented in Note 13.4.

In March 2019, HBC Loan Agreement was amended to add a term loan of up to $2.0 million that bears interest at the Prime Rate plus a margin of 2.5%. The term loan is required to be repaid in 36 equal monthly installments (commencing April 2020) and will mature on March 1, 2023. On the term loan maturity date, all amounts owing shall be immediately due and payable. The term loan balance as of June 30, 2019 is $1.0 million (June 30, 2018: $0.0 million).

13.5 Changes in liabilities arising from financing activities:

	June 30, 2019	June 30, 2018
	(US$'000)	
Balance of debt, July 1,	**62,958**	**57,948**
Changes from operating cash flows	458	-
Changes from financing cash flows	10,124	3,333
New leases (2018: finance leases)	89,771	1,857
Non cash item - disposal of subsidiary	(43,431)	-
Foreign exchange movement	(1,627)	(180)
Balance of debt, June 30,	**118,253**	**62,958**

13.6 For discussions associated with the adoption of IFRS 9, see Note 3.5.1.

14. OTHER NON-CURRENT LIABILITIES

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Deferred rent - long term		-	146
Defined benefit scheme	*14.1*	356	314
Warrant liability	*28*	751	965
Phantom stock plan	*19.4*	441	838
Other		59	43
		1,607	**2,306**

14.1 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, and,
- 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, 2019. 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, 2019	June 30, 2018
	%	%
Discount rates	5.93 %	6.90 %
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:

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Current service cost		107	274
Interest on obligation		22	36
Total		**129**	**310**

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

	June 30, 2019	June 30, 2018
	(US$'000)	
Present value of unfunded defined benefit obligation	356	314
Net liability arising from defined benefit obligation	356	314

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

	June 30, 2019	June 30, 2018
	(US$'000)	
Present value of defined benefit obligation at the beginning of the year	**314**	**727**
Foreign exchange movements	22	(30)
Current service cost	107	274
Interest cost	22	36
Actuarial gains	(109)	(693)
Present value of defined benefit obligation at the end of the year	**356**	**314**

The subsidiaries are yet to contribute to the plan asset as of June 30, 2019.

15. TRADE AND OTHER PAYABLES

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Trade creditors		9,927	13,149
Income tax payables		1,467	1,740
Accrued expenses		8,105	7,272
Accrued compensation	*15.1*	24,061	20,709
Provision	*15.2*	4,426	1,682
Others		371	1,403
		48,357	**45,955**

15.1 Accrued compensation includes payroll and related costs as of June 30, 2019.

15.2 Represents the provision related to the legal settlement during the year ended June 30, 2019 and provision of legal settlement associated with the cost of defense during the year June 30, 2018. Please refer to Note 16.1.1.

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16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

The Group is subject to claims and lawsuits filed in the ordinary course of business. Although management does not believe that any such proceedings other than those noted below will have material adverse effect going forward, no assurances to that effect can be given based on the uncertainty of litigation and demands of third parties. Group only records a liability for pending litigation and claims where losses are both probable and reasonably estimable.

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

A case was filed in November 2014 in the US District Court of Tennessee as a collective action under the US Fair Labor Standards Act (FLSA) and Tennessee law, alleging that plaintiffs were forced to work without being paid for the "off the clock" time. In December 2014, a similar FLSA collection action case was filed against IBEX Global Solutions in the US District Court for the District of Columbia. In February 2015, the two cases were consolidated in Tennessee (the "Consolidated Action") and plaintiffs agreed to submit all claims to binding arbitration before the American Arbitration Association. Presently, there are approximately 3,500 individuals who have opted into the FLSA class action claims, and there are pending wage and hour class action claims under various state laws ("Rule 23 Claims") involving approximately 21,000 potential class action claimants. In April 2019, the parties engaged in a Mediation. On June 14, 2019, the parties entered into a Settlement Agreement, which was approved by the arbitrator on June 19, 2019. Pursuant to the Settlement Agreement, all claimants under both the FLSA and the Rule 23 Claims will be required to fill out and send a claim form to the Third-Party Administrator within the claim period ending on October 15, 2019 in order to receive funds under the settlement. Subsequent to June 30, 2019, Ibex funded $3,351,244 toward the settlement fund provided under the Settlement Agreement. This amount covers 100% of the possible claims under the FLSA, as well as plaintiffs' attorney fees, administration costs and service awards. These amounts exclude any amounts that Ibex may need to fund for the Rule 23 Claims. Any funds not claimed pursuant to the FLSA portion of the settlement will revert to Ibex. Pursuant to the Settlement Agreement, there is $2.2 million allocated to the settlement of claims for the Rule 23 class members. The exact amount of recovery with respect to the Rule 23 Claims depends upon the claim forms properly and timely returned to the Third-Party Administrator. The claim period closed on October 15, 2019 and as of that date, claim forms properly and timely returned for the Rule 23 Class Members accounted for $1.2M of the $2.2M allocated funds for the Rule 23 class. The parties appeared before the arbitrator on November 7, 2019 and the Arbitrator granted final approval of the Rule 23 claims.

On July 26, 2018 Digital Globe Services, Inc. received an indemnification notice related to AllConnect, Inc. v. Kandela LLC Case No. 2:18-cv-05959SJO (SSx) pending in the US District Court for the Central District of California, Wester Division relating to patent infringement for certain call center search for services capabilities provided by Digital Globe Services, Inc. under the Dealer Network Agreement entered into in 2014 between Kandela and Digital Globe Services, Inc. via its "BundleDealer.com" portal. Digital Globe Services is cooperatively working with Kandela's counsel regarding this matter and has made a good faith payment of $25,000 toward costs of defense of this matter while reserving all defenses and/or counter claims against Kandela in this matter. The Company plans to vigorously defend this demand for indemnification. The Company cannot reasonably determine damages at this time. In April 2019, Porch.com acquired all of the assets of Kandela LLC and assigned its past and future indemnification rights to Porch.com. As Porch.com is not a defendant in the Allconnect case, there is no known event giving rise to a DGS obligation to indemnify Kandela or Porch, and neither Kandela nor Porch has made an indemnification request to DGS since the acquisition. As of October 19, 2019, as a proposed settlement to indemnification discussions, Digital Globe Services voluntarily offered to indemnify Kandela up to 51% of legal defense costs (not liability) provided that Digital Globe Services gains control of the defense.

In addition, the Company is subject to other routine legal proceedings, claims, and litigation in the ordinary course of its business. Defending lawsuits requires significant management attention and financial resources and the outcome of any litigation, including the matters described above, is inherently uncertain. The Company does not, however, currently expect that the costs to resolve these routine matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

16.2 Commitments

16.2.1 IBEX Global Solutions Limited has an annual telecommunication service commitment with two of its carriers. The carrier agreement was signed in May 2017 for a three-year term with the minimum annual commitment for $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 August 2017 for a three-year term with minimum annual commitment for $1.1 million.

16.2.2 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 and in most cases would be equal to the unfulfilled terms of the contract.

16.2.3 On November 27, 2017, PNC Bank, NA issued an irrevocable standby letter of credit for the amount of $0.4 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 Group's subsidiary IBEX Global Jamaica Limited. With effect from March 1, 2018, the amount of irrevocable standby letter of credit was increased to $0.5 million.

16.2.4 On January 19, 2018, PNC Bank, NA issued an irrevocable standby letter of credit for the amount of $0.3 million in favor of TRG Customer Solutions, Inc. d/b/a IBEX Global Solutions to the benefit of First Global Bank Limited to guarantee the payment of loan received by the Group's subsidiary IBEX Global Jamaica Limited. This letter of credit expired on July 19, 2018, as allowed by the agreement with First Global Bank.

