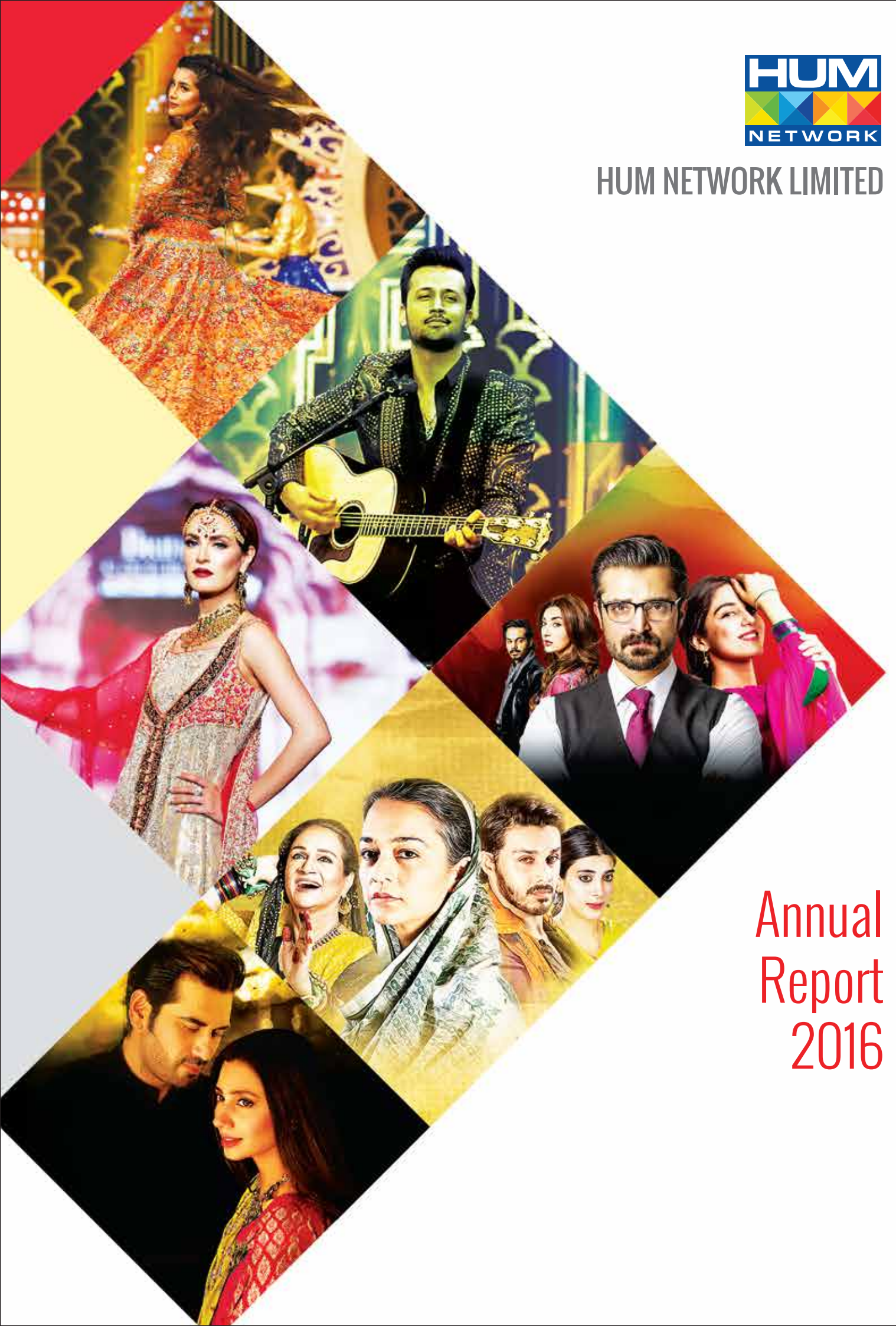




HUM NETWORK LIMITED



Annual  
Report  
2016



# 10 YEARS OF MASALA

ہر سال مصالحے دار



# MASALA TV 10<sup>th</sup> ANNIVERSARY CELEBRATIONS

Many competitors have come and gone over the past decade, but none have been able to hold a candle to Masala TV's quality content, diversity of cuisines and innovative ideas for shows.

This year, Masala TV celebrates its 10th anniversary on Thursday, 22nd September 2016. The celebrations will of course be in accordance with the huge milestone it has achieved. A momentous occasion for the entire HUM family, the entire transmission will be aired on Masala TV, HUM TV and HUM Sitaray. On this day, a wide array of celebrities, special guests, Masala TV associates and of course Masala's own family including hosts, chefs and higher management will be spending the day with you.

Yes, you heard right. Masala TV's 10th anniversary special transmission won't be just for a few hours, it will be for a whole day! Starting with a special Masala Anniversary transmission at 9 a.m. with Sanam Jung on Jago Pakistan Jago, till the cake cutting ceremony with Kiran and Abeel at 7 p.m., this will be a celebration worth watching.

Along with Sanam, Kiran and Abeel, Noor and Danish Nawaz will be co-hosting the transmission. So get ready for a lot of fun, games, food and gifts on Masala TV's 10th Anniversary!



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# [Vision]

Inspired by the finest cultural, corporate and creative values to present content which entertains and enriches audiences.

# Mission

To enable the origination of outstanding content on subjects of interest and relevance to a range of audiences while using the best professional practices and ensuring long-term continuity

**Duraïd Qureshi**  
CEO HUM NETWORK LTD



## Message From CEO

This year we enter into our 12th year with great pleasure. The year brought amazing opportunities along with some unexpected challenges. Instead of letting those challenges become distractions; we didn't skip a beat and delivered solid operational and financial results across our businesses. The true test of a company's strength is its ability to grow and succeed in even the most unpredictable environment. By that definition, HNL has never been stronger.

The performance delivered by our team, particularly in the second half of the year, was remarkable. We achieved some of our best viewership metrics in years, balanced expertly with solid financial results at the same time. Creativity remained our driving force and we continued to offer viewers with the best of the Pakistani Dramas thus indulging them deep into the desire for more.

2016 was a productive year for HNL. Net revenues for the year were Rs 3.9 billion. Moreover, profit before income tax amounts to Rs. 773 Million and profit after tax amounting to Rs. 537 Million resulting in an EPS of Rs. 0.57.

HNL continued on a steady course of planned growth investing in new ventures including Digital Media and Films providing quality entertainment for viewers in USA, UK, UAE, Australia and other countries.

We are extremely proud of what we have achieved and going forward we believe we are well positioned to deliver another great year.

We will continue to invest in quality content and original content generation in the field of Television Programming, New events and Films Production and Distribution. It gives me immense pleasure to say that HNL is on the right path of high growth with predictable returns to the shareholders.

# Company Information:

## BOARD OF DIRECTORS

Chairman

Mr. Mazhar-ul-Haq Siddiqui

Directors

Ms. Sultana Siddiqui  
Mr. Munawar Alam Siddiqui  
Mr. Shunaid Qureshi  
Mrs. Mahtab Akbar Rashdi  
Mrs. Khush Bakht Shujaat  
Mr. Muhammad Ayub Younus Adhi

Chief Executive Officer

Mr. Duraid Qureshi

Chief Financial Officer

Mr. Muhammad Abbas Hussain

Company Secretary

Mr. Mohsin Naeem

Head of Internal Audit

Mr. Kamran Shamshad Ahmed

## AUDIT COMMITTEE

Chairman

Mr. Muhammad Ayub Younus Adhi

Members

Mrs. Khush Bakht Shujaat  
Mrs. Mahtab Akbar Rashdi  
Mr. Shunaid Qureshi

## HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairperson

Mrs. Mahtab Akbar Rashdi

Members

Mrs. Khush Bakht Shujaat  
Mr. Shunaid Qureshi  
Mr. Duraid Qureshi  
Mr. Hassan Jawed

Secretary

## AUDITORS

M/s. EY Ford Rhodes  
Chartered Accountants  
7<sup>th</sup> Floor Progressive Plaza,  
Beaumont Road, Karachi

## INTERNAL AUDITORS

M/s. KPMG Taseer Hadi & Company  
Chartered Accountants  
1<sup>st</sup> Floor, Sheikh Sultan Trust Building No.2,  
Beaumont Road, Karachi

## LEGAL ADVISOR

M/s. Ijaz Ahmed & Associates  
No.7, 11<sup>th</sup> Zamzama Street Phase-V  
D.H.A. Karachi.

## BANKERS

Bank Alfalah Limited  
Faysal Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
Allied Bank Limited  
United Bank Limited  
Askari Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Habib Metropolitan Bank  
Boston Private Bank & Trust  
Barclays Bank PLC  
Habibsons Bank Limited  
Dubai Islamic Bank

## REGISTERED & HEAD OFFICE

Hum TV, Plot No. 10/11,  
Hassan Ali Street,  
Off. I.I Chundrigar Road,  
Karachi - 74000  
UAN: 111-486-111

## REGISTRAR/TRANSFER AGENT

M/s. Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block 'B', S.M.C.H.S.,  
Main Shakra-e-Faisal, Karachi-74400

## WEBSITES' INFORMATION

www.humnetwork.tv

## PAKISTAN STOCK EXCHANGE LIMITED

HUMNL

# Notice of the 12<sup>th</sup> Annual General Meeting

Notice is hereby given that the 12th Annual General Meeting of HUM Network Limited will be held on **Thursday, October 20, 2016 at 4:00 p.m at Auditorium Hall, Institute of Chartered Accountants of Pakistan, Clifton , Karachi** to transact the following businesses: -

## Ordinary business:

- 1- To confirm the minutes of the 11th Annual General Meeting held on October 28, 2015.
- 2- To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors' and Auditors' reports thereon for the year ended June 30, 2016 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2016.
- 3- To appoint Auditors' of the Company for the financial year ending June 30, 2017 and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the name of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2017.

## Special business:

- 4- To consider and, if deem fit, to pass with or without any amendment/ modification following resolution as ordinary resolution:

***RESOLVED that dissemination of annual audited accounts to the shareholders in soft form i.e. through CD/DVD/USB as notified by Securities Exchange Commission of Pakistan vide its SRO No. 470(I)/2016 dated May 31, 2016, be and is hereby approved.***

- 5- To consider and if thought fit, pass with or without modification, the following resolutions as special resolutions for the alterations and additions to be made in the Articles of Association of the Company:

***"RESOLVED that addition of following clauses in the Articles of Association of Hum Network Limited is hereby approved to incorporate the amendments required under Companies (E-voting) Regulations, 2016.***

- 94A (i) Members may exercise voting rights at General Meetings through electronic means, if the Company receives the requisite demand for poll in accordance with the Companies (E-voting) Regulations, 2016 and any amendments made from time to time, hereinafter referred to as E-Voting. The Company shall provide E-voting facility in accordance with the mandatory requirements prescribed under said Regulations and amendments made to them from time to time by the Securities and Exchange Commission of Pakistan, irrespective of anything contained in any other provisions of these Articles and anything contradictory therein.
- (ii) Notwithstanding anything contained in these Articles, in case of E-Voting both members and non-members can be appointed as proxy and the instrument appointing shall be deposited, in writing, with the Company in the form and within such timelines as prescribed by the Commission from time to time.

*RESOLVED FURTHER THAT Chief Executive or Secretary of the Company be and are hereby authorized to do or cause to be done any and all acts, deeds and things that may necessary or expedient to complete any or all corporate and legal formalities to give effect to the above resolution."*

## Any Other Business

6- To transact any other business with the permission of the chair.

Statement of material facts in respect of agenda items under special business, as required under section 160 (1) (b) of the Companies Ordinance, 1984 is being sent to the members alongwith the notice.

**Date:** September 28, 2016

**Place:** Karachi

By Order of the Board



**Mohsin Naeem**

Company Secretary

### Notes:

#### 1. Book Closure:

The Share Transfer Books of the Company will remain closed from October 14, 2016 to October 20, 2016 (both days inclusive). Transfer received in order by our Share Registrar, CDC Pakistan Limited, CDC House, 99 -B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi -74400 at the close of business on October 13, 2016 will be considered in time for attending the meeting.

#### 2. Appointment of Proxies and Attending AGM:

i) A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote instead of him/her.

ii) A blank instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours.

iii) A duly completed instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarized certified copy of such power or authority must, to be valid, be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted with proxy form.

v) The owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd.

(CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport (in case of foreign nationals) for identification purpose at the time of attending the meeting.

**3. Change in Members Addresses:**

Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s. Central Depository Company of Pakistan Limited.

**4. Submission of Copies of Valid CNICs:**

Members, who have not yet submitted attested photocopy of their valid CNIC are requested to send the same, along with folio number, at the earliest, directly to the Company's Share Registrar.

**5. Availability of Financial Statements and Reports on the Website:**

The Annual Report of the Company for the year ended June 30, 2016 has been placed on the Company's website at the below link:

[http://www.humnetwork.tv/Annual\\_Financial\\_Reports.html](http://www.humnetwork.tv/Annual_Financial_Reports.html)

**6. Transmission of Annual Financial Statements in electronic mode**

In terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can opt to obtain annual balance sheet and profit and loss account, auditor's report and directors report etc. alongwith the notice of Annual General Meeting through email. For this purpose, shareholder may send us their written consent along with a valid email.

Further, SECP has notified through SRO No 470(I)/2016 dated May 31, 2016, in continuation of SRO No 787(I)/2014 dated September 8, 2014, whereby subject to the approval of shareholders' in the general meeting listed companies have been allowed to disseminate Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies. Accordingly, subject to the approval of Agenda Item No. 4 in the Annual General Meeting, shareholders may send written consent in case they need hard copies of any or all future annual audited accounts instead of receiving the same through CD/DVD/USB.

For the convenience of shareholders, a Standard Request Form shall be made available at our website -[www.humnetwork.tv](http://www.humnetwork.tv) - **either to opt receiving of future annual reports through email or in hard copies or otherwise request for any hard copy of any accounts if and when needed.** The scanned copy of the duly filled & signed form may be emailed to the Company Secretary at [mohsin.naeem@hum.tv](mailto:mohsin.naeem@hum.tv) or the same can be submitted through post/courier to Company's Share Registrar - Central Depository Company of Pakistan Limited, CDC House, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi - 74400

# Statement of Material Facts Under Section 160 (1) (b) of the Companies Ordinance, 1984

This Statement sets out the material facts concerning the Special Business to be transacted at the 12th Annual General Meeting is annexed with the Notice being sent to the Members.

## **Agenda Item No. 4**

### **Dissemination of Annual Audited Accounts through CD/DVD/USB**

The Securities and Exchange Commission of Pakistan (SECP) has issued SRO No. 470(I)/2016 dated May 31, 2016 which has allowed companies to circulate its Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD/USB at their registered addresses instead of transmitting them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, approval is hereby sought from shareholders to comply with the requirements of said SRO vide an ordinary resolution.

Subject to the approval of resolution in the AGM, the company will circulate its annual accounts in future through CD/DVD/USB. However, the shareholders will have the right to request hard copies free of cost at their registered addresses after submitting the Standard Request Form which shall be made available on Company website. While shareholders who wish to receive hard copies for all future annual audited accounts shall also require to give their preference in writing.

Furthermore, in terms of SRO 787(I)/2014 dated September 08, 2014, the company will continue to provide Annual Audited Accounts through email to those shareholders who shall opt this mode. Any changes to such arrangements should be communicated to the company on standard request form.

The directors have no direct or indirect interest in this agenda.

## **Agenda Item No. 5**

### **Amendments in the Articles of Association**

In accordance with the Companies (E-Voting) Regulations, 2016 issued by SECP, certain amendments are necessitated in the Articles of Association of the Company. The Board has accordingly proposed addition of Article 94A in Articles of Association of the Company to be approved as special resolution.

The existing and amended Articles of Association have been placed at the Registered Office of the Company for inspection by the members during business hours.

The Directors of the Company have no direct or indirect interest in the proposed agenda except to extent of their shareholding in the Company.

**Date:** September 28, 2016

**Place:** Karachi

# Corporate Calendar

MEETINGS	DATE
Audit Committee meeting to consider accounts of the Company for the year ended June 30, 2015	October 05, 2015
Board of Directors Meeting to consider and approve the annual audited accounts of the Company for the year ended June 30, 2015	October 06, 2015
HR & R Meeting to consider and recommend the revision in remuneration package of CFO, CS and HIA for approval of the Board for the financial year 2015 -2016.	October 28, 2015
Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2015	October 28, 2015
11th Annual General Meeting to consider accounts of the Company for the year ended June 30, 2015	October 28, 2015
Board of Directors meeting to consider and approve the unaudited accounts of the Company for the quarter ended September 30, 2015	October 29, 2015
Dispatch of Final Dividend warrant @ 17.5%	November 27, 2015
Board of Directors meeting to consider and evaluate the proposal of the shareholder of the Company	January 30, 2016
Audit Committee meeting to consider accounts of the Company for the half year ended December 31, 2015	February 26, 2016
Board of Directors meeting to consider and approve reviewed accounts of the Company for the half year ended December 31, 2015	February 29, 2016
Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2016	April 28, 2016
Board of Directors meeting to consider and approve the unaudited accounts of the Company for the quarter ended March 31, 2016	April 29, 2016
HR & R Meeting to consider and recommend revision in car entitlements of CSO ad CFO for approval of the Board for the financial year 2016 -2017.	June 06, 2016
Board of Directors meeting to consider and obtain in-principal approval of the Board of Directors for the proposed acquisition or merger of a media production house	June 06, 2016



## Directors' Report

The Directors of HUM Network Limited (HNL / Network) present the Annual Report together with the Company's audited financial statement for the year ended 30th June 2016.

Our creative and distinct content gives us a sustainable competitive advantage, and this year was no exception. We delivered another year of continued gains in HNL's business. In addition, we made clear progress on strategic priorities that build on our existing strengths and position us to prosper in an era of expanding consumer choice. Over the last year we made targeted investments in the content, brands and markets that provide superior growth opportunities for the future.

Reflected herein are the operations, financial results, corporate responsibilities adhered to, key business achievements and the challenges faced during the year.



## Principle Activities

HNL is market leader in electronic media, competing in a variety of genres. Broadcasting portfolio consists of satellite channels namely HUM TV, HUM Sitaray, HUM Masala and HUM World (including separate beams for North America, UK & Middles East). Apart from these satellite channels HNL has growing SBUs in Films, Digital Media as well as Print Media.

## The External Environment

This advertising industry as a whole is becoming tougher with more and more advertisers looking for ways to optimize their spending. Majority of the multinational and FMCGs companies optimized their advertisement budget this year however we were well positioned as a network to maintain our market share in an increasingly competitive market.



## Company's Performance

This year your Network has reported net profit after tax amounting to Rs. 537M as compared to Rs. 747M in the previous financial year.

As a result of the above, the earning per share for the year ended June 30, 2016 is Re. 0.57 as compared to Re. 0.79 last year.



## HUM TV

This year we continued to offer viewers with the best of the Pakistani Dramas. We took our viewers on an exciting adventure to the Northern Areas of Pakistan with Dramas such as Diyar-e-Dil, Jugnoo and Gul-e-Rana which along with the dramatic art of storytelling, explored and presented the natural beauty of Pakistan in a glorified manner like never before.

HUM TV was able to offer its viewers with a series of one after another record breaking blockbusters. Some of the major blockbusters of the year include Mohabbat Aag Si, Maan, Mol, Diyar-e-Dil, Sangat, Gul-e-Rana, Abro, Jugnoo, Mana ka Gharana and Muqadas.

HUM TV during the last year has created a separate niche for itself in the market with no competitor being able to come close to let alone match HUM TV's content ratings.



## HUM Sitaray

The channel is positioned as a hybrid channel offering both narrative as well as format based entertainment shows. The content mix consists of Dramas, Soap operas, Fashion Lifestyle Shows, Celebrity Talk Shows and International Contents.

The channel was revamped in the year 2014-15 however it was not able to meet its business objectives. Owing to the above, the programming cost of HUM Sitaray was rationalized. This has

# TONITE WITH HSY



resulted in significant reduction in the total programming cost especially from Jan 2016 onwards. We are confident that this will have a favorable impact on the operating margin in the coming year



## HUM Masala

HUM Masala continued to present mouth watering programs to its viewers. The channel is committed to exploring new and interesting ways to approach food through culture, adventure and travel featured cooking shows



Content mix includes, cooking competitions, live cooking shows, travelogue, celebrity cooking shows etc

# BIN ROYE

## HUM Films

HUM Films was launched in September 2014 as a separate business unit to focus on the film industry as cinema viewership has increased significantly in Pakistan and there is increasing demand for Pakistani movies both locally as well as internationally.

HUM Films' core operations includes production, marketing and distribution of films locally as well as internationally

HUM Films has released over 04 Urdu, 09 Hindi and 01 English language movies during the year. HUM Films has the highest number of Urdu releases for the year in the industry which reflects our commitment in promoting Pakistani cinema. We have enjoyed good box office success with Hindi and Urdu films as well, including the blockbusters like Bajrangi Bhaijan & Dilwale.



We have also been able to improve business practices in the industry by asking and improving share revenues with the cinema theaters and providing value added promotions like TV interviews and ground activation, which was not the practice of industry before.

HUM Films made history as it become the first Pakistani film distribution house to release a film in the global market including India with the release of Bin Roye.



## Digital Media Division

Digital Media has continued its consistent growth in the year 2015-16. One of the major breakthroughs includes the contract with NETFLIX, the premiere VOD Global platform. HNL is the first and the only Pakistani network so far whose content has been selected by NETFLIX.

**HUM NETWORK LIMITED**



## Events & Brand Activation

Over the last decade HNL has played a key role in supporting and developing the drama, fashion, food and music industry in Pakistan.



It is the first broadcast network to have independently organized special event like award shows, game shows, concerts etc. both locally as well as internationally.



## HUM Awards

HUM TV has been the first and only Pakistani satellite channel to organize an awards function exclusively for its own content. Winners are awarded the golden statue that represents channel's logo which is an Urdu alphabet 'HUM'



The 4th edition of HUM awards was held in April 2016.



## Telenor Mauj Mela

With a view to expand the Masala Family Festival to other cities a twenty two days travelling carnival along with Masala celebrity chefs headed it way to the cities of Punjab including; Chiniot, Faisalabad, Bhalwal, Sargodha, Malakwal, Khushaab and Hafizabad.



The Mauj Mela turned out to be a huge success. The atmosphere and the crowd were ecstatic. We are left with no choice but to further extend the Mauj Mela in upcoming years to other cities as well, owing to the overwhelming response and ever raising public demand.

# BRIDAL

## COUTURE WEEK

### HUM SITARAY



## Bridal Couture week

Bridal Couture Week has been established as the leading fashion brand in Pakistan. It is the grandest fashion extravaganza which is conducted twice a year. Leading fashion designers from all over the country as well as celebrities presents their creations during the event

## Achievements & Awards

HNL Not Only Outshone Its Competitors By Sweeping The Lux Style Awards, In All The Major Categories But Also Dominated The Ceremony By Having More Than One Nomination In Almost All of The Major Categories.

HNL Won Awards In The Categories Of Best Tv Play, Best Tv Actress, Best Tv Writer, Best Original Sound Track, Best Film Actress, Best Singer (Male) – Film.

This Is A Clear Manifestation Of HNL's Superior Content Generation And Production Expertise.

## Human Resource Management

The name "HUM" in itself contains a strong message regarding the principles, beliefs and philosophy of the network where employees are treated as family members

HUM Network Limited is continuously striving to provide an enabling corporate and social work environment to its employees as this helps them to work in complete harmony in a healthy and professional way.

For this very purpose the HUM Network Family has developed the following core values.

1. Integrity & Honesty
2. Respect for All
3. Commitment/Dedication/ Ownership
4. Accountability & Objectivity
5. Team Work
6. Discipline
7. Safety/Health & Hygien

The Network views its human resource as the most valuable asset and pays special attention to develop an atmosphere which fosters growth, high performance, adherence to organizational values and business ethics.

## Advertisement Sales

The advertising sales continue to remain extremely competitive in Pakistan. However we are confident that our able Sales colleagues supported by various service functions will continue to set the bar high in this area.

## Production

Despite stiff competition, the Company managed to enhance further its GRPs (Gross Rating Points) within the top tier GECs. Although the cost of production has elevated in the overall media industry the company managed to keep the cost within predefined budgets and has delivered quality content which was appreciated not only by the masses but also by the industry as a whole.

## Corporate Social Responsibility

HNL values the environment that it operates in and is conscious of the significant role it can play in overall improvement of the society. HNL has in this year made free airtime available to SIUT, LRBT and other charitable institutions to help promote their cause and help them generate revenues through their appeal for funds

## Employee Training & Development

The network believes in the training and development of the employees and also grants international scholarships to its employees from time to time also various in-house trainings were also organized by the Network.

# Global Reach

## UK Market

HUM UK is currently among the top ranked South Asian channels in the UK as per the BARB ratings. It is outcompeting well established Indian channels like Colors & Zee etc. in the UK market. This year programs subtitled in English have also been added to FPC to target the British Asian target audience effectively.

As part of its market expansion strategy in Europe, HNL plans to launch HUM MASALA in the UK in the near future. License for the channel has already been obtained from the UK regulatory authority.

## UAE & Middle East Markets

Over the last decade UAE has become a global hub of media business. All major media companies of the world have dedicated offices in UAE. Therefore was strategically important for the network to have an independent office in UAE. For the purpose the network has established a wholly owned subsidiary in Dubai UAE by the name of HUM Network FZ LLC – UAE.

## Content Syndication

In order to increase its footprint globally, the network continues to expand its content syndication business. More than 150 programs have so far been syndicated to various international channels in North America, Europe, Middle East, Australia, India etc. Hum is the first Pakistani Satellite Network whose programs have been dubbed in Arabic and broadcast IN MBC Network in the Middle East.

## Magazines And Publications

The Network currently has four regular publications; namely NEWSLINE, GLAM, Masala Tv Food Mag and the BCW. The cook books of Masala Tv chefs launched in previous years had overwhelming demand during the current year as well.

## Future Prospects & Challenges

Keeping in mind its track record, HNL is confident of exceeding the expectations of its stake holders in the coming year. The Network remains committed to growth, to increase its viewership, brand loyalty and returns for its shareholders.

## Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the long-term and short-term entity ratings of HNL at "A+" and "A1", respectively. These ratings denote a low expectation of credit risk and the network's established market position.

## Meeting of The Directors

During the year, six (6) Board of Directors, four (4) Audit Committee meetings and two (2) Human Resource & Remuneration (HR & R) Committee meetings were held. Attendance by each Director was as follows:

Name of Director	Board of Directors Attendance	Audit Committee Attendance	HR & R Committee
Mr. Mazhar -ul-Haq Siddiqui	4	-	-
Ms. Sultana Siddiqui	4	3	-
Mr. Munawar Alam Siddiqui	4	-	-
Mrs. Mahtab Akbar Rashdi	4	3	2
Mr. Shunaid Qureshi	6	4	2
Mrs. Khush Bakht Shujaat	4	-	1
Mr. Muhammad Ayub Younus Adhi	6	4	-
Mr. Duraid Qureshi	6	-	2

Subsequent to the year end, Mrs. Khush Bakht Shujaat has been appointed as the member of Audit Committee in place of Ms. Sultana Siddiqui.

Leave was granted to the members of the Board who were unable to attend the Board meetings.

## Auditors

The present auditors Messer Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants shall retire and may be considered for re-appointment for the year 2016-17.

## Corporate Governance And Financial Reporting Framework

- The financial statements, prepared by the management the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.
- Outstanding taxes and levies are given in the Notes to the Financial Statement.
- Trading of Shares by the Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary, their spouse and minor children:

	Acquisition	Transfer
CEO	10,000,000	9,447,500
Director	-	27,533,570
CFO & Company Secretary	-	-
Spouses & Minor Children	-	-

## Dividend And Appropriations

The Board announced a final cash dividend of Re Nil per share (i.e Nil %).

**Date:** September 22, 2016

**Place:** Karachi

For & on behalf of Board of Directors



**Duraid Qureshi**  
Chief Executive Officer

## ڈائریکٹرز رپورٹ:

ہم نیٹ ورک لمیٹڈ (ایچ این ایل نیٹ ورک) کے ڈائریکٹرز مالیاتی سال ۲۰۱۶ء کیلئے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹ کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

نمایاں اور تخلیقی کامیابی نے ہمیں مقابلے کی قوت بخشی ہے اور اس سال کوئی استثنیٰ نہیں ہے ہم اگلے سال مستقل طور پر ایچ این ایل کے کاروبار کو کامیاب کریں گے۔ اس کے علاوہ ہم نے حکمت عملی کے تحت واضح سبقت حاصل کی ہے جس نے ہماری موجودہ قوت اور پوزیشن کو اس قابل بنایا۔ گزشتہ سال ہم نے سرمایہ کاری کے ہدف کو مکمل کیا جس کے تحت مستقبل کیلئے ہمیں مزید مواقع حاصل ہونگے۔

مالیاتی نتائج اور کارپوریٹ ذمہ داریاں ہمارے کاروباری عوامل کا اہم حصہ ہیں اور سال کے دوران ہم نے ان چیلنجز کا مقابلہ کیا ہے۔

### اہم سرگرمیاں:

ایچ این ایل جو کہ الیکٹرانک میڈیا میں مارکیٹ کا لیڈر ہے اور مختلف عوامل کے ساتھ مقابلہ کر رہا ہے۔ براڈ کاسٹنگ پورٹ فولیو سیٹلائٹ چینل بنام ہم ٹی وی، ہم ستارے، ہم مصالحوں اور ہم ورلڈ (بشمول شمالی امریکہ، یو کے اور مشرق وسطیٰ) پر مشتمل ہے اور اس سیٹلائٹ چینل ایچ این ایل نے فلمز، ڈیجیٹل میڈیا اور پرنٹ میڈیا میں بھی کامیابی حاصل کی ہے۔

### بیرونی ماحول:

یہ ایڈورٹائزنگ انڈسٹری جو کہ ایک مضبوط ایڈورٹائزر ہے اور اس ادارے میں کثیرالملکی اور ایف ایم سی جی کمپنیوں کی اکثریت شامل ہیں اسی لئے ہم بطور نیٹ ورک اپنی مارکیٹ کے شیئر اور مقابلے کی مارکیٹ کو بہتر بنانے کی پوزیشن میں ہیں۔

### کمپنی کی کارکردگی:

اس سال آپ کے نیٹ ورک نے بعد از ٹیکس صافی منافع مبلغ ۵۳۷ ملین پاکستانی روپے کی رپورٹ پیش کی ہے جس کا موازنہ سابقہ مالیاتی سال میں ۴۷۷ ملین پاکستانی روپے سے کیا جاسکتا ہے۔ مذکورہ بالا نتیجہ پر ۳۰ جون ۲۰۱۶ء کو فی شیئر آمدنی ۵۷۷ روپے رہی جس کا موازنہ سابقہ سال میں ۷۹۷ روپے سے کیا جاسکتا ہے۔

### ہم ٹی وی:

اس سال ہم اپنے ناظرین کو بہترین پاکستانی ڈرامے دکھاتے رہے ہیں اس کے علاوہ ہم نے پاکستان کے شمالی علاقوں میں بھی اپنے ناظرین کیلئے ڈرامے پیش کئے جیسا کہ دیارِ دل، جگنو اور گل رعنا ہیں اور ان میں پاکستان کی قدرتی خوبصورتی کو پیش کیا ہے جیسا پہلے کبھی نہیں دکھایا گیا۔

ہم ٹی وی نے اپنے ناظرین کیلئے ایک کے بعد ایک ریکارڈ بریکنگ سیریز پیش کیں جس میں اہم سیریز محبت آگ سی، ماں، مول، دیارِ دل، سنگت، گل رعنا، آبرو، جگنو، مانا کا گھرانہ اور مقدس شامل ہیں۔

ہم ٹی وی نے گزشتہ سال مارکیٹ میں بہترین کامیابی حاصل کی اسی لئے ہم ٹی وی کے مقابلے میں کوئی ایسا دیگر ادارہ نہیں جو کنٹینٹ ریٹنگ کا مقابلہ کرتا۔

### ہم ستارے:

یہ چینل اس پوزیشن میں ہے کہ عوام کو بہترین تفریح کے مواقع فراہم کرے جس میں کئی ڈرامے، سوپ اوپیراز، فیشن لائف اسٹائل شو، ٹاک شو اور انٹرنیشنل پروگرام پیش کئے گئے ہیں۔