17. FINANCE EXPENSES

	June 30, 2019	June 30, 2018
	(US$'000)	
Interest on borrowings	2,858	1,955
Factoring Fees	242	280
Finance charges on finance lease assets	-	492
Finance charges - right of use assets	4,394	-
Bank charges	215	366
Total	**7,709**	**3,093**
Finance expenses from discontinued operations	**5,674**	**2,243**

18. INCOME TAXES

The major components of income tax expense / (benefit) are:

	June 30, 2019	June 30, 2018
	(US$'000)	
Current tax expense for the year	815	773
Deferred tax expense / (benefit) for the year	7,630	(827)
Total	**8,445**	**(54)**

Income tax expense is attributable to:

	June 30, 2019	June 30, 2018
	(US$'000)	
Income tax expense / (benefit) from continued operations	3,615	(108)
Income tax expense from discontinued operations	4,830	54
Total	**8,445**	**(54)**

The Group's U.S. tax provision includes the following U.S. entities: TRG Customer Solutions, Inc. (d/b/a IBEX Global Solutions), Digital Globe Services, Inc., iSky Inc. and e-Telequote Insurance, Inc. which file separate income tax returns in the US. Additionally, included in the group provision are various foreign subsidiaries located mainly in UK, EU, Canada, Pakistan, Senegal, and Philippines. These entities file tax returns in their respective jurisdictions. No tax provision has been calculated for holding companies (the Holding Company, IBEX Global Limited and Etelequote Limited), as they are Bermuda based and there is no corporate income tax in Bermuda.

Deferred tax expense includes a non-recurring expense of $3.1 million on cancellation of legacy ESOP plan.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as net operating losses and tax credit carry forwards. 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 Group's temporary differences and carry forwards are as follows:

Tax effect of deductible / (taxable) temporary differences

	June 30, 2019	June 30, 2018
	(US$'000)	
Deductible temporary differences:		
− Provisions and write-offs against accounts receivable	204	279
− Unpaid accrued expenses / compensation	530	3,629
− Deferred revenue and credits	31	38
− Net operating losses	1,998	10,504
− Property, plant and equipment	508	336
− Lease liability (right of use assets)	6,768	-
− Intangible assets	-	402
	10,039	**15,188**
Taxable temporary differences:		
− Deferred revenue	-	(8,970)
− Property, plant and equipment	(49)	-
− Right of use assets	(6,581)	-
− Intangible assets	(1,039)	(999)
	(7,669)	**(9,969)**
Net deferred tax assets / (liability)	**2,370**	**5,219**

Movement in deferred tax assets / (liability):

	June 30, 2019	June 30, 2018
	(US$'000)	
Opening deferred tax assets / (liability)	5,219	(949)
Deferred tax (expense) / benefits	(7,630)	827
Foreign exchange and other rate differences	(49)	-
Sale of subsidiary	4,830	5,341
Net deferred tax assets / (liability)	**2,370**	**5,219**

A deferred tax asset has not been recognized for the following gross amounts:

	June 30, 2019	June 30, 2018
	(US$'000)	
Unused tax losses	29,285	29,611
Deductible temporary differences	2,188	4,529
Unused tax losses and deductible differences - unrecognized	**31,473**	**34,140**

Deferred tax asset arising on the above amounts has not been recognized in these consolidated financial statements, as the management is of the prudent view that it is not probable that sufficient taxable profit will be available in the foreseeable future against which these temporary differences and unused tax losses can be utilized. 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 2027.

At June 30, 2019, the Group's US federal and state net operating loss carry forward for income tax purposes are $26.7 million (June 30, 2018: $61.1 million) and $31.9 million (June 30, 2018: $66.1 million) respectively which will begin to expire in 2029. The Group's Canadian subsidiary has net operating loss carry forward of $2.2 million (June 30, 2018: $2.2 million), expiring over the period 2027 through 2037. The Group's European subsidiaries have net operating loss carry forward of $6.9 million (June 30, 2018: $8.0 million). These amounts are based on the income tax returns filed for the year ended June 30, 2018 and estimated amounts for the year ended June 30, 2019.

During the year, Group's subsidiary in Luxembourg was challenged by the tax authorities on a certain tax exemption. Tax authorities have issued an assessment for tax year 2014, denying the exemption. Group expects incremental tax amount of approximately $4.7 million for the tax years under review. Group believes the decision to be without merit and is in the process of appealing to the Tax Court. Accordingly, no provision has been made in this regard in the consolidated financial statements.

On December 22, 2017, the United States 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 35% to 21% with effect from 1 January 2018. As group's tax year is on a fiscal year basis (ends 30 June), it was subject to a pro-rated US combined federal and state corporate income tax rate of 32% applicable to fiscal year ended June 30, 2018. After June 30, 2018, expected US combined federal and state corporate income tax rate has reduced to 26%.

Other significant changes introduced by TCJA include 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").

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.

There are no income tax consequences attached to the payment of dividends by the Group to its shareholders.

Reconciliation of effective tax rate

Below is a reconciliation of tax expense and the accounting profit. As the Group's key income generating operations are based in the US, United States blended federal income tax rate of 21% is used for the purpose of this reconciliation:

	June 30, 2019	June 30, 2018
	(US$'000)	
Profit / (Loss) for the year	10,965	(15,881)
Income tax expense / (benefit)	8,445	(54)
Net profit / (loss) before income tax	**19,410**	**(15,935)**

	June 30, 2019		June 30, 2019	June 30, 2018		June 30, 2018
	(%)		(US$'000)	(%)		(US$'000)
Income tax (benefit) using the applicable tax rate	21	%	4,230	28	%	(4,470)
State taxes (net of federal tax effect)	5	%	1,073	4	%	(583)
Effect of tax and exchange rates in foreign jurisdictions	5	%	1,043	-19	%	3,033
Foreign subsidiaries taxed at lower rate or tax exempt	-2	%	(380)	-28	%	4,525
Non-deductible expenses / exempt income	2	%	470	1	%	93
Cancellation of legacy ESOP plan	15	%	3,104	-	%	-
Effect of disposal of subsidiaries	-2	%	(403)	-3	%	505
Prior year provision / other items	-	%	73	-1	%	128
Change in unrecognized temporary differences	-4	%	(765)	21	%	(3,285)
	41.5	%	8,445	0.3	%	(54)

19. SHARE OPTION PLANS

19.1 Predecessor Stock Plan

On December 22, 2017, the Group's predecessor stock options and stock option plans 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 Group maintained the following equity incentive plans: IBEX Pre-IPO stock plan 2013, IBEX Post-IPO stock plan 2013, IBEX group Phantom stock option plan (a cash settled share-based payment), e-Telequote stock option plan and DGS Limited stock option plan. Upon the reorganization under the ambit of common control combination the holders of options in Digital Globe Services Limited had their options substituted with options granted pursuant to a stock option plan of DGS Limited, with a view to carrying forward the essence of the original plan.

On June 20, 2017, the Holding Company adopted a 2017 Stock Option Plan to enable certain executives and employees to be granted options and restricted stock awards, up to a maximum of 2,559,323 common shares of the Holding Company.

The details of above mentioned equity incentive plans are as below:

19.1.1 IBEX stock plan 2013

	2019		2018	
	Weighted average exercise price (US$)	Share Options (Number)	Weighted average exercise price (US$)	Share Options (Number)
Options outstanding as of beginning of the period	-	-	1.68	4,028,746
Options granted during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	-	-	(1.68)	(4,028,746)
Options outstanding as of end of the period	-	-	-	-
Options exercisable as of end of the period		-		-

No amount was recognized as share-based payment expense pertaining to this plan for the years ended June 30, 2019 and 2018.

19.1.2 e-Telequote stock option plan

	2019		2018	
	Weighted average exercise price (US$)	Share Options (Number)	Weighted average exercise price (US$)	Share Options (Number)
Options outstanding as of beginning of the period	-	-	0.05	39,700,000
Options granted during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	-	-	(0.05)	(39,700,000)
Options outstanding as of end of the period	-	-	-	-
Options exercisable as of end of the period		-		-

No amount was recognized as share-based payment expense pertaining to this plan for the years ended June 30, 2019 and 2018.

19.1.3 DGS Limited stock plan option

	2019		2018	
	Weighted average exercise price	Share Options (Number)	Weighted average exercise price	Share Options (Number)
	(US$)		(US$)	
Options outstanding as of beginning of the period	-	-	1.50	1,131,730
Options granted during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	-	-	(1.50)	(1,131,730)
Options outstanding as of end of the period	-	-	-	-
Options exercisable as of end of the period		-		-

There were no stock options granted during the years ended June 30, 2019 and 2018. There was no amount recognized as share-based payment expense pertaining to this plan for the year ended June 30, 2019 as compared to June 30, 2018 which was $0.2 million.