سال ۲۰۱۴-۲۰۱۵ میں اس چینل کو بہتر بنانے کی کوشش کی گئی لیکن وہ اپنے کاروباری مقاصد کو حاصل کرنے میں ناکام رہا، لہذا ہم ستارے کے اخراجات کو محدود کرنے کا ارادہ کیا گیا جس کے نتیجے میں پروگرام کے کل اخراجات بالخصوص جنوری ۲۰۱۶ء میں اور اس کے بعد کافی حد تک کمی واقع ہوئی۔ ہمیں امید ہے کہ یہ عمل آنے والے سال میں بھی اس تناسب کو بہتر کرے گا۔

### ہم مصالحہ:

ہم مصالحہ مسلسل اپنے ناظرین کے لئے چٹ پٹے کھانے کے پروگرام پیش کرتا رہا۔ یہ چینل نئے اور دلچسپ امور پر مشتمل ثقافتی، سفری معاملات اور دیگر کوکھانا پکانے کے پروگرام کے ذریعے ناظرین کو لطف اندوز کرنے کے لئے کوشاں ہے۔ ان میں براہ راست کوکنگ کے مقابلے، کوکنگ شو، سلیمیری ٹی کوکنگ شو وغیرہ شامل ہیں۔

### ہم فلمز:

ہم فلمز کا افتتاح ستمبر ۲۰۱۴ء میں بطور آزاد کاروباری یونٹ کے طور پر کیا گیا تھا جس کا اہم مقصد فلم انڈسٹری پر کام کرنا تھا کیونکہ پاکستان میں سینما گھروں میں ناظرین کی تعداد میں بتدریج اضافہ ہو رہا ہے اور ساتھ ہی ملکی اور عالمی فلمز کے حوالے سے پاکستانی فلموں کی طلب میں اضافہ ہو رہا ہے۔ ہم فلمز مقامی اور ملکی طور پر فلم کی مارکیٹنگ، پروڈکشن اور ڈسٹری بیوشن بھی کر رہا ہے۔

ہم فلمز نے چار اردو، نو ہندی اور ایک انگلش زبان میں فلمیں پیش کی ہیں۔ ہم فلم نے اس انڈسٹری میں سال کے دوران کئی اردو فلمیں بھی ریلیز کی ہیں جس کی وجہ سے پاکستانی سینما میں فلم دیکھنے والوں کی تعداد میں اضافہ ہوا ہے۔ ہم نے ہندی اور اردو فلم کے تحت باکس آفس میں کامیابی حاصل کی ہے جس میں مشہور فلم بھائی جان اور دل والے بھی شامل ہیں۔ ہم اس انڈسٹری کو مزید تقویت فراہم کرتے ہوئے اسے قابل قدر بنانے میں کوشاں ہیں تاکہ اس سے شیعری آمدنی میں اضافہ ہو اور اس کے ساتھ ہی ٹی وی انٹرویو اور دیگر سرگرمیاں بھی فراہم کر رہے ہیں جو کہ اس سے قبل ہماری انڈسٹری میں شامل نہیں تھا۔

ہم فلمز نے پہلی پاکستانی فلم ڈسٹری بیوشن میں تاریخی کامیابی حاصل کی ہے اور عالمی مارکیٹ بشمول انڈیا میں بن روئے کے نام سے فلم ریلیز کی۔

### ڈیجیٹل میڈیا ڈویژن:

سال ۲۰۱۵-۲۰۱۶ میں ڈیجیٹل میڈیا نے مستقل طور پر کامیابی حاصل کی جس میں ہماری سب سے اہم کامیابی نیٹ فلکس کے ساتھ معاہدہ شامل ہے جو ایک کامیاب وی او ڈی گلوبل پلیٹ فارم ہے۔ ایچ این ایل پہلا پاکستانی نیٹ ورک ہے جس کا نیٹ فلکس نے انتخاب کیا ہے۔

براہ راست سیلز (لوکل ویب ایڈورٹائزر) جو کہ ایک اور کاروباری میدان ہے جس میں اس سال شاندار کامیابی حاصل کی ہے۔ ایچ این ایل تمام لوکل انٹرنیٹ چینل کے مابین سب سے بڑا مارکیٹ شیئر حاصل کرنے والا ویب پلیٹ فارم ہے۔

### تقاریب اور برانڈ کی سرگرمیاں:

گزشتہ دہائی کے دوران ایچ این ایل نے ڈرامہ، فیشن، فوڈ، پاکستان کی میوزک انڈسٹری میں سپورٹنگ کے حوالے سے اہم کردار ادا کیا ہے۔ یہ پہلا براڈ کاسٹ نیٹ ورک ہے جس نے خصوصی تقریبات کا اہتمام کیا جس میں ایوارڈ شو، گیم شو، کنسرٹ وغیرہ شامل ہیں جو کہ مقامی اور عالمی طور پر کئے گئے ہیں۔

### سروس ہم ایوارڈ:

ہم ٹی وی پہلا پاکستانی سیٹلائٹ چینل ہے جس نے اس پلیٹ فارم سے ایوارڈ کے فنکشنز کا اہتمام کیا، جیتنے والوں کو سنہری مجسمہ دیا گیا جو کہ چینل کے لوگو ”ہم“ سے مشابہت رکھتا ہے۔

ہم ایوارڈز کا چوتھا ایڈیشن اپریل ۲۰۱۶ء میں منعقد ہوا تھا۔

### ٹیلی نور موج میلا:

مصالحہ فیملی فیسٹیول کو دوسرے شہروں تک پہنچانے کے نظریہ کے تحت ۲۲ روزہ ٹریولنگ کارنیول مصالحہ سلیمیر ٹی شیف بشمول پنجاب کے مختلف شہروں میں سفر کیا جس میں چنیوٹ، فیصل آباد، بھلووال، سرگودھا، ملکووال، خوشاب اور حافظ آباد شامل ہیں۔

اس موج میلانے بڑی کامیابی حاصل کی جس سے ناظرین کی کثیر تعداد لطف اندوز ہوئی اور ہم اس موج میلے کو آنے والے سال تک توسیع دے رہے ہیں تاکہ دیگر شہروں میں پروگرام پیش کر سکیں کیونکہ یہ ناظرین کا مطالبہ ہے جس میں بے پناہ اضافہ ہو رہا ہے۔

### برانڈل ملبوسات کا ہفتہ:

برانڈل ملبوسات کا ہفتہ جسے پاکستان میں مشہور فیشن برانڈ نے قائم کیا ہے یہ ایک بہترین فیشن شو ہے جو کہ سال میں دوبار منعقد کیا جاتا ہے جس میں ملک کے تمام حصوں سے مشہور و معروف فیشن ڈیزائنرز اس تقریب میں شرکت کرتے ہیں۔

### حصول اور ایوارڈز:

ایچ این ایل نے نکس اسٹائل ایوارڈز کی صورت میں بہترین مقابلہ پیش کیا ہے جس میں تمام نمایاں کیلگریز میں ایک سے زیادہ نامزدگیاں تھیں۔

ایچ این ایل نے بہترین ٹی وی ڈرامہ، بہترین ٹی وی اداکارہ، بہترین ٹی وی مصنف، بہترین ٹی وی اورینٹل ساؤنڈ ٹریک، بہترین فلم اداکارہ اور بہترین گلوکار (میل) ایوارڈ جیتے ہیں۔

یہ ایچ این ایل کے زبردست مواد اور پروڈکشن کی مہارت کا نتیجہ تھا۔

### ہیومن ریسورس مینجمنٹ:

ہم کا نام جس میں اصولوں، یقین نیٹ ورک کے فلسفہ کا پیغام شامل ہے اور یہاں پر ملازمین کو خاندان کے فرد کی طرح تصور کیا جاتا ہے۔

ہم نیٹ ورک لمیٹڈ مستقل طور پر اپنے ملازمین کو معاشی اور اقتصادی خدمات فراہم کرتا ہے اور اس تعاون سے انہیں اس صحت مندانہ اور پیشہ ورانہ ماحول میں کام کرنے کا حوصلہ ملتا ہے۔

اس مقصد کیلئے ہم نیٹ ورک فیملی نے درج ذیل اقدار قائم کئے ہیں:-

- ۱۔ دیانتداری و ایمانداری
- ۲۔ سب کی عزت کرنا
- ۳۔ عہد/لگن/ملکیت
- ۴۔ محاسبہ اور مقاصد
- ۵۔ ٹیم ورک
- ۶۔ تہذیب
- ۷۔ صحت/حفاظت اور حفظان صحت

ہیومن ریسورس جو کہ اس نیٹ ورک کا نظریہ ہے جو ہمارا قیمتی اثاثہ ہے جس کے تحت ہم اپنی خصوصی توجہ اس کی اعلیٰ کارکردگی، ادارے کے اقدار اور کاروباری اصولوں پر دیتے ہیں۔

### اشتہارات کی فروخت:

اشتہارات کی فروخت پاکستان میں مسلسل مقابلہ ہے لیکن ہمیں امید ہے کہ ہمارے سیلز کے ساتھی مختلف سروس فنکشن کے ذریعے تعاون کرتے ہوئے اس میدان میں اپنا معیار قائم کرتے رہیں گے۔

### پروڈکشن:

سخت مقابلے کے بعد کمپنی نے اپنی جی آر پی (کل ریٹنگ کے پوائنٹس) میں مزید اضافہ کیا ہے اس کے علاوہ پروڈکشن کے اخراجات جو کہ میڈیا کی انڈسٹری میں بے حد اہم ہیں اسے اپنے قائم کردہ بجٹ کے تحت کام کرتے ہوئے منظم کیا اور اعلیٰ کوالٹی کے کام ڈیلیور کئے جسے نہ صرف عوام الناس نے بلکہ پوری انڈسٹری نے تسلیم کیا۔

### کارپوریٹ معاشرتی ذمہ داری:

ایچ این ایل نے ماحول کے حوالے سے بے حد اہم کردار ادا کیا ہے اور سوسائٹی کی مکمل اصلاح کیلئے بھی خدمات پیش کی ہیں۔ ایچ این ایل نے اس سال ایس آئی یوٹی، ایل آر بی ٹی اور دیگر فلاحی اداروں کیلئے مفت ایئر ٹائم فراہم کیا ہے تاکہ فنڈز کیلئے ان کی اپیل کے توسط سے آمدنی میں اضافہ کیلئے مددگار ہو سکے۔

### ملازمین کی تربیت اور ترقی:

یہ نیٹ ورک ملازمین کی تربیت اور ترقی پر یقین رکھتا ہے اور وقتاً فوقتاً اپنے ملازمین کو انٹرنیشنل اسکالرشپ جاری کرتا ہے اور دیگر تربیتی پروگرام بھی منعقد کرتا رہتا ہے۔

## عالمی رسائی:

### یو کے مارکیٹ:

ہم یو کے نے اس وقت بی اے آر بی ریٹنگ کے مطابق یو کے میں جنوبی ایشیائی چینلز کے رینک میں اول درجہ حاصل کیا ہے جو کہ ہندوستانی چینل جیسا کہ کلرز اور زی وغیرہ کا یو کے مارکیٹ میں مقابلہ کیا ہے۔ اس سال اس پروگرام کا موضوع انگریزی میں ایف پی سی کے طور پر شامل کیا گیا ہے تاکہ برٹش ایشین ناظرین کو بہتر انداز میں لطف اندوز کیا جاسکے۔

یورپ میں مارکیٹ کی توسیعی حکمت عملی کے تحت ایچ این ایل نے مستقل قریب میں یو کے میں ہم مصالحہ شروع کرنے کا پروگرام بنایا۔ اس سلسلے میں یو کے اتھارٹی سے لائسنس حاصل کر لیا گیا ہے۔

### یو اے ای اور مڈل ایسٹ مارکیٹ:

گزشتہ دہائی کے دوران میڈیا کاروبار میں بے حد اضافہ ہوا ہے۔ دنیا کی تمام اہم میڈیا کمپنیز کے دفاتر یو اے ای میں ہیں لہذا نیٹ ورک کیلئے یہ حکمت عملی بے حد اہم تھی کہ اس مقصد کیلئے دہائی یو اے ای میں ہم نیٹ ورک، ایف زیڈ ایل ایل سی، کے نام سے ایک مکمل ملکیت کی ایک ذیلی کمپنی قائم کی۔

### متعلقہ انجمن سازی کے اجزاء:

اس نیٹ ورک کو مستقل رکھنے کیلئے یہ ضروری ہو گیا ہے کہ کاروبار کو بڑھانے کی خاطر مستقل طور پر کام کیا جائے۔ ۱۵۰ سے زائد پروگرامز شمالی امریکہ، یورپ، مشرق وسطیٰ، آسٹریلیا، انڈیا وغیرہ میں پیش کر چکے ہیں۔ ہم جو کہ پہلا پاکستانی سیٹلائٹ نیٹ ورک ہے جس نے اپنے پروگرام ایم بی سی نیٹ ورک مشرق وسطیٰ میں عربی زبان میں منتقل کر کے پیش کیا ہے۔

### میگزین اور پبلیکیشن:

اس نیٹ ورک کے اس وقت چار مستقل پبلیکیشن ہیں جن کے نام نیوز لائن، گیم، مصالحتی وی، فوڈ میگ اور بی سی ڈبلیو ہیں۔ مصالحتی وی شیف کی کوک بکس جو کہ گزشتہ سالوں میں شائع ہوئی تھیں، وہ اس سال کے دوران بھی بہت مقبول رہیں۔

### مستقبل کی حکمت عملی اور چیلنجز:

گزشتہ ریکارڈ کو مدنظر رکھتے ہوئے ایچ این ایل آنے والے سالوں میں کو اپنے اسٹیک ہولڈرز کی امیدوں سے بڑھ کر پورا کرنے کی کوشش کرے، نیٹ ورک ہمیشہ اپنی ترقی، ناظرین کی تعداد بڑھانے، برانڈ سے وفاداری اور شیئر ہولڈرز کے منافع کیلئے مصروف عمل رہے گا۔

### کریڈٹ کی رینٹنگ:

پاکستان کریڈٹ رینٹنگ ایجنسی لمیٹڈ (پاکرا) نے طویل مدتی اور مختصر مدتی رینٹنگ برائے ایچ این ایل اے + اور اے 1 مرتب کی ہے، یہ درجہ بندیاں کریڈٹ کے خطرے کی کم توقع اور مارکیٹ میں نیٹ ورک کی مضبوط پوزیشن کو ظاہر کرتی ہیں۔

### ڈائریکٹرز کی میٹنگ:

اس سال کے دوران بورڈ آف ڈائریکٹرز کی چھ، آڈٹ کمیٹی کی چار اور دو ہیومن ریسورس اور اجرتی کمیٹی کی میٹنگز منعقد کی گئی تھیں۔ ہر ڈائریکٹر کی شرکت درج ذیل ہے:

ڈائریکٹر کے نام	بورڈ آف ڈائریکٹرز کی شرکت	آڈٹ کمیٹی کی شرکت	ایچ این ایل آر کمیٹی
جناب مظہر الحق صدیقی	۴	-	-
مس سلطانہ صدیقی	۴	۳	-
جناب منور عالم صدیقی	۴	-	-
مسز مہتاب اکبر راشدی	۴	۳	۲
جناب شنید قریشی	۶	۴	۲
مسز خوش بخت شجاعت	۴	-	۱
جناب محمد ایوب یونس ادھی	۶	۴	-
جناب درید قریشی	۶	-	۲

سال کے اختتام کے بعد میں مسز خوش بخت شجاعت کو مس سلطانہ صدیقی کی جگہ پر آڈٹ کمیٹی کے ممبر کی حیثیت سے تقرر کیا گیا۔

بورڈ آف ممبرز کو چھٹی دی گئی تھی جو کہ بورڈ کی میٹنگ میں شرکت کرنے سے قاصر تھے۔

### آڈیٹرز:

موجودہ آڈیٹرز میسرز ای وائی فورڈرھوڈز چارٹرڈ اکاؤنٹینٹس جو کہ ریٹائر ہوئے ہیں ممکن ہے کہ اس سال ۲۰۱۶ء سے ۲۰۱۷ء کے لئے ان کا دوبارہ تقرر کیا جائے۔