19.2 2017 IBEX Stock Plan

On June 20, 2017, our board of directors and shareholders approved and adopted the Holding Company's 2017 Stock Plan, as amended and restated on October 6, 2017 (the ''2017 IBEX Plan''). On February 21, 2018, the Company amended and restated its 2017 Stock Plan, increasing the maximum number of common shares of the Company that may be issued from 1,798,019 to 2,559,323.

On March 16, 2018, we effectuated a 1.11650536356898-to-1 reverse share split. See Note 14.2.1 for details and impact of the reverse stock split.

Purpose

We believe that the 2017 IBEX Plan will enable us to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to our employees, consultants and directors, and to promote the success of our 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 our company or our affiliates will be eligible to receive non-statutory stock options and restricted stock awards under the 2017 IBEX Plan, but only employees of our company will be eligible to receive incentive stock options.

Administration

The 2017 IBEX Plan is administered by our board of directors, a committee (or subcommittee) appointed by our board of directors, or any combination, as determined by our board of directors. Subject to the provisions of the 2017 IBEX Plan and, in the case of a committee (or subcommittee), the specific duties delegated by our 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 our 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. Our board of directors may also delegate authority to one of more of our officers to make awards under the 2017 IBEX Plan.

Available Shares

The number of common shares that we may issue 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 us due to the failure to vest or repurchased by us at the original purchase price paid to us for 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 our employees 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 our 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 our duly authorized transfer agent. Unless otherwise determined by the administrator, we 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

Our 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 Holding Company'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 $14.00 per share.

Expected term

The expected term of options granted is 4.92 years. The Group 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 fiscal year ended June 30, 2018.

Expected dividends

The Holding Company 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 of June 30, 2019 and 2018 are as follows:

	2019		2018	
	Weighted average exercise price	**Share Options (Number)**	**Weighted average exercise price**	**Share Options (Number)**
	(US$)		(US$)	
Options outstanding as of beginning of the period	6.81	1,633,170	-	-
Options granted during the period	-	-	6.81	1,778,569
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	(6.81)	(1,633,170)	(6.81)	(145,399)
Options outstanding as of end of the period	-	-	-	1,633,170
Options exercisable as of end of the period		-		628,356

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 Company recognized the amount of stock compensation expense for options initially vesting on the first vesting date. As to the remaining unvested options, the Company 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.

On December 28, 2018, the 2017 IBEX Plan was terminated pursuant to Section 11 of the 2017 IBEX Plan. Pursuant to the termination of the Plan, all stock options under the 2017 IBEX Plan were cancelled. The Group recognized $4.9 million expense during the year ended June 30, 2019 including $3.2 million of additional expense to fully write off the plan.

19.3 IBEX group Phantom stock option plan

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

There were no Phantom stock options granted in fiscal years 2019 and 2018. In fiscal years 2019 and 2018, there were no options exercised under the Phantom Stock plan.

In February 2018, all legacy phantom stock option plans and grants were cancelled.

	2019		2018	
	Weighted average exercise price	Share Options (Number)	Weighted average exercise price	Share Options (Number)
	(US$)		(US$)	
Options outstanding as of beginning of the period	-	-	1.79	875,625
Options granted during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	-	-	(1.79)	(875,625)
Options outstanding as of end of the period	-	-	-	-
Options exercisable as of end of the period		-		-

The weighted average fair value of the Phantom stock options as of June 30, 2019 and 2018 is nil. For the year ended June 30, 2018, the Subsidiary recognized an expense of share-based payment amounting to $0.08 million in "Stock Based Compensation" in the consolidated statement of profit or loss and other comprehensive income. There were no Phantom Stock options with intrinsic value as of June 30, 2018 and 2017.

19.4 Phantom Stock Plans

In February of 2018, each of IBEX Global Solutions (Private) Limited, DGS (Private) Limited, eTelequote(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 the Holding Company 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).

Fair value of common shares

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 Holding Company 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 of 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:

	2019		2018	
	Weighted average exercise price	Share Options (Number)	Weighted average exercise price	Share Options (Number)
	(US$)		(US$)	
Options outstanding as of beginning of the period	6.81	105,546	-	-
Options granted during the period	-	-	6.81	105,546
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	-	(66,377)	-	-
Options outstanding as of end of the period	6.81	39,169	6.81	105,546
Options exercisable as of end of the period	6.81	33,543	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:

	2019		2018	
	Weighted average exercise price	Share Options (Number)	Weighted average exercise price	Share Options (Number)
	(US$)		(US$)	
Options outstanding as of beginning of the period	6.81	77,129	-	-
Options granted during the period	-	-	6.81	77,129
Options exercised during the period	-	-	-	-
Options forfeited / cancelled / expired during the period	-	(61,723)	-	-
Options outstanding as of end of the period	6.81	15,406	6.81	77,129
Options exercisable as of end of the period	6.81	8,450	6.81	8,065

A summary of the stock options outstanding and exercisable as of June 30, 2019 is as follows:

Exercise price or range US$	Number	Options outstanding Weighted average remaining life (years)	Weighted average exercise price US$	Number	Options outstanding Weighted average remaining life (years)	Weighted average exercise price US$
6.81	21,032	0.81	6.81	41,994	1.83	6.81

The weighted average fair value of the Phantom stock options as of June 30, 2019 is $8.458. For the year ended June 30, 2019, the Subsidiaries recognized an expense of share-based payment amounting to $0.6 million (June 30, 2018: $0.8 million). There were no Phantom Stock options with intrinsic value as of June 30, 2019. The liability under the Phantom stock option plan as of June 30, 2019 was included as other non-current liabilities in Note 15.

On December 28, 2018, the Board of Directors, pursuant to a provision in the Phantom Stock Plans terminated the Phantom Stock Plans for IBEX Global Solutions (Private) Limited, DGS (Private) Limited, eTelequote (Private) Limited, IBEX Global Solutions Senegal S.A., Virtual World (Private) Limited, and IBEX Global Solutions Nicaragua SA. All phantom stock options under these specific Phantom Stock Plans were cancelled upon termination of the identified Phantom Stock Plans. The Phantom Stock Plans for IBEX Global Solutions (Philippines) Inc., IBEX Global ROHQ, and IBEX Global Jamaica Limited remain in effect. The Group reversed the expense of $0.9 million of phantom stock in connection to forfeiture for vesting conditions not being met during the year ended June 30, 2019.

19.5 2018 Restricted Stock Award Program

On December 21, 2018, our board of directors and shareholders approved and adopted the Holding Company's 2018 Restricted Stock Award Plan (the "2018 RSA Plan"). The following description of the 2018 RSA Plan is as follows.

Purpose

We believe that the 2018 RSA Plan will enable us to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to our employees, consultants and directors, and to promote the success of our business.

Types of Awards

The 2018 RSA Plan provides for grants of restricted stock awards.

Eligibility

Selected employees, consultants or directors of our company or our affiliates will be eligible to receive non - statutory restricted stock awards under the 2018 RSA Plan, but only employees of our company will be eligible to receive incentive stock awards.

Administration

The 2018 RSA Plan is administered by our board of directors, a committee (or subcommittee) appointed by our board of directors, or any combination, as determined by our board of directors. Subject to the provisions of the 2018 RSA Plan and, in the case of a committee (or subcommittee), the specific duties delegated by our 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 our 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 2018 RSA 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 2018 RSA Plan and any agreements related to awards granted under the 2018 RSA Plan. Our board of directors may also delegate authority to one of more of our officers to make awards under the 2018 RSA Plan.

Available Shares

Subject to adjustment, Restricted Shares may be granted under the Plan for up to 2,559,323.13 class B common shares, $0.000111650536 par value per Class B common share, of the Group (the “Class B Common Shares”). Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

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 any Restricted Share award expires or is forfeited in whole or in part (including as the result of Class B Common Shares subject to such Restricted Share award being repurchased by the Company pursuant to a contractual repurchase right or being forfeited back to the Company), the unused Class B Common Shares covered by such Restricted Share award shall again be available for the grant of Restricted Shares. Additionally, any Class B Common Shares delivered to the Company by a Participant to either used to purchase additional Restricted Shares or to satisfy the applicable tax withholding obligations with respect to Restricted Shares (including shares retained from the Restricted Share award creating the tax obligation) shall be added back to the number of shares available for the future grant of Restricted Shares.