### نظم وضبط اور مالیاتی رپورٹنگ کا فریم ورک:

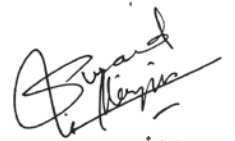
- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ☆ کمپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- ☆ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- ☆ انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ☆ آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ نظم و نسق کے حوالے سے کمپنی میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا ہے جو کہ لسٹنگ ریگولیشن میں درج ہے اور اس سے کوئی انحراف نہیں کیا گیا ہے۔
- ☆ ٹیکسز، ڈیوٹیز اور دیگر چارجز کے اکاؤنٹ پر کوئی ادائیگی واجب الادا نہیں ہے جو کہ مالیاتی سال سے متعلق ہے۔
- ☆ زیر جائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کی دو میٹنگز منعقد ہوئیں۔
- ☆ چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانشل آفیسر اور کمپنی سیکریٹری، ان کی یگمات اور بچے تجارتی شیئرز میں اہل نہیں ہونگے۔

متغلی	حصول	
۹,۴۴۷,۵۰۰	۱۰,۰۰۰,۰۰۰	چیف ایگزیکٹو آفیسر
۲۷,۵۳۳,۵۷۰	-	ڈائریکٹر
-	-	سی ایف او اور کمپنی سیکریٹری
-	-	یگمات اور نابالغ بچے

### ڈویڈنٹ اور مناسبت:

بورڈ نے حتمی کیش ڈویڈنڈ مبلغ صفر پیسہ فی شیئر (صفر %) کا اعلان کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



درید قریب

چیف ایگزیکٹو

مورنہ ۲۲ ستمبر ۲۰۱۶ء  
کراچی

# Previous Years at a Glance

## Key Financial Data

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>OPERATING DATA</b>						
Revenue - net	1,436,505,007	1,742,473,618	2,292,663,220	2,886,587,171	3,721,047,096	3,942,824,460
Cost of production	(664,837,084)	(985,565,273)	(1,205,632,497)	(1,381,432,771)	(1,791,616,731)	(2,313,660,029)
Transmission cost	(108,923,817)	(110,494,745)	(89,989,623)	(107,161,845)	(84,201,837)	(86,465,867)
Gross profit	<u>662,744,106</u>	<u>646,413,600</u>	<u>997,041,100</u>	<u>1,397,992,555</u>	<u>1,845,228,528</u>	<u>1,542,698,564</u>
<b>PROFIT AFTER TAXATION</b>						
Profit before taxation	297,727,777	262,339,103	565,238,231	806,823,677	1,032,669,083	773,237,291
Taxation	(108,925,441)	(66,463,317)	(177,441,038)	(215,088,701)	(285,418,132)	(236,301,365)
Profit after taxation	<u>188,802,336</u>	<u>195,875,786</u>	<u>387,797,193</u>	<u>591,734,976</u>	<u>747,250,951</u>	<u>536,935,926</u>

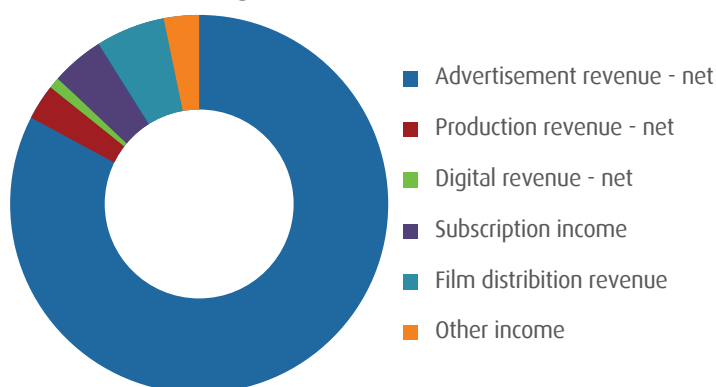
## Financial Ratios

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Current Ratio	2.01	2.45	4.39	2.46	1.73	1.80
Quick Ratio	1.28	1.67	3.30	1.89	1.25	1.39
Debt/ Equity Ratio (Re-stated)*	0.01	0.002	0.002	0.003	0.214	0.257
Cash Flow Per Share- Rs. (Re-stated)*	0.05	0.14	0.16	0.11	0.01	0.01
Return on Equity - %	12.86	12.53	20.40	42.38	44.72	26.29
Share Price Per Share - Rs. (Re-stated)*	1.51	2.10	3.80	10.68	16.09	10.28
Break-up Value Per Share - Rs. (Re-stated)*	1.08	1.18	1.54	1.48	1.77	2.16
Gross Profit to Sales - %	46.14	37.10	43.49	48.43	49.59	39.13
Net Profit to Sales - %	13.14	11.24	16.91	20.50	20.08	13.62
Interest Cover - number of times	8.73	9.29	80.80	109.89	48.86	21.25
Debtors Turnover - number of days	114	99	92	92	89	117
Administrative Expenses to Sales - %	13.20	10.98	10.48	10.44	11.10	11.05
Cost of Production to Sales- %	46.28	56.56	52.59	47.86	48.15	58.68
Price Earning Ratio (Re-stated)*	7.54	10.13	9.26	17.06	20.35	18.09
Turn Over to Total Asset Ratio	0.91	1.07	1.31	1.48	1.36	1.24
Net Revenues	1,436,505,007	1,742,473,618	2,292,663,220	2,886,587,171	3,721,047,096	3,942,824,460
Profit After Taxation	188,802,336	195,875,786	387,797,193	591,734,976	747,250,951	536,935,926
Earnings Per Share Rs. (Re-stated)*	0.20	0.21	0.41	0.63	0.79	0.57

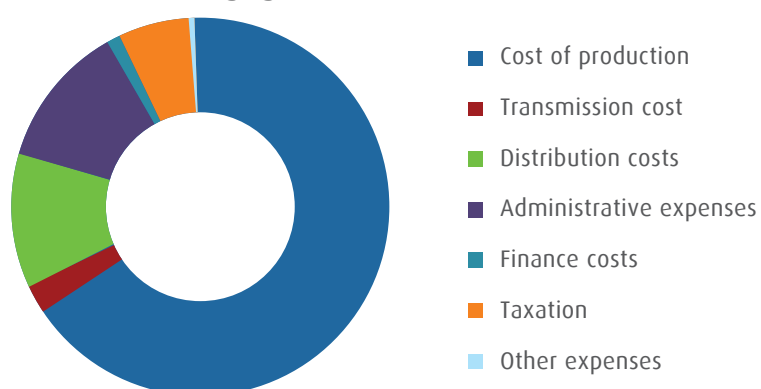
\*Calculated using 945,000,000 shares

# Graphical Presentation

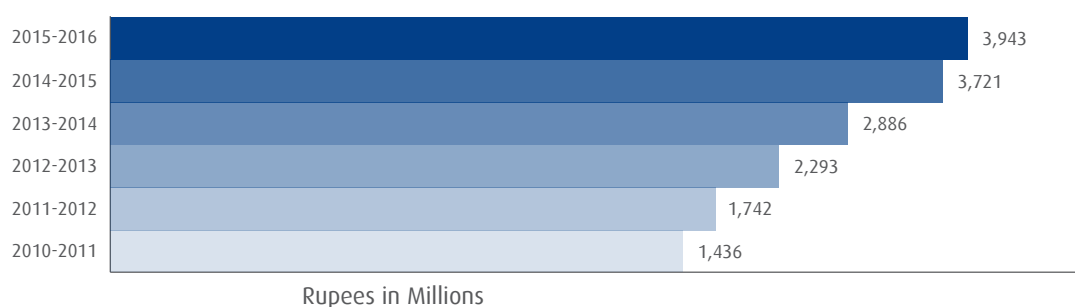
## REVENUE



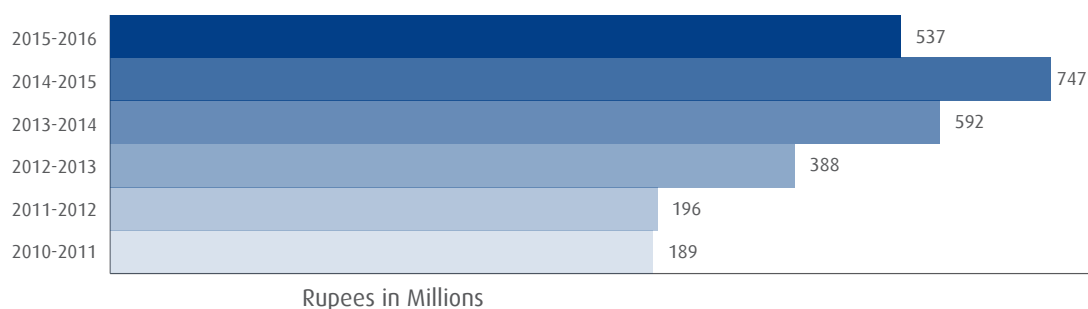
## EXPENSES



## NET REVENUE

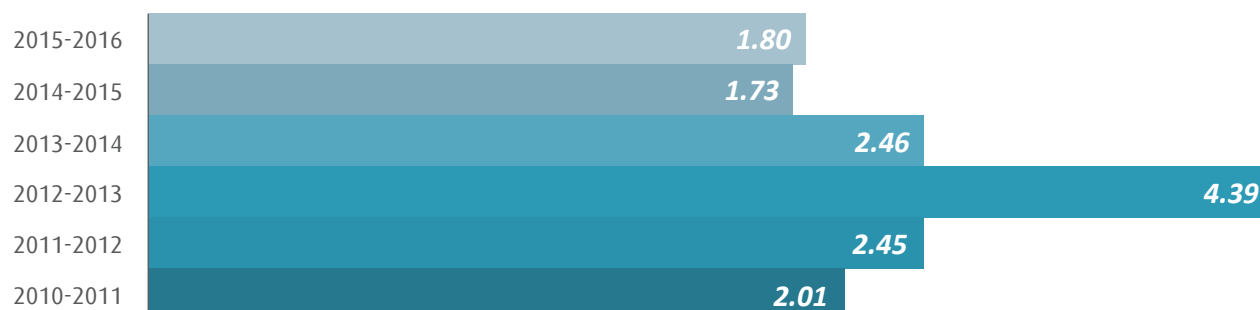


## PROFIT AFTER TAXATION

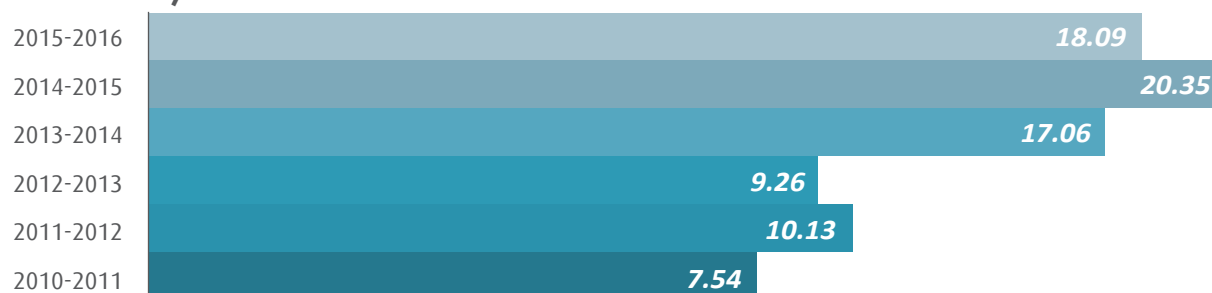


## Graphical Presentation

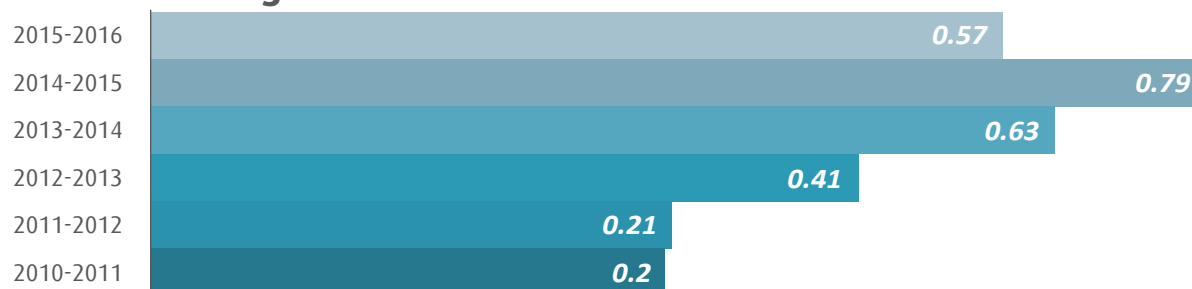
### Current Ratio



### P/E Ratio



### Earnings Per Share



Rupees

# Pattern of Shareholding

As on June 30, 2016

# Of Shareholders	Shareholdings'Slab			Total Shares Held
350	1	to	100	7,934
389	101	to	500	174,888
433	501	to	1000	426,682
881	1001	to	5000	2,597,934
392	5001	to	10000	3,335,425
111	10001	to	15000	1,484,370
104	15001	to	20000	1,994,550
49	20001	to	25000	1,168,630
35	25001	to	30000	1,004,050
16	30001	to	35000	537,210
12	35001	to	40000	451,100
11	40001	to	45000	476,650
36	45001	to	50000	1,767,181
11	50001	to	55000	584,500
11	55001	to	60000	632,065
4	60001	to	65000	257,000
11	65001	to	70000	750,750
6	70001	to	75000	446,500
1	75001	to	80000	80,000
1	80001	to	85000	85,000
4	85001	to	90000	356,000
6	90001	to	95000	562,500
15	95001	to	100000	1,487,540
3	100001	to	105000	310,350
5	105001	to	110000	547,200
3	110001	to	115000	340,500
2	115001	to	120000	234,500
2	120001	to	125000	245,500
1	125001	to	130000	127,500
1	130001	to	135000	130,500
2	135001	to	140000	280,000
3	145001	to	150000	447,000
1	150001	to	155000	150,100
1	155001	to	160000	160,000
1	160001	to	165000	161,500
1	165001	to	170000	166,500
1	170001	to	175000	174,000
1	180001	to	185000	183,550
6	185001	to	190000	1,134,500
7	195001	to	200000	1,400,000
1	205001	to	210000	210,000
2	210001	to	215000	430,000
2	215001	to	220000	436,850
1	220001	to	225000	225,000
1	225001	to	230000	230,000
3	235001	to	240000	718,000
4	245001	to	250000	999,700
1	250001	to	255000	251,000
1	260001	to	265000	265,000
1	265001	to	270000	270,000
1	270001	to	275000	271,500
3	280001	to	285000	850,500

# Of Shareholders	Shareholdings'Slab			Total Shares Held
3	295001	to	300000	900,000
1	305001	to	310000	310,000
2	310001	to	315000	626,500
1	335001	to	340000	337,800
1	355001	to	360000	357,750
2	395001	to	400000	800,000
1	410001	to	415000	412,500
1	440001	to	445000	445,000
1	445001	to	450000	450,000
4	495001	to	500000	1,998,500
3	500001	to	505000	1,508,000
1	520001	to	525000	524,900
1	545001	to	550000	550,000
1	630001	to	635000	633,150
1	640001	to	645000	643,500
1	660001	to	665000	661,500
1	675001	to	680000	677,130
1	695001	to	700000	700,000
1	745001	to	750000	750,000
1	775001	to	780000	777,000
1	795001	to	800000	800,000
1	850001	to	855000	854,000
1	895001	to	900000	900,000
2	995001	to	1000000	2,000,000
1	1010001	to	1015000	1,011,500
1	1015001	to	1020000	1,017,060
1	1070001	to	1075000	1,073,500
1	1210001	to	1215000	1,214,200
1	1350001	to	1355000	1,355,000
1	1415001	to	1420000	1,419,500
1	1455001	to	1460000	1,455,500
1	1595001	to	1600000	1,600,000
1	1650001	to	1655000	1,653,750
1	1665001	to	1670000	1,665,500
1	1810001	to	1815000	1,813,250
1	1895001	to	1900000	1,900,000
1	1930001	to	1935000	1,932,500
2	2495001	to	2500000	5,000,000
1	2520001	to	2525000	2,520,130
1	2700001	to	2705000	2,705,000
1	3895001	to	3900000	3,900,000
1	4090001	to	4095000	4,095,000
1	4660001	to	4665000	4,661,000
1	5135001	to	5140000	5,136,700
1	5445001	to	5450000	5,450,000
1	5995001	to	6000000	6,000,000
1	6360001	to	6365000	6,360,500
1	8480001	to	8485000	8,485,000
1	8495001	to	8500000	8,500,000
1	11585001	to	11590000	11,586,001
1	11995001	to	12000000	12,000,000
1	12320001	to	12325000	12,324,500