Restricted Shares

The Board may grant Restricted Share awards entitling recipients to acquire Class B Common Shares (“Restricted Shares”), subject to the right of the Company to repurchase all or part of such Restricted Shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Restricted Share award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Restricted Share award.

The Board shall determine the terms and conditions of a Restricted Share award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

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

Our board of directors may, at any time, amend or terminate the 2018 RSA 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 2018 RSA 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 2018 RSA Plan in December 2018 granted 2,373,374 shares, of which 721,596 shares vested on December 31, 2018. The remaining awards will vest between 13 months to 4 years, depending on the individual.

Fair value of common shares

The fair market value per share at the time of issuance was $0.61 which was derived from using the Monte Carlo simulation.

Expected term

The expected term of options granted is 3.84 years. The Group assumes all options will be exercised at the contractual term of the option.

Volatility

Management used an average volatility of comparable companies of 26.0%.

Expected dividends

The Holding Company 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 of June 30, 2019 was 2.87%.

A summary of the stock awards outstanding and exercisable as of June 30, 2019 are as follows:

	2019	
	Weighted average exercise price	**Share Options (Number)**
	(US$)	
Options outstanding as of beginning of the period	-	-
Options granted during the period	0.61	2,373,374
Options exercised during the period	-	-
Options forfeited / cancelled / expired during the period	-	-
Options outstanding as of end of the period	0.61	2,373,374
Options exercisable as of end of the period	0.61	956,835

Most of the 2,373,374 stock awards granted under the 2018 IBEX Plan during the year ended June 30, 2019 vest over time, with an initial portion vesting at December 31, 2018 and the remainder vesting equally on a monthly basis for a period of 13 months to four years. The remaining stock awards vest based on certain performance criteria which are:

- the consummation of a successful initial public offering on or before December 31, 2019;
- there is an initial public offering of the Group's class A common shares, and thereafter, the average price per share traded in such public market equals or exceeds $17.42 per share at any point in time; and

- meeting specific revenue and EBITDA targets during the period from January 1, 2019 to December 31, 2019.

As of June 30, 2019, 956,835, or 40.3%, of the outstanding shares have vested. The Company recognized the amount of stock compensation expense for options initially vesting on the first vesting date with the exception of members of the executive leadership team (the "ELT").

As all members of the ELT are primarily based in the United States (the "US"), in order to gain the benefit of the 83(b) election (an 83(b) election applies to equity that is subject to vesting, and it alerts the Internal Revenue Service (IRS) to tax the elector for the ownership at the time it of granting, rather than at the time of stock vesting), they have purchased the shares through a Related Party Loan which is subject to 3% interest (See Related Party Notes, Note 23). These notes are a 50% / 50% split between recourse and non – recourse, with the non-recourse portion being secured by those class B shares issued to the borrower. The Group did not record the expense of the non – recourse component, 503,260 shares of the 1,006,519 shares which vested at June 30, 2019 applicable to the ELT.

As to the remaining unvested options, the Company will recognize an expense in a similar fashion for the ELT over the vesting period on an accelerated basis.

For the non – ELT members as well as the non - employee members of the board, at June 30, 2019, the Group recognized $0.3 million of stock based compensation expense.

The Group recognized $4.9 million and $9.7 million of stock based compensation expense (including 2017 IBEX stock plan, Phantom stock plan and 2018 RSA) for the year ended June 30, 2019 and 2018 respectively including $0.9 million and $1.3 million for the year ended June 30, 2019 and 2018 respectively related to disposal of subsidiary (see Note 30.3)

20. EARNINGS PER SHARE

Basic 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 during the year. 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.

On December 21, 2018, the Group cancelled the 2017 IBEX Plan (see Note 19) and issued Restricted Stock Awards (the RSA Plan). At June 30, 2019 there were 956,835 vested out of the 2,373,374 awards that have vested. The unvested shares of 1,405,344 have a small dilutive impact to the Earnings / (Loss) Per Share. Additionally, 144,374 warrant shares have vested and are a component of the basic per share calculation. The remaining unvested warrant shares have an anti – dilutive impact.

	June 30, 2019	June 30, 2018
	(US$'000)	
Total - Profit / (loss) attributable to shareholders of the Holding Company	10,965	(15,881)
Continuing operations - Loss attributable to shareholders of the Holding Company	(4,519)	(20,762)
Total – Profit / (loss) attributable to ordinary shareholders of the company	-	-
Continuing operations – Profit / (loss) attributable to ordinary shareholders of the company	-	-
	(Shares)	
Weighted average number of ordinary shares - basic	956,835	-
	(US$)	
Total - Basic earnings loss per share	-	-
Continuing operations - Basic loss per share	-	-
	(Shares)	
Weighted average number of ordinary shares - diluted	12,461,182	11,195,649
	(US$)	
Total - Diluted earnings per share	-	(1.42)
Continuing operations - Diluted loss per share	(0.36)	(1.85)

As required under IAS 33:26, where changes in a company's share capital structure result in changes to the number of ordinary shares in issue without a corresponding change in resources, it is necessary to adjust the number of ordinary shares disclosed for comparative periods to reflect these changes. The changes in the Company's equity structure in December 2018, as disclosed in Note 12, had the effect of re - designating all of the shares in issue at June 30, 2018 into Series A,B, and C preferred convertible shares.

The Series A, B and C preferred convertible shares as defined in Note 12, do not meet the definition of ordinary shares under IAS 33 because of their preferred participation rights, under which Series B and C are entitled to receive total dividends of $139.7 million subsequent to Series A receiving the first $9.5 million in dividends before dividends may be paid on the Class A and B Common Shares. No dividends have been paid on these shares to date. Accordingly the company's Class A and Class B common shares are deemed to be the only ordinary shares for purposes of calculating earnings per share.

As the income for the year ended June 30, 2019, and the loss for the year ended June 30, 2018, did not exceed the value of the preferred participation rights attaching to the Series A, B and C preferred convertible shares, the income/loss attributable to the ordinary shareholders of the company has been assessed as $0.

For the year ended June 30, 2019, a voluntary conversion of the Series A, B and C preferred convertible shares would be antidilutive, because all shares of the company would become ordinary shares and the income for the period would be attributable to all such shares. For the year ended June 30, 2018 the effect of conversion would be dilutive as the company recorded a loss for that year.

21. DIVIDEND DISTRIBUTION

The Holding Company has not declared or paid any dividends during the fiscal year ended June 30, 2019 and fiscal year ended June 30, 2018. One of the subsidiaries of the Group paid a dividend liability of $1.6 million during the year ended June 30, 2019 which was declared in year ended June 30, 2017.

As the Company enacted a new equity structure, in the event that the Holding Company declares a dividend, the Company shall not declare nor pay any dividends or make any distribution upon other class of shares of the Company until and unless the Company has declared and paid aggregate dividends of at least approximately $9.5 million with respect to the individual Series A share (See Note 12.1 for details).

22. 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.

A summary of the financial instruments held by category is provided below:

	June 30, 2019	June 30, 2018
	(US$’000)	
Financial assets - amortized cost		
Deposits	3,303	2,458
Trade receivables	63,025	49,518
Other receivables	3,587	3,505
Due from related parties	1,768	515
Cash and cash equivalents	8,873	13,519
	80,556	**69,515**
Financial liabilities - amortized cost		
Lease liabilities	69,234	-
Borrowings	49,019	61,756
Trade and other payables	19,870	23,232
Related Party Loans	-	1,200
Due to related parties	6,169	11,546
	144,292	**97,734**
Financial liabilities – fair value through profit and loss		
Warrant liabilities (Note 28)	751	965
	751	**965**

Movement of Warrant liabilities as of June 30, 2019 and 2018:

	June 30, 2019	June 30, 2018
	(US$'000)	
Opening balance	965	-
Fair Value Adjustment	(364)	(3,326)
Warrants vested during the year	150	4,291
Closing balance	**751**	**965**

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of the Group's financial liability is measured at fair value on a recurring basis. The following table gives information about how the fair value of this financial liability is determined, additional disclosure is given in Note 28:

		June 30, 2019	June 30, 2018
		(US$'000)	
Financial liabilities – fair value through profit and loss	**Fair value hierarchy**		
Warrant liabilities (Note 28)	Level 3	751	965
		751	**965**

There were no transfers between the different hierarchy levels in the year ended June 30, 2019.