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	12905001	to	12910000	12,910,000
1	13500001	to	13505000	13,501,000
1	13845001	to	13850000	13,848,500
1	15095001	to	15100000	15,100,000
1	17530001	to	17535000	17,533,570
1	18995001	to	19000000	19,000,000
1	22065001	to	22070000	22,065,790
1	25195001	to	25200000	25,200,000
1	25995001	to	26000000	26,000,000
1	31995001	to	32000000	32,000,000
1	50865001	to	50870000	50,865,620
1	94355001	to	94360000	94,359,500
1	207180001	to	207185000	207,183,000
1	226960001	to	226965000	226,961,490
<b>3028</b>				<b>945,000,000</b>

# Additional Information

As on June 30, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
DURAID QURESHI	2	226,961,500	24.02
SULTANA SIDDIQUI	2	219,860	0.02
MAZHAR UL HAQ SIDDIQUI	1	10	0.00
MUNAWAR ALAM SIDDIQUI	2	9,460	0.00
MEHTAB AKBAR RASHDI	1	10	0.00
MOHAMMAD AYUB YOUNUS	2	18,360,000	1.94
KHUSH BAKHT SHUJAAT	1	10	0.00
SHUNAIQ QURESHI	1	50,865,620	5.38
<b>Associated Companies, undertakings and related parties</b>			
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	2	232,383,000	24.59
JAHANGIR SIDDIQUI & CO. LTD.	1	12,000,000	1.27
<b>Executives</b>	-	-	-
<b>Public Sector Companies and Corporations</b>			
	-	-	-
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	6	23,433,000	2.48
<b>Mutual Funds</b>			
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	118,000	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	96,100	0.01
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	8,500	0.00
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	643,500	0.07
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	1	249,700	0.03
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	750,000	0.08
<b>General Public</b>			
a. Local	2939	79,889,379	8.45
b. Foreign	3	1,581,000	0.17
<b>Foreign Companies</b>	23	272,536,490	28.84
<b>Others</b>	36	24,894,861	2.63
<b>Totals</b>	<b>3028</b>	<b>945,000,000</b>	<b>100.00</b>
<b>Share holders holding 5% or more</b>		<b>Share Held</b>	<b>Percentage</b>
DURAID QURESHI		226,961,500	24.02
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES		232,383,000	24.59
STICHTING BERMONT LIMITED		94,359,500	9.99
SHUNAIQ QURESHI		50,865,620	5.38

# Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation no. 5.19.23 of Listing Regulations of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, in which the Lahore and Islamabad Stock Exchanges have merged) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name
Independent Director	Mr. M. Ayub Younus Adhi
Executive Directors	Ms. Sultana Siddiqui Mr. Duraid Qureshi
Non-Executive	Mr. Mazhar ul Haq Siddiqui Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Mrs. Khush Bakht Shujaat Mr. Munawar Alam Siddiqui

The independent director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Financial Institution (DFI), Non-Banking Financial Institution (NBFI) or being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. No casual vacancy occurred in the Board during the period under review.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive director and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met six (6) times during the year. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings

were appropriately recorded and circulated.

9. The Company arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. During the year, two (2) directors completed the Corporate Governance Leadership Skills (CGLS) Program from the Pakistan Institute of Corporate Governance (PICG). In addition, three (3) of the directors are exempted from the requirement of Directors' training program under clause (xi) of CCG, two (2) directors had previously passed the CCGLS from PICG and remaining one (1) director will be trained within specified time.
10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the year.
11. The details of all related party transactions have been placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same have been placed before the Board for review and approval, and all the transactions were made on the terms equivalent to those that prevail in arm's length transaction. The Company maintains a detail record of related party transactions along with all documents.
12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The board has formed an Audit Committee. It comprises of four (4) members, of whom three (3) are non-executive directors including the Chairman and the Chairman of the Committee is an Independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource & Remuneration Committee. It comprises of four (4) members, of whom three (3) are non-executive directors including Chairman of the Committee.
19. The Board has outsourced the Internal Audit function to M/s. KPMG Taseer Hadi & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchange.
23. Material/price sensitive information has been disseminated amongst all the market participants at once through the Stock Exchange.
24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

For & on behalf of Board of Directors



**Duraid Qureshi**

Chief Executive Officer

**Date:** September 22, 2016

**Place:** Karachi

# Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Hum Network Limited (the Company) for the year ended 30 June 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2016.

**Date:** September 22, 2016

**Place:** Karachi

sd/-

EY Ford Rhodes

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

# UNCONSOLIDATED FINANCIAL STATEMENTS

# Auditors' Report To The Members

We have audited the annexed balance sheet of HUM Network Limited (the Company) as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**Date:** September 22, 2016  
**Place:** Karachi

**Sd/-**  
 EY Ford Rhodes  
 Chartered Accountants  
 Audit Engagement Partner: Khurram Jameel

# BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	265,710,406	258,798,586
Intangible assets	7	26,061,695	15,119,943
Long term investments	8	217,491,011	134,649,074
Long term deposits	9	31,197,352	29,422,616
Television program costs	10	475,255,121	434,836,050
Deferred tax asset	11	93,257,835	46,976,371
		<b>1,108,973,420</b>	919,802,640
<b>CURRENT ASSETS</b>			
Inventories		2,225,966	4,479,119
Current portion of television program costs	10	485,809,664	521,455,464
Trade debts	12	1,482,438,054	1,036,543,895
Advances	13	140,486,789	240,606,668
Trade deposits and short-term prepayments	14	17,298,601	19,077,919
Other receivables	15	22,731,484	33,393,487
Cash and bank balances	16	12,260,410	13,860,087
		<b>2,163,250,968</b>	1,869,416,639
<b>TOTAL ASSETS</b>		<b>3,272,224,388</b>	2,789,219,279
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 1,500,000,000 (2015: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	945,000,000	945,000,000
Unappropriated profit		1,097,627,462	726,066,536
		<b>2,042,627,462</b>	1,671,066,536
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	18	27,066,577	39,939,206
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	598,910,438	648,804,270
Accrued mark-up		8,764,103	6,088,472
Short term borrowings	20	473,987,576	299,538,538
Unclaimed dividend		5,955,603	5,156,923
Taxation – net		91,814,849	99,961,316
Current portion of liabilities against assets subject to finance lease	18	23,097,780	18,664,018
		<b>1,202,530,349</b>	1,078,213,537
<b>CONTINGENCIES AND COMMITMENTS</b>	21		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,272,224,388</b>	2,789,219,279

The annexed notes from 1 to 36 form an integral part of these financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive


# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- Rupees	2015 -----
Revenue	22	3,942,824,460	3,721,047,096
Cost of production	23	(2,313,660,029)	(1,791,616,731)
Transmission cost		(86,465,867)	(84,201,837)
		(2,400,125,896)	(1,875,818,568)
<b>Gross profit</b>		<b>1,542,698,564</b>	<b>1,845,228,528</b>
Distribution costs	24	(404,273,284)	(463,792,017)
Administrative expenses	25	(435,579,401)	(413,045,327)
Other income	26	123,264,396	116,982,137
Finance costs	27	(40,020,307)	(23,531,506)
Other expenses	28	(12,852,677)	(29,172,732)
<b>Profit before taxation</b>		<b>773,237,291</b>	<b>1,032,669,083</b>
Taxation	29	(236,301,365)	(285,418,132)
<b>Profit after taxation</b>		<b>536,935,926</b>	<b>747,250,951</b>
<b>Earnings per share – basic and diluted</b>	30	<b>0.57</b>	<b>0.79</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016 ----- Rupees -----	2015 -----
<b>Profit after taxation</b>	<b>536,935,926</b>	747,250,951
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>536,935,926</b>	747,250,951

The annexed notes from 1 to 36 form an integral part of these financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

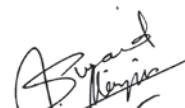
# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	31	539,620,969	610,287,981
Taxes paid		(290,729,296)	(235,801,215)
Finance costs paid		(37,344,676)	(18,385,618)
Profit received on deposit accounts		2,819,470	6,021,967
Long term deposits		(1,774,736)	(8,689,660)
Television program costs		(40,419,071)	(186,416,779)
Net cash generated from operating activities		172,172,660	167,016,676
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(78,232,982)	(150,623,177)
Additions to intangible assets		(16,011,119)	(5,399,000)
Investments made during the year		(82,841,937)	(37,051,310)
Proceeds from disposal of operating fixed assets		1,879,850	14,886,410
Net cash used in investing activities		(175,206,188)	(178,187,077)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against assets subject to finance lease		(8,438,867)	90,569,141
Dividends paid		(164,576,320)	(471,593,912)
Net cash used in financing activities		(173,015,187)	(381,024,771)
Net decrease in cash and cash equivalents		(176,048,715)	(392,195,172)
Cash and cash equivalents at the beginning of the year		(285,678,451)	106,516,721
Cash and cash equivalents at the end of the year		(461,727,166)	(285,678,451)
<b>Cash and cash equivalents</b>			
Cash and bank balances		12,260,410	13,860,087
Short term borrowings		(473,987,576)	(299,538,538)
		(461,727,166)	(285,678,451)

The annexed notes from 1 to 36 form an integral part of these financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

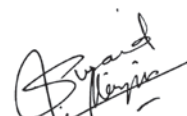
# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Issued, Subscribed and paid-up Capital	Unappropriated Profit Rupees	Total
<b>Balance as at June 30, 2014</b>	945,000,000	451,315,585	1,396,315,585
Final cash dividend for the year ended June 30, 2014 @ 15%	-	(141,750,000)	(141,750,000)
First interim dividend for the year ended June 30, 2015 @ 17.5%	-	(165,375,000)	(165,375,000)
Second interim dividend for the year ended June 30, 2015 @ 17.5%	-	(165,375,000)	(165,375,000)
Net profit for the year	-	747,250,951	747,250,951
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	747,250,951	747,250,951
<b>Balance as at June 30, 2015</b>	<b>945,000,000</b>	<b>726,066,536</b>	<b>1,671,066,536</b>
Final cash dividend for the year ended June 30, 2015 @ 17.5%	-	(165,375,000)	(165,375,000)
Net profit for the year	-	536,935,926	536,935,926
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	536,935,926	536,935,926
<b>Balance as at June 30, 2016</b>	<b>945,000,000</b>	<b>1,097,627,462</b>	<b>2,042,627,462</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1** HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2** The Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.
- 1.3** These are separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated.

## 2. STATEMENT OF COMPLIANCE

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

## 3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 New and amended standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following standards which became effective for the current year:

IFRS 10 – Consolidated Financial Statements  
 IFRS 11 – Joint Arrangements  
 IFRS 12 – Disclosure of Interests in Other Entities  
 IFRS 13 – Fair Value Measurement  
 IAS 27 – Equity Method in Separate Financial Statements  
 IAS 28 – Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

### 4.2 Standards and amendments to approved accounting standards that are not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (accounting periods beginning on or after)
IFRS 2 – Share based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 7 – Financial Instruments: Disclosures – Disclosure Initiative (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	01 January 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**IASB Effective date  
(accounting periods  
beginning  
on or after)**

IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

#### 4.3 Fixed assets

##### 4.3.1 Property, plant and equipment

###### Owned

These are stated at cost less accumulated depreciation and impairment.

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives. Depreciation on additions is charged from the month in which the asset is available to use and no depreciation is charged for the month in which asset was disposed off.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss account in the year the asset is derecognized.

The assets' residual values, useful lives and method of depreciation are revised, and adjusted if appropriate, at each balance sheet date.

###### Leased

Fixed assets acquired under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments. Finance charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

##### 4.3.2 Capital work-in-progress

These are stated at cost less accumulated impairment and consist of expenditures incurred and advances made in respect of specific assets during the construction period. These are transferred to specific assets as and when assets are available for use.

#### 4.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit and loss account in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss account when the asset is derecognized.

#### **4.5 Investment in subsidiaries**

These are stated at cost. Provision is made for permanent impairment in the value of investment, if any.

#### **4.6 Television program costs**

Television program costs represent unamortized cost of completed television programs and television programs in production. These costs include direct production costs, cost of inventory consumed, and production overheads and are stated at the lower of cost, less accumulated amortisation and net realizable value (NRV). NRV is estimated by the management on the basis of future revenue generation capacity of the program. Acquired television program licenses and rights are recorded when the license period begins and the program is available for use. Marketing, distribution and general and administrative costs are expensed as incurred.

Television program costs and acquired television program licenses and rights are charged to expense based on the ratio of the total revenues earned till to date to gross revenues from all sources including estimated revenues less cost expensed in prior years on an individual production basis.

#### **4.7 Inventories**

Raw tapes cassettes, VCDs, DVDs and other materials and supplies are valued on average cost basis and are stated at the lower of cost and NRV.

#### **4.8 Trade debts**

Trade debts originated by the Company are recognised and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

#### **4.9 Loans, advances and other receivables**

These are stated at cost less provision for doubtful balance, if any.

#### **4.10 Taxation**

##### **Current**

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

##### **Deferred**

Deferred tax is recognised using the balance sheet liability method, on all major temporary differences arising at the balance sheet date between tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

#### **4.11 Cash and cash equivalents**

These are carried at cost and consist of cash in hand and bank balances net off short term borrowings.

**4.12 Long term and short term borrowings**

These are recorded at the amount of proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued mark-up to the extent of the amount remaining unpaid.

**4.13 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

**4.14 Provisions**

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

**4.15 Revenue**

Advertisement revenue is recognised when the related advertisement or commercial appears before the public i.e., telecast.

Production revenue is recognised when production work is completed.

Digital revenue is recognised when the campaign becomes online on the website of the Company.

Subscription income arises from the monthly billing to subscribers for services provided by the Company. Revenue is recognised in the month the service is rendered.

Film distribution revenue is recognized on the receipt of related sale reports from cinemas.

Profit on bank deposits is accounted for on an accrual basis.

**4.16 Staff retirement benefits**

The Company operates a provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of the basic salary.

**4.17 Financial instruments**

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

**4.18 Offsetting of financial assets and liabilities**

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

**4.19 Foreign currency translations**

Foreign currency transactions are translated into Pakistani Rupees using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees using the exchange rate at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss account currently.

**4.20 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalized as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**4.21 Ijarah rentals**

Ijarah payments under an Ijarah agreement are recognized as an expense in profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit.

**4.22 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

**4.23 Impairment****4.23.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

**4.23.2 Non-financial assets**

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an 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. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

**4.24 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

**Property, plant and equipment and intangible assets**

The Company reviews appropriateness of the rate of depreciation / amortisation, useful life and residual value used in the calculation of depreciation / amortisation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortisation charge and impairment.

**Income taxes**

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**Trade debts**

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

### Television program costs

Television program costs represent unamortized cost of completed television programs and television programs in production. In order to determine the amount to be charged to profit and loss account, the management estimates future revenues from each program. Estimates of future revenues can change significantly due to a variety of factors, including advertising rates and the level of market acceptance of the production in different geographical locations. Accordingly, revenue estimates are reviewed periodically and amortisation is adjusted, if necessary. Such adjustments could have a material effect on results of operations in future periods.

		2016	2015
	Note	----- Rupees -----	-----
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>265,710,406</b>	238,826,688
Capital work-in-progress	6.4	-	19,971,898
		<u><b>265,710,406</b></u>	<u>258,798,586</u>

## 6.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2 0 1 5	Additions/ (deletions)	As at June 30, 2 0 1 6	As at July 01, 2 0 1 5	Charge for the year/ (deletions)	As at June 30, 2 0 1 6	as at June 30, 2 0 1 6	Rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	11,056,958	1,327,720	12,384,678	50,873,223	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	27,464,217	3,382,088	30,846,305	2,974,574	10
Leasehold improvements	53,400,612	24,184,839	77,585,451	35,809,668	13,418,778	49,228,446	28,357,005	33
Furniture and fittings	17,176,579	810,400	17,986,979	6,536,543	1,466,014	8,002,557	9,984,422	10
Vehicles	28,782,792	2,467,241 (1,602,470)	29,647,563	17,368,521	3,412,888 (1,100,945)	19,680,464	9,967,099	33
Audio visual equipment	126,021,630	18,564,161	144,585,791	94,540,067	8,180,744	102,720,811	41,864,980	25
Uplinking equipment	43,801,076	-	43,801,076	27,600,123	3,652,417	31,252,540	12,548,536	10
Office equipment	37,126,044	19,650,774	56,776,818	27,097,167	4,622,733	31,719,900	25,056,918	15
Computers	71,949,488	19,065,475 (66,667)	90,948,296	51,471,852	14,180,071 (16,500)	65,635,423	25,312,873	33
	475,337,001	84,742,890 (1,669,137)	558,410,754	298,945,116	53,643,453 (1,117,445)	351,471,124	206,939,630	
Leased								
Vehicles	42,906,971	13,461,990 (1,014,000)	55,354,961	9,444,638	10,921,021 (98,574)	20,267,085	35,087,876	33
Audio visual equipment	19,440,000	-	19,440,000	55,080	4,420,170	4,475,250	14,964,750	25
Uplinking equipment	9,660,000	-	9,660,000	72,450	869,400	941,850	8,718,150	10
	72,006,971	13,461,990 (1,014,000)	84,454,961	9,572,168	16,210,591 (98,574)	25,684,185	58,770,776	
2 0 1 6	547,343,972	98,204,880 (2,683,137)	642,865,715	308,517,284	69,854,044 (1,216,019)	377,155,309	265,710,406	
	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2 0 1 4	Additions/ (deletions)	As at June 30, 2 0 1 5	As at July 01, 2 0 1 4	Charge for the year/ (deletions)	As at June 30, 2 0 1 5	as at June 30, 2 0 1 5	Rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	9,729,237	1,327,721	11,056,958	52,200,943	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	24,082,129	3,382,088	27,464,217	6,356,662	10
Leasehold improvements	40,545,954	19,392,440 (6,537,782)	53,400,612	35,310,501	4,814,103 (4,314,936)	35,809,668	17,590,944	33
Furniture and fittings	17,915,496	132,990 (871,907)	17,176,579	5,160,319	1,603,630 (227,406)	6,536,543	10,640,036	10
Vehicles	29,470,940	14,969,972 **2,302,500 (7,152,200)	28,782,792	15,829,554	6,894,154 **86,602 (3,786,085)	17,368,521	11,414,271	33
Audio visual equipment	119,532,367	28,897,538 (789,769) *(10,808,420)	126,021,630	87,677,586	8,989,028 (381,709) *(1,655,704)	94,540,067	31,481,563	25
Uplinking equipment	62,203,457	- *(21,618,506)	43,801,076	25,452,259	5,460,293 *(1,744,838)	27,600,123	16,200,953	10
Office equipment	38,291,691	3,271,587 (4,437,234)	37,126,044	26,358,751	3,945,044 (3,206,628)	27,097,167	10,028,877	15
Computers	59,343,531	16,831,639 (4,225,682)	71,949,488	45,418,327	9,914,066 (3,860,541)	51,471,852	20,477,636	33
	464,382,216	83,496,166 **2,302,500 (24,014,574) *(50,829,307)	475,337,001	275,018,663	46,330,127 **86,602 (15,777,305) *(6,712,971)	298,945,116	176,391,885	
Leased								
Vehicles	10,096,671	27,942,800 **7,170,000 *(2,302,500)	42,906,971	3,844,659	5,686,581 **86,602	9,444,638	33,462,333	33
Audio visual equipment	-	**19,440,000	19,440,000	-	55,080	55,080	19,384,920	25
Uplinking equipment	-	**9,660,000	9,660,000	-	72,450	72,450	9,587,550	10
	10,096,671	27,942,800 **36,270,000 **2,302,500	72,006,971	3,844,659	5,814,111 **86,602	9,572,168	62,434,803	
2 0 1 5	474,478,887	111,438,966 (24,014,574) *(14,559,307)	547,343,972	278,863,322	52,144,238 (15,777,305) *(6,712,971)	308,517,284	238,826,688	

\* Represent assets transferred from owned to leased asset on account of sale and lease back transaction.

\*\* Represents asset transferred from leased to owned asset.

## 6.2 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain	Mode of disposal	Particulars of buyer
	Rupees						
Honda Civic	1,602,470	1,100,945	501,525	893,850	392,325	Tender	Nusrat Iqbal, Karachi
Laptop	66,667	16,500	50,167	52,000	1,833	Policy	Mr. Syed Ali Naqvi - employee
Suzuki Wagon - R	1,014,000	98,574	915,426	934,000	18,574	Negotiation	Suzuki South, Karachi
	<b>2,683,137</b>	<b>1,216,019</b>	<b>1,467,118</b>	<b>1,879,850</b>	<b>412,732</b>		

## 6.3 Depreciation for the year has been allocated as follows:

	Note	2016 Rupees	2015 Rupees
Cost of production	23	<b>33,310,217</b>	25,720,604
Distribution costs	24	<b>4,817,244</b>	6,150,094
Administrative expenses	25	<b>31,726,583</b>	20,273,540
		<b>69,854,044</b>	52,144,238

## 6.4 Capital work in progress

Opening balance	<b>19,971,898</b>	17,057,686
Additions during the year	<b>1,185,044</b>	20,505,237
Transfers to operating fixed assets	<b>(21,156,942)</b>	(17,591,025)
Closing balance	<b>-</b>	19,971,898

## 7. INTANGIBLE ASSETS

	Cost		Accumulated amortization			Book value		Amortisation rate % per annum
	As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	as at June 30, 2016	
	Rupees							
Computer softwares	16,260,948	10,961,119	27,222,067	12,022,620	2,029,717	14,052,337	13,169,730	20 - 33
License fee	10,500,000	-	10,500,000	6,108,480	700,350	6,808,830	3,691,170	6.67
Trade mark	9,271,500	5,050,000	14,321,500	2,781,405	2,339,300	5,120,705	9,200,795	20
<b>2016</b>	<b>36,032,448</b>	<b>16,011,119</b>	<b>52,043,567</b>	<b>20,912,505</b>	<b>5,069,367</b>	<b>25,981,872</b>	<b>26,061,695</b>	

	Cost		Accumulated amortization			Book value		Amortisation rate % per annum
	As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014	For the year	As at June 30, 2015	as at June 30, 2015	
	Rupees							
Computer softwares	16,260,948	-	16,260,948	10,168,644	1,853,976	12,022,620	4,238,328	20 - 33
License fee	10,500,000	-	10,500,000	5,408,130	700,350	6,108,480	4,391,520	6.67
Trade mark	3,872,500	5,399,000	9,271,500	1,741,172	1,040,233	2,781,405	6,490,095	20
<b>2015</b>	<b>30,633,448</b>	<b>5,399,000</b>	<b>36,032,448</b>	<b>17,317,946</b>	<b>3,594,559</b>	<b>20,912,505</b>	<b>15,119,943</b>	

## 7.1 Amortisation for the year has been allocated as follows:

	Note	2016 Rupees	2015 Rupees
Cost of production	23	<b>3,662,625</b>	3,145,641
Administrative expenses	25	<b>1,406,742</b>	448,918
		<b>5,069,367</b>	3,594,559

	Note	2016 ----- Rupees -----	2015 -----
<b>8. LONG TERM INVESTMENTS – unquoted subsidiaries</b>			
<b>HUM TV, Inc</b>	<b>Holding</b>		
10,000 Common stock at \$ 0.01	100%	8,603	8,603
Advance for future issue of shares		18,716,750	18,716,750
		<b>18,725,353</b>	18,725,353
<b>HUM Network UK Ltd</b>			
1 Ordinary Share of 1 GBP	100%	161	161
Advance for future issue of shares		95,923,590	95,923,590
		<b>95,923,751</b>	95,923,751
<b>Sky Line Publication (Private) Limited</b>			
1,999,997 Ordinary Shares of Rs. 10 each	100%	19,999,970	19,999,970
Advance for future issue of shares		8,592,600	-
		<b>28,592,570</b>	19,999,970
<b>HUM Network FZ LLC</b>			
2,400 Ordinary Shares of AED 1000 each	100%	69,802,371	-
Advance for future issue of shares		4,446,966	-
		<b>74,249,337</b>	-
		<b>217,491,011</b>	134,649,074
<b>9. LONG TERM DEPOSITS</b>			
Security deposits			
- Lease		7,687,450	6,715,650
- Rent		2,388,540	2,388,540
- Trade		20,559,440	20,187,920
- Others		561,922	130,506
	9.1	<b>31,197,352</b>	29,422,616
<b>9.1 Represent interest free deposits.</b>			
<b>10. TELEVISION PROGRAM COSTS</b>			
Unreleased / released less amortisation		880,608,495	863,517,050
In production		80,456,290	92,774,464
		<b>961,064,785</b>	956,291,514
Less: Current portion		485,809,664	521,455,464
		<b>475,255,121</b>	434,836,050
<b>11. DEFERRED TAX ASSET</b>			
<b>Deductible temporary differences</b>			
Provisions		8,187,890	8,452,015
Subscription income		91,341,890	49,840,237
		<b>99,529,780</b>	58,292,252
<b>Taxable temporary differences</b>			
Accelerated tax depreciation / amortisation		(3,603,955)	(10,089,776)
Finance lease		(2,667,990)	(1,226,105)
		<b>(6,271,945)</b>	(11,315,881)
		<b>93,257,835</b>	46,976,371

	Note	2016 ----- Rupees	2015 -----
<b>12. TRADE DEBTS – unsecured</b>			
Considered good	12.1	<b>1,482,438,054</b>	1,036,543,895
Considered doubtful		<b>26,412,547</b>	26,412,547
		<b>1,508,850,601</b>	1,062,956,442
Less: Provision for doubtful debts		<b>26,412,547</b>	26,412,547
		<b>1,482,438,054</b>	1,036,543,895
<b>12.1</b> Include amount receivable from the following related parties:			
HUM TV Inc.		<b>75,297,005</b>	3,090,442
HUM Network UK Limited		<b>115,396,791</b>	61,605,730
		<b>190,693,796</b>	64,696,172
<b>12.2</b> The aging of trade debts from other than related parties is as follows:			
Neither past due nor impaired		<b>784,692,338</b>	646,975,240
Past due but not impaired			
- 60 to 90 days		<b>208,749,280</b>	212,717,182
- over 90 days		<b>298,302,640</b>	112,155,301
		<b>1,291,744,258</b>	971,847,723
<b>12.3</b> The aging of trade debts from related parties is as follows:			
Neither past due nor impaired		<b>56,531,076</b>	10,965,442
Past due but not impaired			
- 60 to 90 days		<b>63,986,140</b>	15,737,500
- over 90 days		<b>70,176,580</b>	37,993,230
		<b>190,693,796</b>	64,696,172
<b>13. ADVANCES - unsecured, considered good</b>			
Interest free advances to:			
- Producers		<b>115,359,395</b>	210,780,891
- Suppliers		<b>23,001,937</b>	21,732,326
- Employees		<b>1,956,497</b>	7,832,699
- Executives		<b>168,960</b>	260,752
		<b>140,486,789</b>	240,606,668
<b>14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Deposits</b>			
- Rent		<b>514,500</b>	5,514,500
- Trade		<b>1,972,207</b>	4,361,127
- Others		<b>2,068,974</b>	2,050,474
	14.1	<b>4,555,681</b>	11,926,101
<b>Prepayments</b>			
- Insurance		<b>6,013,775</b>	4,746,456
- Rent		<b>2,089,000</b>	1,646,302
- Others		<b>4,640,145</b>	759,060
		<b>12,742,920</b>	7,151,818
		<b>17,298,601</b>	19,077,919
<b>14.1</b> Represent interest free deposits.			

	Note	2016 ----- Rupees -----	2015 -----
<b>15. OTHER RECEIVABLES – considered good</b>			
Receivable in respect of sale of DVDs		<b>1,142,537</b>	4,618,745
Sales tax receivable		<b>17,347,951</b>	24,120,862
HUM TV, Inc. - related party		<b>4,240,996</b>	2,025,624
Others		-	2,628,256
	15.1	<b>22,731,484</b>	33,393,487

15.1 Represent interest free receivables.

## 16. CASH AND BANK BALANCES

<b>Cash in hand</b>		<b>113,417</b>	65,028
<b>Cash at banks – conventional banks</b>			
- in current accounts		<b>3,571,677</b>	5,363,605
- in deposit accounts	16.1	<b>8,575,316</b>	8,431,454
		<b>12,146,993</b>	13,795,059
		<b>12,260,410</b>	13,860,087

16.1 These carry profit at the rates ranging from 5.25% to 5.5% (2015: 6.5% to 8.5%) per annum.

## 17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016 (Number of shares)	2015		2016 ----- Rupees -----	2015 -----
		Ordinary shares of Re. 1/- each		
<b>500,000,000</b>	500,000,000	Fully paid in cash	<b>500,000,000</b>	500,000,000
<b>445,000,000</b>	445,000,000	Issued as fully paid bonus shares	<b>445,000,000</b>	445,000,000
<b>945,000,000</b>	945,000,000		<b>945,000,000</b>	945,000,000

## 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2016 Minimum lease payment	2016 Minimum Present value	2015 lease payment	2015 Present value
	----- Rupees -----			
Not later than one year	<b>27,155,945</b>	<b>23,097,780</b>	23,035,706	18,664,018
Later than one year and not later than five years	<b>27,380,984</b>	<b>27,066,577</b>	43,136,192	39,939,206
Total minimum lease payments	<b>54,536,929</b>	<b>50,164,357</b>	66,171,898	58,603,224
Less: Financial charges allocated to future periods	<b>4,372,572</b>	-	7,568,674	-
Present value of minimum lease payments	<b>50,164,357</b>	<b>50,164,357</b>	58,603,224	58,603,224
Less: Current portion shown under current liabilities	<b>23,097,780</b>	<b>23,097,780</b>	18,664,018	18,664,018
	<b>27,066,577</b>	<b>27,066,577</b>	39,939,206	39,939,206

18.1 Represent finance leases entered into by the Company with commercial banks for vehicles, audio visual equipment and up-linking equipment. Lease rentals are payable in monthly installments latest by 2018. Overdue rental payments are subject to an additional charge of 0.1 percent per day for the number of days the rentals remain overdue. Taxes, repairs, replacement and insurance costs are to be borne by the Company. In case of termination of agreement, the Company has to pay the entire rent for the unexpired period. These carry interest rate of 6 months KIBOR plus 2 to 3 (2015: 6 months KIBOR plus 2 to 3) percent per annum.

	Note	2016 ----- Rupees	2015 -----
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors	19.1	333,755,601	355,163,243
Accrued liabilities		206,526,298	241,753,389
Withholding tax payable		34,656,873	10,038,069
Advances from customers		10,986,000	9,722,086
Payable to provident fund	19.2	4,491,706	3,780,104
Workers' welfare fund		-	21,235,062
Others		8,493,960	7,112,317
		<u>598,910,438</u>	<u>648,804,270</u>

**19.1** Include Rs. 74,639,850 (2015: Nil) payable to M.D Production (Private) Limited, a related party.

	2016 ----- (Un-audited)	2015 ----- (Un-audited)
<b>19.2 Payable to provident fund</b>	<u>4,491,706</u>	<u>3,780,104</u>
<b>19.2.1 General disclosures</b>		
Size of the fund	<u>121,415,579</u>	<u>83,967,236</u>
Cost of the investment made	<u>21,364,998</u>	<u>10,564,757</u>
Fair value of the investment made	<u>21,931,378</u>	<u>10,785,187</u>
Percentage of the investment made	<u>18.06%</u>	<u>12.84%</u>

**19.2.2** The breakup of investment is as follows:

	2016		2015	
	(Rupees)	%	(Rupees)	%
Treasury bills	9,969,800	45.46	9,096,000	84.34
Mutual funds	1,891,210	8.62	1,689,187	15.66
Term deposit certificate	10,070,368	45.92	-	-
	<u>21,931,378</u>	<u>100</u>	<u>10,785,187</u>	<u>100</u>

**19.2.3** Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2016 ----- Rupees	2015 -----
<b>20. SHORT TERM BORROWINGS – secured</b>			
Running finance - conventional banks	20.1	<u>473,987,576</u>	<u>299,538,538</u>

**20.1** As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 475,000,000 (2015: Rs. 400,000,000). These facilities are secured by way of pari passu charge and first hypothecation charge on all current assets of the Company and carry mark-up rates ranging from 3 months KIBOR + 1.25% to 2.25% (June 30, 2015: 3 months KIBOR + 1.25%). The facilities will mature latest by February 2017.

**21. CONTINGENCIES AND COMMITMENTS****21.1 Contingencies**

During the year ended June 30, 2015, the Additional Commissioner Inland Revenue has initiated audit for the tax years 2008 to 2013 and raised a demand of Rs. 80,917,889 in respect of non-withholding of tax on agency commission by the Company for the tax year 2008. The Company is currently contesting the said order before the appellate forum and the Honorable High Court of Sindh. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly, no provision has been made in this respect in these financial statements.