22.1 Market risk

22.1.1 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. Borrowings under the PNC Credit Facility bear interest at LIBOR plus 1.75% or the PNC Commercial Lending Rate for domestic loans and, in the case of Term Loan C, LIBOR plus a margin of 4.0%. Borrowings under the HBC Loan Facility bear interest at the Prime Rate plus 2.50%.

Other than a floating to fixed interest-rate swaps entered into in August 2016 and June 2019 to hedge the interest rate risk on the Term Loan A, Term Loan C and PNC Credit Facility with PNC, the Group does not use derivative financial instruments to hedge its risk of interest rate volatility.

Based on the Group's debt position as of June 30, 2019 and taking into account the impact of the interest-rate swap referred above; a 1% change in interest rates would impact the finance costs by $0.8 million (June 30, 2018: $0.5 million).

22.1.2 Foreign currency exchange risk

The Group serves many of our U.S.-based clients using contact center capacity in various countries such as Philippines, Pakistan, Nicaragua and Jamaica. Although contracts with these clients are typically priced in U.S. dollars a substantial portion of related costs is denominated in the local currency of the country where services are provided, resulting in foreign currency exposure which could have an impact on our results of operations. Our primary foreign currency exposures are in Philippine Peso, Jamaican Dollar, and Pakistan Rupee; to a lesser extent, we have exposures in Euro, Pound Sterling, CFA Franc (XOF), Nicaraguan Cordoba, Canadian Dollar and Emirati Dirham. There can be no assurance that we can take actions to mitigate such exposure in the future, and if taken, that such actions will be successful or that future changes in currency exchange rates will not have a material adverse impact on our future operating results. A significant change in the value of the U.S. Dollar against the currency of one or more countries where we operate may have a material adverse effect on our financial condition and results of operations.

Foreign currency exchange risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. As such, the management believe 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.
- 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 consolidated financial statements, the Group convert subsidiaries' financial statements as follows:

  Statements of financial position are translated into U.S. Dollars 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.

With all other variables held constant, a 5.0% depreciation in the Philippine Peso against the U.S. dollar would have decreased net loss after taxation in the fiscal year ended June 30, 2019 by approximately $1.1 million (June 30, 2018: $0.2 million). Conversely, a 5.0% appreciation in the Philippine Peso against the U.S. dollar would have increased net loss after taxation in the fiscal year ended June 30, 2019 by approximately $1.1 million (June 30, 2018: $0.2 million). A 5.0% depreciation in Euro against the U.S. dollar would have decreased net loss after taxation in the fiscal year ended June 30, 2019 by approximately $0.06 million (June 30, 2018: $0.001 million). Conversely, a 5.0% appreciation in the Euro against the U.S. dollar would have increased net loss after taxation in the fiscal year ended June 30, 2019 by approximately $0.06 million (June 30, 2018: $0.001 million). Similarly, a 5.0% depreciation in the Pakistan Rupee against the U.S. dollar would have decreased our net loss after taxation in the fiscal year ended June 30, 2019 by approximately $0.2 million (June 30, 2018: $0.03 million). Conversely, a 5.0% appreciation in the Pakistan Rupee against the U.S. dollar would have increased our net loss after taxation in the fiscal year ended June 30, 2019 by approximately $0.2 million (June 30, 2018: $0.03 million).

22.2 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 in the communications services, technology, consumer, and industrials 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 US and foreign commercial banks. The balance at times may exceed insured limits.

Credit rating wise breakup of bank balances:

	June 30, 2019	**June 30, 2018**
	(US$'000)	
AA	**670**	880
AA-	**3,081**	4,178
A-1+	**212**	206
A-1	**123**	168
A+	**847**	5,241
A	**265**	125
A-	**102**	2,702
A2	**-**	-
A3	**-**	-
BBB+	**2,201**	-
BBB	**1,361**	-
BBB-	**-**	19
Non - Rated	**11**	-
Total	**8,873**	13,519

The maximum exposure to credit risk is as follows:

	June 30, 2019	June 30, 2018
	(US$'000)	
Financial assets - amortized cost		
Deposits	3,303	2,458
Trade receivables	63,025	49,518
Other receivables	3,587	3,505
Due from related parties	1,768	515
Cash and cash equivalents	8,873	13,519
	80,556	**69,515**

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

	2019			
	Revenue		Trade debts gross	
	Amount (US$ '000)	% of total	Amount (US$ '000)	% of total
Client 1	74,835	20 %	10,770	16 %
Client 2	67,094	18 %	13,716	21 %
Client 3	44,509	12 %	9,042	14 %
Subtotal	186,438	51 %	33,528	51 %
Others	181,942	49 %	32,358	49 %
	368,380	100 %	65,886	100 %
Revenue from discontinued operations	64,740	-	-	-

	2018			
	Revenue		Trade debts gross	
	Amount (US$ '000)	% of total	Amount (US$ '000)	% of total
Client 1	78,663	23 %	10,432	20 %
Client 2	63,233	18 %	11,250	22 %
Client 3	52,837	15 %	6,586	12 %
Subtotal	194,733	57 %	28,268	54 %
Others	147,467	43 %	23,770	46 %
	342,200	100 %	52,038	100 %
Revenue from discontinued operations	34,871	-	-	-

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

The consolidated entities recognizes a loss allowance for expected credit losses on financial assets which are either measured at amortized cost. The measurement of the loss allowance depends upon the assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Based on the historic trend and expected performance of the customers, the Group believes that the below expected credit loss allowance sufficiently covers the risk of default.

On the above basis the expected credit loss for trade receivables as at June 30, 2019 and June 30, 2018 was determined as follows:

	June 30, 2019 (US$'000)						
	Not overdue	Due: 0 to 30 days	Due: 31 - 60 days	Due: 61 to 90 days	Due: 91 - 180 days	Due: over 180 days	Total
Expected credit loss rate	-	4%	3%	22%	51%	98%	**-**
Gross carrying amount	59,994	2,316	1,187	110	387	1,892	**65,886**
Lifetime expected credit loss	-	96	39	24	196	1,854	**2,209**

	June 30, 2018 (US$'000)						
	Not overdue	Due: 0 to 30 days	Due: 31 - 60 days	Due: 61 to 90 days	Due: 91 - 180 days	Due: over 180 days	Total
Expected credit loss rate	-	11%	22%	14%	30%	84%	**-**
Gross carrying amount	48,197	492	784	109	115	2,341	**52,038**
Lifetime expected credit loss	-	56	172	15	35	1,966	**2,244**

The Group does not hold any collateral against these assets. Financial assets other than trade debts have no material ECL allowances on those balances as of June 30, 2019.

22.3 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 the contractual maturities (liquidity analysis) as of June 30, 2019 and 2018:

	June 30, 2019			
	Less than 1 year	1 - 3 years	4 - 5 years	Total
	(US$'000)			
Deposits	1,373	1,930	-	3,303
Trade receivables	63,025	-	-	63,025
Other receivables	3,587	-	-	3,587
Due from related parties	1,768	-	-	1,768
Cash and cash equivalents	8,873	-	-	8,873
Subtotal	**78,626**	**1,930**	**-**	**80,556**
Lease liability	15,954	27,136	52,526	95,616
Long - term other borrowings	5,933	6,694	964	13,591
Line of credit	36,026	-	-	36,026
Trade and other payables	19,870	-	-	19,870
Due to related parties	6,169	-	-	6,169
Subtotal	**83,952**	**33,830**	**53,490**	**171,272**
Net liquidity position	**(5,326)**	**(31,900)**	**(53,490)**	**(90,716)**

	June 30, 2018			
	Less than 1 year	1 - 3 years	4 - 5 years	Total
	(US$'000)			
Deposits	585	1,873	-	2,458
Trade receivables	49,518	-	-	49,518
Other receivables	3,505	-	-	3,505
Due from related parties	515	-	-	515
Cash and cash equivalents	13,519	-	-	13,519
Subtotal	**67,642**	**1,873**	**-**	**69,515**
Obligation under finance leases	2,010	955	-	2,965
Long - term other borrowings	5,696	5,163	4,382	15,241
Line of credit	30,202	-	-	30,202
Private placement notes	16,300	-	-	16,300
Convertible loan note	805	-	-	805
Trade and other payables	22,969	-	-	22,969
Due to related parties	11,546	-	-	11,546
Subtotal	**89,528**	**6,118**	**4,382**	**100,028**
Net liquidity position	**(21,886)**	**(4,245)**	**(4,382)**	**(30,513)**

23. TRANSACTION WITH RELATED PARTIES

Related parties of the Group comprise of related entities, staff retirement funds, directors and key management personnel. A "related entity" is an entity that TRGI has control or significant influence over.