**21.2 Commitments**

Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC, related parties as at June 30, 2016 amounted to Rs. 440,996,900 (2015: Rs. 207,497,500) and Rs. 45,728,172 (2015: Nil) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2016 amounted to Rs. 48,675,120 (2015: Rs. 435,464,193).

	Note	2016 ----- Rupees	2015 -----
<b>22. REVENUE – net</b>			
Advertisement revenue		<b>3,349,562,148</b>	3,293,571,315
Production revenue		<b>126,838,260</b>	117,659,210
Digital revenue		<b>34,696,082</b>	10,358,463
Subscription income		<b>189,101,171</b>	249,377,765
Film distribution revenue		<b>242,626,799</b>	50,080,343
	22.1	<b>3,942,824,460</b>	3,721,047,096
<b>22.1 Revenue is net off the following items:</b>			
Sales tax		<b>603,907,315</b>	640,802,761
Discount to customers		<b>239,155,101</b>	267,729,823
		<b>843,062,416</b>	908,532,584
<b>23. COST OF PRODUCTION</b>			
Cost of outsourced programs		<b>1,551,697,594</b>	1,409,766,551
Cost of in-house programs		<b>221,862,135</b>	349,809,738
Cost of inventory consumed		<b>514,316</b>	251,435
Salaries and benefits	23.1	<b>412,456,984</b>	316,820,625
Depreciation	6.3	<b>33,310,217</b>	25,720,604
Traveling and conveyance		<b>25,243,125</b>	20,119,308
Utilities		<b>13,130,006</b>	12,178,224
Rent, rates and taxes		<b>11,405,631</b>	7,362,299
Insurance		<b>7,048,629</b>	6,780,501
Repair and maintenance		<b>17,387,834</b>	12,556,853
Fee and subscription		<b>5,693,986</b>	14,496,260
Communication		<b>8,161,502</b>	7,436,553
Security charges		<b>1,949,035</b>	2,639,811
Amortisation	7.1	<b>3,662,625</b>	3,145,641
Consultancy		<b>4,263,210</b>	5,219,697
Printing and stationery		<b>646,471</b>	331,826
		<b>2,318,433,300</b>	2,194,635,926
In production television programs - opening		<b>92,774,464</b>	6,998,811
In production television programs - closing		<b>(80,456,290)</b>	(92,774,464)
		<b>2,330,751,474</b>	2,108,860,273
Released / unreleased programs - opening		<b>863,517,050</b>	546,273,508
Released / unreleased programs - closing		<b>(880,608,495)</b>	(863,517,050)
		<b>2,313,660,029</b>	1,791,616,731

**23.1** Include Rs. 12,632,615 (2015: Rs. 10,796,816) in respect of staff retirement benefits.

	Note	2016 ----- Rupees -----	2015 -----
<b>24. DISTRIBUTION COSTS</b>			
Advertisement and promotion		<b>241,459,068</b>	284,223,621
Salaries and benefits	24.1	<b>124,904,759</b>	138,553,646
Traveling and conveyance		<b>11,764,007</b>	14,962,478
Rent, rates and taxes		<b>5,017,058</b>	3,246,758
Utilities		<b>2,836,398</b>	3,133,310
Depreciation	6.3	<b>4,817,244</b>	6,150,094
Communication		<b>3,434,890</b>	4,636,401
Insurance		<b>2,670,781</b>	1,823,874
Repair and maintenance		<b>3,515,520</b>	3,083,498
Fees and subscription		<b>1,607,228</b>	1,783,951
Security charges		<b>1,342,220</b>	747,673
Printing and stationery		<b>849,936</b>	796,613
Ijarah rental		<b>54,175</b>	650,100
		<b>404,273,284</b>	463,792,017

**24.1** Include Rs. 5,250,690 (2015: Rs. 5,531,511) in respect of staff retirement benefits.

## 25. ADMINISTRATIVE EXPENSES

Salaries and benefits	25.1	<b>258,637,374</b>	271,189,390
Technical advisory fee	25.2	<b>36,000,000</b>	34,933,333
Depreciation	6.3	<b>31,726,583</b>	20,273,540
Amortisation	7.1	<b>1,406,742</b>	448,918
Repair and maintenance		<b>15,052,843</b>	10,079,478
Communication		<b>4,386,538</b>	3,494,029
Traveling and conveyance		<b>19,401,002</b>	15,991,020
Fee and subscription		<b>7,005,007</b>	5,748,597
Utilities		<b>6,616,820</b>	6,646,413
Legal and professional charges		<b>12,202,634</b>	19,347,749
Printing, stationery and periodicals		<b>3,999,152</b>	3,977,595
Rent, rates and taxes		<b>28,542,254</b>	11,612,187
Insurance		<b>3,861,143</b>	2,749,030
Auditors' remuneration	25.3	<b>3,884,496</b>	4,874,836
Ijarah rentals		<b>390,842</b>	928,444
Security charges		<b>1,834,971</b>	600,768
Donations	25.4	<b>631,000</b>	150,000
		<b>435,579,401</b>	413,045,327

**25.1** Include Rs. 4,221,597 (2015: Rs. 2,769,124) in respect of staff retirement benefits.

**25.2** Represents fee paid to a Director for technical advisory services rendered in terms of the technical advisory agreement duly approved by the Board of Directors of the Company.

### 25.3 Auditors' remuneration

Audit fee	<b>850,000</b>	770,000
Fee for consolidated financial statements	<b>300,000</b>	275,000
Fee for half yearly review	<b>300,000</b>	275,000
Tax and other services	<b>2,148,506</b>	3,278,686
Out of pocket expenses	<b>285,990</b>	276,150
	<b>3,884,496</b>	4,874,836

**25.4** Recipients of donations do not include any donee in which a director or his spouse had any interest.

	Note	2016 ----- Rupees	2015 -----
<b>26. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposit accounts – conventional banks		2,819,470	6,021,967
Exchange gain		-	1,397,707
		<u>2,819,470</u>	<u>7,419,674</u>
<b>Income from non financial assets</b>			
Gain on disposal of operating fixed assets		412,732	6,649,141
Sale of magazines and DVDs		74,968,369	88,275,550
Liabilities no longer payable written back		45,063,825	12,612,148
Others		-	2,025,624
		<u>120,444,926</u>	<u>109,562,463</u>
		<u>123,264,396</u>	<u>116,982,137</u>
<b>27. FINANCE COSTS</b>			
Mark-up on short term borrowings		33,195,669	19,794,738
Finance lease charges		4,982,812	1,781,459
Bank charges		1,841,826	1,955,309
		<u>40,020,307</u>	<u>23,531,506</u>
<b>28. OTHER EXPENSES</b>			
Worker's welfare fund		-	21,380,986
Loss on sale and lease back transaction		-	7,791,746
Exchange loss		12,852,677	-
	28.1	<u>12,852,677</u>	<u>29,172,732</u>
<b>28.1</b> Represents exchange loss arising on revaluation of foreign currency assets and liabilities and on transactions in foreign currencies.			
<b>29. TAXATION</b>			
Current		282,582,829	332,794,472
Prior		-	(1,097,121)
		<u>282,582,829</u>	<u>331,697,351</u>
Deferred		(46,281,464)	(46,279,219)
		<u>236,301,365</u>	<u>285,418,132</u>
<b>29.1 Reconciliation between tax expense and accounting profit</b>			
Accounting profit before taxation		<u>773,237,291</u>	<u>1,032,669,083</u>
Tax at applicable rate of 32% (2015: 33%)		247,435,933	340,780,797
Tax effects of:			
- amounts not taxable for tax purposes		(41,242,052)	(41,329,470)
- income exempt from tax		(10,551,599)	(44,366,124)
- undistributed reserves		16,958,607	-
- super tax		23,700,476	31,430,050
- prior		-	(1,097,121)
		<u>236,301,365</u>	<u>285,418,132</u>

**30. EARNINGS PER SHARE – basic and diluted**

	2016	2015
Profit after taxation	<b>Rupees 536,935,926</b>	747,250,951
Weighted average number of ordinary shares outstanding during the year	<b>945,000,000</b>	945,000,000
Earnings per share	<b>Rupee 0.57</b>	0.79
	<b>2016</b>	<b>2015</b>
	<b>----- Rupees -----</b>	<b>-----</b>

**31. CASH GENERATED FROM OPERATIONS**

Profit before taxation	<b>773,237,291</b>	1,032,669,083
<b>Adjustments for :</b>		
Depreciation	<b>69,854,044</b>	52,144,238
Amortisation	<b>5,069,367</b>	3,594,559
Finance costs	<b>40,020,307</b>	23,531,506
Exchange loss / (gain)	<b>12,852,677</b>	(1,397,707)
Profit on deposit accounts	<b>(2,819,470)</b>	(6,021,967)
Gain on disposal of operating fixed assets	<b>(412,732)</b>	(6,649,141)
Loss on sale and lease back transaction	<b>-</b>	7,791,746
Workers' welfare fund	<b>-</b>	21,380,986
	<b>124,564,193</b>	94,374,220
<b>(Increase) / decrease in current assets</b>		
Inventories	<b>2,253,153</b>	1,477,018
Television program costs	<b>35,645,800</b>	(216,602,416)
Trade debts	<b>(458,394,585)</b>	(255,765,146)
Advances	<b>100,119,879</b>	(95,173,034)
Deposits and prepayments	<b>1,779,318</b>	(8,655,385)
Other receivables	<b>10,662,003</b>	(28,774,742)
	<b>(307,934,432)</b>	(603,493,705)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>(50,246,083)</b>	86,738,383
	<b>539,620,969</b>	610,287,981

**32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2016				2015			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
	<b>----- Rupees -----</b>							
Managerial remuneration	<b>34,068,796</b>	-	<b>2,000,000</b>	<b>192,682,253</b>	31,089,803	-	2,000,000	159,805,677
Bonus	<b>47,664,096</b>	<b>47,664,096</b>	-	<b>9,760,338</b>	85,259,577	58,062,132	-	22,372,894
Retirement benefits	-	-	-	<b>14,516,754</b>	-	-	-	11,796,972
House rent	<b>12,193,548</b>	-	-	<b>74,767,560</b>	10,712,903	-	-	60,406,813
Utilities	<b>2,709,676</b>	-	-	<b>16,615,019</b>	2,380,645	-	-	13,423,737
Technical advisory fee	-	<b>36,000,000</b>	-	-	-	34,933,333	-	-
Fuel and conveyance	<b>142,502</b>	<b>700,980</b>	-	<b>9,556,972</b>	274,600	1,131,428	-	10,082,790
	<b>96,778,618</b>	<b>84,365,076</b>	<b>2,000,000</b>	<b>317,898,896</b>	129,717,528	94,126,893	2,000,000	277,888,883
Number 1	<b>1</b>	<b>1</b>	<b>1</b>	<b>112</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>116</b>

**32.1** The Chief Executive, Directors and certain Executives are also provided with free use of Company maintained cars in accordance with the Company's policy.

**32.2** Aggregate amount charged for fee to five non-executive directors was Rs. 540,000/- (2015: Rs. 500,000/-).

**33. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise subsidiaries, associates, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2016 ----- Rupees -----	2015 -----
<b>Subsidiaries</b>		
Subscription income	<u>135,746,250</u>	124,390,000
Management fee	<u>2,215,372</u>	2,025,624
Investments made during the year	<u>82,841,937</u>	19,999,970
Receipts / (payments) during the year - net	<u>23,968,968</u>	(67,354,709)
<b>Associates</b>		
Purchase of television programs	<u>565,610,491</u>	302,831,610
Receipts during the year	<u>68,372,218</u>	-
<b>Retirement fund</b>		
Contribution to provident fund	<u>22,104,902</u>	19,097,451

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The main risks arising from the Company's financial instruments are capital risk, credit risk, liquidity risk, foreign currency risk and interest risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

**34.1 Capital risk**

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

**34.2 Credit risk**

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.

**Credit quality of financial assets**

The credit quality of financial assets can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2016 ----- Rupees -----	2015 -----
<b>Trade debts</b>		
Customers with no defaults in the past one year	<u>1,482,438,054</u>	1,036,543,895
Customers with some defaults in past one year	<u>26,412,547</u>	26,412,547
	<u>1,508,850,601</u>	1,062,956,442

**Bank balances**A1+  
A1

2016	2015
Rupees	
12,146,993	13,794,638
-	421
<b>12,146,993</b>	<b>13,795,059</b>

**34.3 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities as at the following reporting dates:

2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rupees				
Liabilities against assets subject to finance lease	-	5,574,768	21,491,809	23,097,780	50,164,357
Trade and other payables	46,145,040	267,205,859	250,902,666	-	564,253,565
Short term borrowings	-	-	473,987,576	-	473,987,576
Accrued mark-up	8,764,103	-	-	-	8,764,103
	<b>54,909,143</b>	<b>272,780,627</b>	<b>746,382,051</b>	<b>23,097,780</b>	<b>1,097,169,601</b>
	Rupees				
2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rupees				
Liabilities against assets subject to finance lease	-	4,485,637	14,178,381	39,939,206	58,603,224
Trade and other payables	46,078,288	266,130,732	305,322,119	-	617,531,139
Short term borrowings	-	-	299,538,538	-	299,538,538
Accrued mark-up	6,088,472	-	-	-	6,088,472
	<b>52,166,760</b>	<b>270,616,369</b>	<b>619,039,038</b>	<b>39,939,206</b>	<b>981,761,373</b>

**34.4 Foreign currency risk**

Foreign currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company's exposure to foreign currency risk is as follows:

	2016		2015	
	US Dollar	GBP	US Dollar	GBP
Trade debts	1,274,929	824,262	596,432	386,025
Other receivables	50,347	-	19,733	-
Trade and other payables	(67,764)	-	(135,530)	-
The following significant exchange rates have been applied at the reporting dates:				
	Rupees		Rupees	
Closing exchange rates	<b>104.93</b>	<b>140.35</b>	102.65	159.59

**Sensitivity analysis:**

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and GBP exchange rate, with all other variables held constant, of the Company's profit before taxation:

	Change in US dollar rate (%)	Effect on profit before tax -- Rupees --	Change in GBP rate (%)	Effect on profit before tax -- Rupees --
<b>June 30, 2016</b>	<b>+10</b>	<b>13,194,445</b>	<b>+10</b>	<b>11,568,517</b>
	<b>-10</b>	<b>(13,194,445)</b>	<b>-10</b>	<b>(11,568,517)</b>
<b>June 30, 2015</b>	<b>+10</b>	<b>4,933,718</b>	<b>+10</b>	<b>6,160,573</b>
	<b>-10</b>	<b>(4,933,718)</b>	<b>-10</b>	<b>(6,160,573)</b>

**34.5 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from finance lease obligations, short term borrowings and bank balances. The Company manages these risks through risk management strategies.

**Sensitivity analysis:**

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before taxation:

	Increase / decrease in basis points	Effect on profit before taxation Rupees
<b>June 30, 2016</b>	<b>+100</b>	<b>(5,241,519)</b>
	<b>-100</b>	<b>5,241,519</b>
<b>June 30, 2015</b>	<b>+100</b>	<b>(2,655,065)</b>
	<b>-100</b>	<b>2,655,065</b>

**34.6 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The estimated fair value of all financial assets and liabilities is considered not significantly different from book value.

**35. DATE OF AUTHORIZATION**

These financial statements have been authorised for issue on September 22, 2016 by the Board of Directors of the Company.


**36. GENERAL**

**36.1** The number of employees as at June 30, 2016 was 443 (2015: 479) and average number of employees during the year was 413 (2015: 499).

**36.2** Figures have been rounded off to the nearest Rupee.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

# **CONSOLIDATED FINANCIAL STATEMENTS**

# REPORT OF THE DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS

On behalf of the Board of Directors, I am pleased to submit the Annual Consolidated Financial Statements along with the Auditor's Report thereon for the year ended June 30, 2016.

The Group consists of one wholly owned local subsidiary Skyline Publications (Private) Limited and three wholly owned foreign subsidiaries in US, UK and UAE namely HUM TV Inc., Hum Network UK Limited and HUM Network FZ-LLC respectively.

The group recorded profit after tax of Rs. 487 M for the financial year ended 2016. During 2016, the Group's revenue has increased by Rs. 378 M as compared to last year, and we expect it to improve further in the coming years. The results translate into earning per share of Re. 0.51.