Material related party balances and transactions other than reorganization transaction and those disclosed elsewhere in these consolidated financial statements, are given below:

		June 30, 2019			
	Relationship with related party	Service delivery revenue	Service delivery expense	Due from related parties	Due to related parties
		(US$'000)			
BPO Solutions, Inc.	Related entity	-	-	-	3,611
Alert Communications, Inc.	Related entity	150	-	370	-
TRG Marketing Services, Inc.	Related entity	-	-	19	-
Afiniti International Holdings Limited	Related entity	54	70	-	503
TRG Holdings, LLC	Related entity	-	-	-	1,913
The Resource Group International Limited	Parent	-	-	162	-
Third Party Lessor	Related entity	342	77	201	-
3rd Party Client and Internet Services Provider	Related entity	883	73	451	93
IBEX Holdings Executive Leadership	Officers	-	-	307	-
TRG (Private) Limited	Related entity	-	-	-	49
Etelequote	Related entity	-	-	258	-
		1,429	**220**	**1,768**	**6,169**

		June 30, 2018			
	Relationship with related party	Service delivery revenue	Service delivery expense	Due from related parties	Due to related parties
		(US$'000)			
BPO Solutions, Inc.	Related entity	-	1,287	-	3,600
Alert Communications, Inc.	Related entity	66	-	220	-
TRG Marketing Services, Inc.	Related entity	-	-	19	-
Afiniti International Holdings Limited	Related entity	109	68	-	367
TRG Holdings, LLC	Related entity	-	-	-	232
The Resource Group International Limited	Parent	-	-	-	7,134
Third Party Lessor	Related entity	291	485	178	40
3rd Party Client and Internet Services Provider	Related entity	1,100	65	98	16
TRG (Private) Limited	Related entity	-	-	-	157
		1,566	**1,905**	**515**	**11,546**

23.1 Service delivery revenue and expenses are incurred by the Group in the ordinary course of business. These transactions were executed on mutually agreed terms. These represent call center and back office support services provided to subsidiaries of the Group.

23.2 A Senior executive within one of our vendors serves on the Board of our Controlling Shareholder. The Group maintains a lease on office space along with having a client relationship between Virtual World and the aforementioned company.

23.3 A Senior executive within one of our customers serves as a Board member of our IBEX Senegal subsidiary. The Group maintains both a vendor and a client relationship with this company.

23.4 The balance due to TRG Holdings, LLC includes loan of $1.3 million to the Holding Company with an interest rate of 15% per annum and shall mature in the year ending June 30, 2020.

23.5 A Senior executive within one of our vendors serves as a board of our DGS Group. The Group maintains a lease on office space with this Company.

23.6 RELATED PARTY LOANS

Under a convertible loan note agreement between a subsidiary of the Group and TRGI, these loan notes may convert into ordinary shares at the option of TRGI if there is external funding in the subsidiary in excess of $3 million. Out of total loan amount, there were no disbursements during the current year and June 30, 2018. The loan of $1.2 million was paid in full during the year June 30, 2019.

In June 2017, an officer of the Controlling Shareholder, as part of e-Telequote Insurance, Inc. issuance of the Senior Secured Notes, entered in an agreement with e – Telequote Insurance, Inc. with whom he also serves as a member of their board. The terms of the agreement are:

- Principal: $0.5 million
- Maturity: May, 2019
- Interest: 12%

23.7 Receivable from executive leadership represents the purchase of the shares through RSA (See Note 19.5)

24. 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, 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 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.

25. 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 two operating segments, namely, customer management and customer acquisition.

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. The Group disposed of the part of the segment related to the insurance industry on June 26, 2019 as included in Note 30.3.

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

- Third party revenue; and
- Adjusted EBITDA

Adjusted EBITDA from continuing operations is a non-GAAP financial measure that represents the Group's net (loss) before finance cost, income tax expense, non-cash items of depreciation and amortization, foreign exchange losses and share-based payments. Adjustment is also made, if necessary, to eliminate the effect of non-recurring charges. Whereas EBITDA represents the Group's net (loss) before finance cost, income tax expense and non-cash items of depreciation and amortization. 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.

25.1 Information about segments

The segment information provided to the chief operating decision makers for the operating segments for the year ended June 30, 2019 and 2018 is as follows:

	June 30, 2019		
	Customer management	**Customer acquisition**	**Total**
		(US$'000)	
Segment revenue	321,810	53,033	374,843
Less: inter-segment revenue	(6,327)	(136)	(6,463)
Revenue from external customers[1]	**315,483**	**52,897**	**368,380**
Adjusted EBITDA from continuing operations	**33,487**	**2,808**	**36,295**

[1] Includes impact of adoption of IFRS 15 for the year ended June 30, 2019. See Note 3.9.1 for details.

	June 30, 2018		
	Customer management	**Customer acquisition**	**Total**
		(US$'000)	
Segment revenue	289,475	57,428	346,903
Less: inter-segment revenue	(4,355)	(348)	(4,703)
Revenue from external customers	**285,120**	**57,080**	**342,200**
Adjusted EBITDA from continuing operations	**2,099**	**2,197**	**4,296**

25.2 Adjusted EBITDA from continuing operations for the year

	June 30, 2019	June 30, 2018
	(US$'000)	
Net income / (loss) for the period - continuing operations	(4,519)	(20,762)
Finance expense	7,709	3,093
Income tax expense / (benefit)	3,615	(108)
Depreciation and amortization	20,895	12,182
EBITDA from continuing operations[(a)]	**27,700**	**(5,595)**
Non-recurring expenses[(b)]	4,239	4,112
Other income[(c)]	(641)	(547)
Fair value adjustment[(d)]	(364)	(3,326)
Share-based payments[(e)]	4,087	8,386
Foreign exchange losses	1,274	1,266
Adjusted EBITDA from continuing operations	**36,295**	**4,296**

a) EBITDA from continuing operations includes impact of adoption of IFRS 16 in financial year 2019 (see Note 25.8).

b) For the fiscal year ended June 30, 2019, the Group incurred non – recurring legal expenses (including legal settlements) of $4.2 million related to IBEX Global Solutions Limited and for the year ended June 30, 2018, the Group incurred non-recurring legal expenses of $0.3 million related to DGS EDU LLC and $1.3 million related to IBEX Global Solutions Limited, severance expenses of $1.1 million related to IBEX Global Solutions Limited and listing expenses of the Holding Company of $1.4 million.

c) For the fiscal year ended June 30, 2019, other income represented the proceeds from the sale of DGS EDU LLC of $0.2 million and deferred income of $0.4m related to IBEX Global Solutions Limited and for the year ended June 30, 2018, other income represented proceeds from a legal settlement received by Digital Globe Services, Inc. of $0.2 million and insurance proceeds of $0.3 million received by IBEX Global Solutions Limited against settlement.

d) For the year ended June 30, 2019 and 2018, the Group recorded a revaluation associated with the Amazon warrants (see Note 28 for details).

e) For the year ended June 30, 2019, the amount includes the cancellation of the 2017 IBEX Stock Plan and the Phantom stock plans ($3.3 million) partially offset by the elimination of the liability associated with the Phantom plans ($1.0 million). For the fiscal year ended June 30, 2018, share-based payments was primarily related to share-based payments expense of $8.4 million pertaining to options to purchase an aggregate of 1,633,170 common shares awarded from December 22, 2017 through and including June 30, 2018, net of forfeitures of 145,399 options.

25.3 Revenue from contracts with customers

The Group generates more than 98% of its revenue in the United States of America and more than 50% of its revenue generates from three major customers.

	June 30, 2019	June 30, 2018
	(US$'000)	
Revenue from continuing operations:		
United States of America	367,541	339,054
Others	7,302	7,849
Total[1]	374,843	346,903
Inter-segment revenue	(6,463)	(4,703)
Revenue from external customers	**368,380**	**342,200**
Revenue from discontinued operations:		
United States of America	64,740	34,871

[1]Includes impact of adoption of IFRS 15 for the year ended June 30, 2019. See Note 3.9.1 for details.

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	June 30, 2019	June 30, 2018
	(US$'000)	
Pattern of Revenue recognition		
− Services transferred at a point in time	52,897	57,080
− Services transferred over time	315,483	285,120
	368,380	**342,200**

The movement in the deferred revenue is as follows:

	June 30, 2019	June 30, 2018
	(US$'000)	
Opening balance	6,365	6,496
Revenue recognized during the year	(3,763)	(4,036)
Revenue deferred during the year	2,539	3,905
Closing balance	**5,141**	**6,365**

The following aggregated amounts of deferred revenue from existing contracts that are to be recognized in revenue in the following fiscal years:

	FY2020	FY2021	FY2022	Total
		(US$'000)		
Deferred Revenue expected to be recognized	4,131	931	79	5,141

Renewal receivables movement until the date of disposal of subsidiary is as follows:

	June 26, 2019	June 30, 2018
	(US$'000)	
Opening balance	35,900	18,141
Revenue recognized during the year	45,916	22,391
Cash receipts during the year	(9,633)	(4,632)
Closing balance	**72,183**	**35,900**

Renewal receivables as of June 26, 2019 and June 30, 2018 relates to subsidiary disclosed as discontinued operations in Note 30.3.

25.4 Income/(loss) by operating segment

	June 30, 2019	June 30, 2018
	(US$'000)	
Customer management	(5,228)	(18,993)
Customer acquisition	709	(1,769)
Total[1]	**(4,519)**	**(20,762)**
Income from discontinued operation	15,484	4,881

[1] Includes impact of adoption of IFRS 15 for the year ended June 30, 2019. See Note 3.9.1 for details.

25.5 Non-current assets by location

	June 30, 2019	June 30, 2018
	(US$'000)	
United States of America	38,830	52,530
Others	65,180	17,333
Total[1]	**104,010**	**69,863**

[1]Exludes deferred tax asset

25.6 Total assets by segment

	June 30, 2019	June 30, 2018
	(US$'000)	
Customer management	171,674	99,432
Customer acquisition	16,628	57,649
Total	**188,302**	**157,081**

25.7 Total liabilities by segment

	June 30, 2019	June 30, 2018
	(US$'000)	
Customer management	165,588	89,294
Customer acquisition	14,086	39,834
Total	**179,674**	**129,128**

25.8 Impact for changes in accounting policy

The adoption of the new leasing standard described in Note 3.2 had the following impact on the segment disclosures in the current year:

	Adjusted EBITDA - continuing operations	Interest	Depreciation	Assets	Liabilities
			(US$'000)		
Customer management	11,194	3,690	9,842	60,290	62,476
Customer acquisition	526	331	444	4,209	4,437
Total	**11,720**	**4,021**	**10,286**	**64,499**	**66,913**

25.9 Subsequent events

Following the disposal on June 26, 2019 of Etelequote Limited, as detailed below in note 30.3, the Group has integrated is remaining Customer Acquisition operations with the Customer Management operations, such that in the year to June 30, 2020, the Group no longer considers these to be discrete segments. Accordingly the Group expects to report its results for future periods on a single segment basis.

26. Payroll and related costs

Expenses recognized for employee benefits are analyzed below:

	June 30, 2019	June 30, 2018
	(US$'000)	
Salaries and other employee costs	**216,617**	213,252
Social security and other taxes	**37,333**	38,457
Retirement - contribution plan	**513**	906
Pensions - defined benefit scheme	**129**	310
Total payroll and related costs	**254,592**	252,925
Payroll and related costs from discontinued operations	**22,182**	**14,380**

26.1 Remuneration of Key Management Personnel

The key management personnel include the directors.

	June 30, 2019	June 30, 2018
	(US$'000)	
Salaries and other employee costs	566	1,684
Share - based payments	760	3,099
Total remuneration of key management personnel	**1,326**	**4,783**

27. OTHER OPERATING COSTS

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Rent and utilities		6,272	16,868
Communication		7,546	8,175
Maintenance, repairs and improvements		11,956	9,534
Traveling and entertainment		10,378	9,690
Insurance		1,731	1,556
Legal and professional expenses	*27.1*	9,241	7,274
Allowance for trade receivables		237	575
Others		6,763	4,753
Other Operating Costs		**54,124**	**58,425**
Other Operating costs from discontinued operations		**3,241**	**3,581**

27.1 This includes non-recurring legal expenses (including settlements) of $4.2 million for the year ended June 30, 2019 and $1.6 million and listing costs of $1.4 million for the year ended June 30, 2018.

28. WARRANT

On November 13, 2017, as amended on April 30, 2018 and December 28, 2018 the Group issued to Amazon.com NV Investment Holdings LLC, a subsidiary of Amazon.com, Inc. ("Amazon"), a 10-year warrant to acquire approximately 1,429,303 of our Series B Preference Shares and approximately 14,437.4049 of our Series C Preference Shares, totaling 1,443,740 shares, representing 10.0% of our equity on a fully diluted and as-converted basis as of the date of issuance of the warrant. The warrant is exercisable, either for cash or on a net issuance basis, at a price per share equal to the initial public offering per share in this offering.

The Series B and C Preference shares subject to the warrant vest on an incremental basis upon the satisfaction of specified milestones that are tied to payments made by Amazon 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 $600.0 million is paid by Amazon or its affiliates to us during this period. The vesting is partially accelerated in the event of a reorganization transaction (as defined in the warrant).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 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 on or prior to December 31, 2019, the exercise price would be the lower of (i) $15.00 and (ii) as applicable: (x) the price established in respect of such IPO; or (y) 85% of the price per warrant share implied by the M&A event.

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 Amazon 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 Amazon or its affiliates to us 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 Company effected a reverse stock split which had an impact on employee stock option plans as well as the warrants associated with the Amazon 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 shares issuable upon exercise of the warrant are subject to customary anti-dilution adjustments.

Amazon is entitled to customary shelf and piggy-back registration rights with respect to the shares issued upon exercise of the warrant. Amazon may not transfer the warrant except to a wholly-owned subsidiary of Amazon.

The Group opted to use the Monte Carlo simulation for calculating the value of the warrants at June 2019 and June 2018. 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 Company estimated the fair value of warrants on the date of the grant (December 2017) at $6.935 using the Black Scholes valuation 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 profit or loss:

Expected term

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

Volatility

Management used average volatility of comparable listed companies as 35.6%.

Expected dividends

The expected average dividend yield is 0% for the fiscal year ended June 30, 2019. The Holding Company does not expect to pay any dividends in the foreseeable 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 twelve months ended June 30, 2019, was 2.40%.

There were no warrants cancelled or expired as of June 30, 2019. At June 30, 2019, 144,374 warrants were vested based on the agreed upon revenue criteria. The Company recorded an additional warrant asset and liability of $0.2 million in the year ended June 30, 2019.

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 (see Note 14).

In June 2018, the Company revalued the warrant liability to account for the change in the fair market value of the organization. The updated fair value of warrants on June 30, 2018 of $1.67 that 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 (see Note 12).

In June 2019, the Company revalued the warrant liability to account for the change in the fair market value of the organization. The updated fair value of warrants on June 30, 2019 of $1.04 that 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, 2019 is approximately $0.8 million.

Warrant asset

Upon inception of this partnership with Amazon, the Company 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 Company recorded a reduction to revenue of approximately $0.7 million and $0.5 million in the year ended June 30, 2019 and June 30, 2018 respectively. The current balance of the warrant asset at June 30, 2019 is $3.3 million ($3.8 million at June 30, 2018).

Fair value hierarchy

The financial instruments carried at fair value have been categorized under the three levels of the IFRS fair value hierarchy as follows:

- Level 1 – Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative.
- Level 2 – Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.
- Level 3 – Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market – observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

Given these guidelines, the warrant liability associated with Amazon would be classified as a Level 3 liability.

29. RECONCILIATION OF PROFIT / LOSS BEFORE TAX

	Note	June 30, 2019	June 30, 2018
		(US$'000)	
Net profit / (loss) after tax		10,965	(15,881)
Income tax expense / (benefit) from continued operations	*18*	3,615	(108)
Income tax expense from discontinued operations	*30.3*	4,830	54
Total income / (loss) before taxation		**19,410**	**(15,935)**

30. HOLDING COMPANY INDIRECT SUBSIDIARIES

The following entities are indirect subsidiaries of the Holding Company through IBEX Global Limited:

Description	Location	Nature of Business	Ownership % 2019	Ownership % 2018
IBEX Global Solutions Limited	England	Holding company	100 %	100 %
IBEX Global Bermuda Limited	Bermuda	Call center	100 %	100 %
Lovercius Consultants Limited	Cyprus	Call center	100 %	100 %
IBEX Global Europe S.a.r.l.	Luxembourg	Tech support services	100 %	100 %
IBEX Global ROHQ	Philippines	Regional HQ	100 %	100 %
TRG Customer Solutions Inc. (TRG CS) (dba as IBEX Global Solutions)	USA	Call center	100 %	100 %
TRG Customer Solutions (Canada), Inc.	Canada	Call center	100 %	100 %
TRG Marketing Solutions Limited	England	Call center	100 %	100 %
Virtual World (Private) Limited	Pakistan	Call center	100 %	100 %
IBEX Philippines, Inc.	Philippines	Call center	100 %	100 %
IBEX Global Solutions (Philippines) Inc.	Philippines	Call center	100 %	100 %
TRG Customer Solutions (Philippines) Inc.	Philippines	Call center	100 %	100 %
IBEX Customer Solutions Senegal S.A. (formerly TRG Senegal SA.	Senegal	Call center	100 %	100 %
IBEX Global Solutions (Private) Limited	Pakistan	Call center	100 %	100 %
IBEX Global MENA FZE	Dubai	Call center	100 %	100 %
IBEX I.P. Holdings Ireland Limited	Ireland	Holding company	100 %	100 %
IBEX Global Bermuda Limited	Bermuda	Call center	100 %	100 %
IBEX Global Solutions Nicaragua SA	Nicaragua	Call center	100 %	100 %
IBEX Global St. Lucia Limited	St. Lucia	Holding company	100 %	100 %
IBEX Global Jamaica Limited	Jamaica	Call center	100 %	100 %
IBEX Global Solutions France SARL	France	Call center	100 %	100 %

The following entities are indirect subsidiaries of the Holding Company through DGS Limited:

Description	Location	Nature of Business	Ownership % 2019	Ownership % 2018
Digital Globe Services, Inc.	USA	Internet marketing for residential cable services	100 %	100 %
Telsat Online, Inc.	USA	Internet marketing for non - cable telco services	100 %	100 %
DGS Worldwide Marketing Limited	Cyprus	Holding company and global marketing	100 %	100 %
DGS (Pvt.) Limited	Pakistan	Call center and support services	100 %	100 %
DGS EDU LLC	USA	Internet marketing for the education industry	100 %	100 %
DGS Auto LLC	USA	Motor vehicle licensing	100 %	100 %
7 Degrees LLC	USA	Digital marketing agency	100 %	100 %

The following entity is a Joint venture of the Holding Company:

Description	Location	Nature of Business	Ownership % 2019	Ownership % 2018
Lakeball LLC (Note 7)	USA	Internet Marketing for commercial cable services	47.5 %	47.5 %

30.1 TRGI delisted IBEX and DGS from the Alternative Investment Market ("AIM") London Stock Exchange by making a tender offer and acquiring 9,823,288 shares in Digital Globe Services Limited in November 2016 and 11,439,642 shares in IBEX Global Solutions Limited in December 2016.

30.2 On February 1, 2019, a subsidiary, Digital Globe Services, Inc.("DGS Inc."), agreed with a third party purchaser to sell the assets of DGS EDU, LLC for $0.4 million of which 50% of the proceeds, or $0.2 million, was paid in cash and the remainder was established as a promissory note between the purchaser and DGS Inc.

The Group did not consider the sale of assets of DGS EDU, LLC as discontinued operation for the year ended June 30, 2019 as it does not represent a separate major line of business or geographical area of operations to the Group.

The gain on the sale of assets is recognized in the amount of $0.2 million.

The terms of promissory note are as follows:

- Maturity Date: February 2020

- Interest Rate: 8% compounded monthly

- Payment: No less than the greater of:

  - the accrued but unpaid interest as of the monthly payment date; or

  - 75% of the total receivables actually collected by the purchaser on all accounts arising from DGS Edu, LLC in the month prior to the due date of the monthly payment.

In addition, DGS Inc, agreed to a transition services agreement commencing on February 2019 for 12 months thereafter.

30.3 On June 26, 2019, the Group transferred 7,813,493 ordinary shares par value $0.0001 per share of Etelequote Limited to its majority shareholder, The Resource Group International Limited. In consideration of the share transfer, TRGI has agreed to waive $47.9 million of the $86.2 million in aggregate preference amount to which the Series C Preference Shares held by it are entitled upon a voluntary or involuntary liquidation, dissolution or winding up, being an amount equal to the purchase price for the share transfer. Such Series C Preference Shares are therefore entitled to receive in preference $38.3 million of any proceeds from a voluntary or involuntary liquidation, dissolution or winding up after Series A holders and Series B holders receive their respective entitlements.

The Group considered Etelequote Limited to be a discontinued operation for the period ended June 30, 2019 as it represents a separate major line of business to the Group. The following table shows the major classes of assets and liabilities of the Group's discontinued operation at June 26, 2019.

	As of June 26, 2019
	(US$'000)
Assets	
Property and equipment and Intangibles	9,463
Renewal receivables	72,183
Trade and other receivables	1,129
Cash and cash equivalents	3,554
Total assets	**86,329**
Liabilities	
Borrowings & Financing	43,431
Trade and other payables	9,977
Related party loans	-
Other Liabilities	5,327
Total liabilities	**58,735**
Net Assets	**27,594**

The net assets of $27.6 million on transfer of shares of Etelequote Limited are recognized in the statement of changes in equity as a transaction with owners. As explained in Note 12.1, however, the dividend has not been declared as of June 30, 2019, as such the dividend waiver of $47.9 million described above has not been recognized in the consolidated financial statements upon deconsolidation of Eteleqoute Limited.

Result of discontinued operations:

	June 30, 2019	June 30, 2018
	(US$'000)	
Revenue	64,740	34,871
Other operating income	2,923	1,487
Payroll and related costs	22,182	14,380
Share-based payments	875	1,299
Reseller commission and lead expenses	14,467	9,683
Depreciation and amortization	910	237
Other operating costs	3,241	3,581
Income from operations	**25,988**	**7,178**
Finance expenses	(5,674)	(2,243)
Income before taxation	**20,314**	**4,935**
Income tax expense	(4,830)	(54)
Net income for the period from discontinued operations net of tax	**15,484**	**4,881**

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	June 30, 2019	June 30, 2018
	(US$'000)	
Operating activities	(13,396)	(7,208)
Investing activities	(867)	(158)
Financing activities	12,720	4,709
Net cash flow from discontinued operations	**(1,543)**	**(2,657)**

Earnings per share of discontinued operations:

As the income from discontinued operations for the year ended June 30, 2019, and June 30, 2018, did not exceed the value of the preferred participation rights attaching to the Series A, B and C preferred convertible shares, the income/loss attributable to the ordinary shareholders of the Company has been assessed as $0.

30.4 These consolidated financial statements were authorized for issue by the CEO of IBEX Limited on behalf of the Board of Directors of IBEX Limited, on December 20, 2019.