During the year, HUM Network FZ-LLC started its operations. This will augment earnings and enable the Group to enhance its share in the international market and establish relations with advertisers, as well as to develop media materials and content targeted for the said audience.

The Directors' Report on HUM Network Limited for the year ended June 30, 2016 has been separately presented in the annual report

For and on behalf of the Board of Directors



Duraid Qureshi  
Chief Executive

**Date:** September 22, 2016

**Place:** Karachi

## مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں مالیاتی سال ۲۰۱۶ء کے لئے سالانہ مجموعی مالیاتی حسابات بمع آڈیٹرز رپورٹ پیش کر رہا ہوں۔


یہ گروپ ایک مکمل مالکانہ حقوق اسکاٹی لائن پبلیکیشن (پرائیویٹ) لمیٹڈ اور بیرون ملک الحاق شدہ جس میں یو ایس، یو کے اور یو اے ای شامل ہیں جہاں پر نیٹ ورک بنام ہم ٹی وی انکارپوریشن، ہم نیٹ ورک یو کے لمیٹڈ اور ہم نیٹ ورک ایف ڈی۔ ایل ایل سی ہیں۔

مالیاتی سال ۲۰۱۶ء کے آخر میں گروپ میں بعد از ٹیکس منافع ۲۸ ملین پاکستانی روپے حاصل کیا ہے۔ ۲۰۱۶ء کے دوران گروپ کی آمدنی میں ۳۷۸ ملین پاکستانی روپے کا اضافہ ہوا ہے جس کا موازنہ گزشتہ سال سے کیا جاسکتا ہے۔ ہمیں امید ہے کہ آنے والے سال میں اس میں مزید بہتری پیدا ہوگی۔ یہ نتائج آمدنی ۵۱۔۰ پیسہ فی شیئر کے تحت ترتیب دی گئی ہے۔

سال کے دوران ہم نیٹ ورک ایف ڈی۔ ایل ایل سی نے اپنا آپریشن شروع کیا ہے جس کی وجہ سے گروپ کی آمدنی اور عالمی مارکیٹ میں اسکے شیئر میں اضافہ ہوگا اور ایڈورٹائزر کے ساتھ بہترین تعلقات قائم ہونگے اس کے علاوہ اپنے ہدف کے تحت اپنا کاروبار سرانجام دیں گے۔

ہم نیٹ ورک لمیٹڈ پر مالیاتی سال ۲۰۱۶ء کی ڈائریکٹر رپورٹ سالانہ رپورٹ میں علیحدہ سے پیش کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



درید قریشی

چیف ایگزیکٹو

مورخہ ۲۲ ستمبر ۲۰۱۶ء

کراچی

## AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of HUM Network Limited (the Holding Company) and its subsidiary companies (together referred to as Group) as at 30 June 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of subsidiary companies namely HUM TV, Inc. and Skyline Publications (Private) Limited, were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. The financial statements of the subsidiary companies, namely HUM Network UK Ltd and Hum Network FZ LLC are unaudited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

As referred to in the first paragraph of the report, the financial statements of the subsidiaries, namely HUM Network UK Ltd and Hum Network FZ LLC are unaudited. Hence, total assets of Rs. 261,332,369/- and net loss of Rs. 27,604,146/- pertaining to the aforesaid subsidiaries have been incorporated in the consolidated financial statements based on the unaudited financial statements of the subsidiary companies.

In our opinion, except for the possible effects of the matter described in the preceding paragraph, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2016 and the results of their operations for the year then ended.

**Date:** September 22, 2016  
**Place:** Karachi

**Sd/-**  
EY Ford Rhodes  
Chartered Accountants  
Audit Engagement Partner: Khurram Jameel


# CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 ----- Rupees	2015 -----
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	269,132,578	264,079,326
Intangible assets	7	58,144,964	47,951,207
Long term deposits	8	51,684,160	31,575,692
Television program costs	9	475,255,121	434,836,050
Deferred tax asset	10	94,782,461	47,583,838
		<b>948,999,284</b>	826,026,113
<b>CURRENT ASSETS</b>			
Inventories		2,225,966	4,479,117
Current portion of television program costs	9	485,809,664	521,455,464
Trade debts	11	1,530,579,492	1,099,372,556
Advances	12	186,571,745	240,649,168
Trade deposits and short-term prepayments	13	43,278,543	34,806,311
Other receivables	14	18,490,488	31,367,863
Cash and bank balances	15	50,367,783	26,450,936
		<b>2,317,323,681</b>	1,958,581,415
<b>TOTAL ASSETS</b>		<b>3,266,322,965</b>	2,784,607,528
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 1,500,000,000 (2015: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	16	945,000,000	945,000,000
Reserves		992,992,037	671,233,709
		<b>1,937,992,037</b>	1,616,233,709
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	17	27,066,577	39,939,206
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	699,298,498	700,541,805
Accrued mark-up		8,764,103	6,088,472
Short term borrowings	19	473,987,576	299,538,538
Unclaimed dividend		5,955,603	5,156,923
Taxation – net		90,160,791	98,444,857
Current portion of liabilities against assets subject to finance lease	17	23,097,780	18,664,018
		<b>1,301,264,351</b>	1,128,434,613
<b>CONTINGENCIES AND COMMITMENTS</b>	20		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,266,322,965</b>	2,784,607,528

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

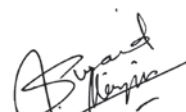
# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- Rupees	2015 -----
Revenue	21	4,229,262,636	3,851,077,386
Cost of production	22	(2,425,163,065)	(1,803,228,927)
Transmission cost		(234,793,351)	(158,170,761)
		<b>(2,659,956,416)</b>	<b>(1,961,399,688)</b>
<b>Gross profit</b>		<b>1,569,306,220</b>	<b>1,889,677,698</b>
Distribution costs	23	(416,061,314)	(471,036,714)
Administrative expenses	24	(498,576,111)	(447,649,525)
Other income	25	120,414,176	116,942,301
Finance costs	26	(40,202,997)	(23,665,532)
Other expenses	27	(12,852,677)	(29,172,732)
<b>Profit before taxation</b>		<b>722,027,297</b>	<b>1,035,095,496</b>
Taxation	28	(235,417,127)	(301,670,202)
<b>Profit after taxation</b>		<b>486,610,170</b>	<b>733,425,294</b>
<b>Earnings per share – basic and diluted</b>	29	<b>0.51</b>	<b>0.78</b>

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016 ----- Rupees	2015 -----
Profit after taxation	486,610,170	733,425,294
<b>Other comprehensive income</b>		
<b>To be reclassified to profit and loss account in subsequent periods</b>		
Effect of translation of net investment in foreign subsidiary companies	523,158	(1,848,154)
<b>Total comprehensive income for the year</b>	<b>487,133,328</b>	<b>731,577,140</b>

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

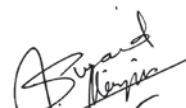
# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	30	501,319,759	589,976,334
Taxes paid		(290,899,816)	(251,873,886)
Finance costs paid		(37,527,366)	(18,519,644)
Profit received on deposit accounts		2,837,369	6,171,979
Long term deposits		(20,108,468)	(9,552,604)
Television program costs		(40,419,071)	(186,416,779)
Net cash generated from operating activities		115,202,407	129,785,400
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(78,232,982)	(152,624,127)
Addition to intangible assets		(16,366,279)	(5,758,988)
Acquisition of subsidiary		-	1,130,136
Proceeds from the disposal of operating fixed assets		1,879,850	14,886,410
Net cash used in investing activities		(92,719,411)	(142,366,569)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against assets subject to finance lease		(8,438,867)	90,569,141
Dividends paid		(164,576,320)	(471,593,912)
Net cash used in financing activities		(173,015,187)	(381,024,771)
Net decrease in cash and cash equivalents		(150,532,191)	(393,605,940)
Cash and cash equivalents at the beginning of the year		(273,087,602)	120,518,338
Cash and cash equivalents at the end of the year		(423,619,793)	(273,087,602)
<b>Cash and cash equivalents</b>			
Cash and bank balances		50,367,783	26,450,936
Short term borrowings		(473,987,576)	(299,538,538)
		(423,619,793)	(273,087,602)

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid- up capital	Foreign exchange translation reserve	Unappropri- ated profit ----- Rupees-----	Sub-total	Total
Balance as at June 30, 2014	945,000,000	(2,512,152)	414,668,721	412,156,569	1,357,156,569
Final cash dividend for the year ended June 30, 2014 @ 15%	-	-	(141,750,000)	(141,750,000)	(141,750,000)
First interim dividend for the year ended June 30, 2015 @ 17.5%	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Second interim dividend for the year ended June 30, 2015 @ 17.5%	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Net profit for the year	-	-	733,425,294	733,425,294	733,425,294
Other comprehensive income	-	(1,848,154)	-	(1,848,154)	(1,848,154)
Total comprehensive income for the year	-	(1,848,154)	733,425,294	731,577,140	731,577,140
<b>Balance as at June 30, 2015</b>	<b>945,000,000</b>	<b>(4,360,306)</b>	<b>675,594,015</b>	<b>671,233,709</b>	<b>1,616,233,709</b>
Final cash dividend for the year ended June 30, 2015 @ 17.5%	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Net profit for the year	-	-	486,610,170	486,610,170	486,610,170
Other comprehensive income	-	523,158	-	523,158	523,158
Total comprehensive income for the year	-	523,158	486,610,170	487,133,328	487,133,328
<b>Balance as at June 30, 2016</b>	<b>945,000,000</b>	<b>(3,837,148)</b>	<b>996,829,185</b>	<b>992,992,037</b>	<b>1,937,992,037</b>

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAIQ QURESHI**  
Chief Executive

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

## 1. THE GROUP AND ITS OPERATIONS

**1.1** HUM Network Limited (the Holding Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Holding Company are quoted on Pakistan Stock Exchange. The registered office of the Holding Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.

The Holding Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.

The 'Group' consists of

### Holding Company

HUM Network Limited

### Subsidiary Companies

	2016	2015
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK LTD	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	-

### 1.2 Nature of operations of subsidiaries

HUM TV, Inc., HUM Network UK LTD and HUM Network FZ LLC have been established with the purpose of providing entertainment programmes to the South Asian community by increasing presence in the United States of America (USA), Canada, UK and UAE respectively. The subsidiary companies will also serve as a platform for the Holding Company to explore avenues for greater distribution of the Holding Company brands in USA, Canada, UK and UAE and will establish relations with advertisers, as well as develop US-based media materials, such as dramas, documentaries and other entertainment shows and events.

Skyline Publication (Private) Limited is engaged in the publications of books and magazines. During the year ended June 30, 2015, Skyline Publications (Private) Limited acquired 100% equity in Newsline Publication (Private) Limited, which is engaged in publishing "Newsline" a monthly English magazine.

## 2. STATEMENT OF COMPLIANCE

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

## 3. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 New and amended standards

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following standards which became effective for the current year:

IFRS 10 – Consolidated Financial Statements  
 IFRS 11 – Joint Arrangements  
 IFRS 12 – Disclosure of Interests in Other Entities  
 IFRS 13 – Fair Value Measurement  
 IAS 27 – Equity Method in Separate Financial Statements  
 IAS 28 – Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

##### 4.2 Standards and amendments to approved accounting standards that are not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (accounting periods beginning on or after)
IFRS 2 – Share based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 7 – Financial Instruments: Disclosures – Disclosure Initiative (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	01 January 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

### 4.3 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

- The financial statements of the subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Holding Company and subsidiary companies are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.
- Non-controlling interest are the part of the results of the operations and net assets of the subsidiary companies attributable to interests which are not owned by the Group. Interest in the equity of subsidiary companies not attributable to the Holding Company is reported in the consolidated statement of changes in equity as non-controlling interest. Profit or loss attributable to non-controlling interest is reported in the consolidated profit and loss account as profit or loss attributable to non-controlling interest.

### 4.4 Fixed assets and depreciation

#### 4.4.1 Property, plant and equipment

##### Owned

Operating property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in Note 6.1. Depreciation on additions is charged from the month in which the asset is available to use and no depreciation is charged for the month in which asset was disposed off.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss account in the year the asset is derecognised.

The assets' residual values, useful lives and method of depreciation are revised, and adjusted if appropriate, at each balance sheet date.

##### Leased

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment loss, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Assets acquired under finance lease are depreciated using the same basis as for owned assets.

Income on sale and lease back arrangement is deferred and amortised over the lease term.

#### 4.4.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses and consists of expenditures incurred and advances made in respect of specific assets during the construction period. These are transferred to specific assets as and when assets are available for use.

### 4.5 Business combination and goodwill

Business combinations are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the cash paid and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognized as goodwill.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

#### 4.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit and loss account in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss account when the asset is derecognised.

#### 4.7 Television program costs

Television program costs represent unamortised cost of completed television programs and television programs in production. These costs include direct production costs, cost of inventory consumed, production overheads and are stated at the lower of cost, less accumulated amortisation and net realisable value (NRV). NRV is estimated by the management on the basis of future revenue generation capacity of the program. Acquired television program licenses and rights are recorded when the license period begins and the program is available for use. Marketing, distribution and general and administrative costs are expensed as incurred.

Television program costs and acquired television program licenses and rights are charged to expense based on the ratio of the total revenues earned till to date to gross revenues from all sources including estimated revenues less cost expensed in prior years on an individual production basis.

#### 4.8 Inventories

Raw tapes cassettes, VCDs, DVDs and other materials and supplies are valued on average cost basis and are stated at the lower of cost and NRV.

#### 4.9 Trade debts

Trade debts originated by the Group are recognised and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

#### 4.10 Loans, advances and other receivables

These are stated at cost less provision for doubtful balance, if any.

#### 4.11 Taxation

##### Current

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

##### Deferred

Deferred tax is recognised using the balance sheet liability method, on all major temporary differences arising at the balance sheet date between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

**4.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and deposit accounts and running finance under mark-up arrangements.

**4.13 Long term and short term borrowings**

These are recorded at the amount of proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued mark-up to the extent of the amount remaining unpaid.

**4.14 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

**4.15 Provisions**

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

**4.16 Revenue**

Advertisement revenue gross of agency commission is recognised when the related advertisement or commercial appears before the public i.e., telecast/published.

Production revenue is recognised when production work is completed.

Digital revenue is recognised when the campaign becomes online on the website of the company.

Subscription income arises from the monthly billing to subscribers for services provided by the Group. Revenue is recognised in the month the service is rendered.

Film distribution revenue is recognized on the receipt of related sale reports from cinemas.

Revenue from sale of magazines is recognized when magazines are delivered to customers and distributors.

Profit on bank deposits is accounted for on an accrual basis.

**4.17 Staff retirement benefits**

The Holding Company operates provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Holding Company and the employees, to the fund at the rate of 8.33% of the basic salary.

**4.18 Financial instruments**

Financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

**4.19 Off setting of financial assets and liabilities**

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Group has legally enforceable right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

**4.20 Foreign currency translations**

Foreign currency transactions are translated into Pakistani Rupees using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss account currently.

The assets and liabilities of foreign subsidiary companies are translated to Pak rupees at exchange rates prevailing at the balance sheet date. The income and expenses of foreign subsidiary companies are translated at average rate of exchange for the year. Translation gains and losses arising on the translation of net investment in foreign subsidiary companies are taken to equity under "Foreign Exchange Translation Reserve" and on disposal are recognised in the profit and loss account.

#### **4.21 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalized as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **4.22 Ijarah rentals**

Ijarah payments under an Ijarah agreement are recognized as an expense in profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit.

#### **4.23 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved.

#### **4.24 Impairment**

##### **4.24.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

##### **4.24.2 Non-financial assets**

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an 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. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

#### **4.25 Functional and presentation currency**

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

### **5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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:

#### **Property, plant and equipment and intangible assets**

The Group reviews appropriateness of the rate of depreciation / amortisation, useful life and residual value used in the calculation of depreciation / amortisation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortisation charge and impairment.

### Income taxes

In making the estimate for income tax payable by the Group, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### Trade debts

The Group reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

### Television program costs

Television program costs represent unamortised cost of completed television programs and television programs in production. In order to determine the amount to be charged to profit and loss account, the management estimates future revenues from each program. Estimates of future revenues can change significantly due to a variety of factors, including advertising rates and the level of market acceptance of the production in different geographical locations. Accordingly, revenue estimates are reviewed periodically and amortisation is adjusted, if necessary. Such adjustments could have a material effect on results of operations in future periods.

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		2016	2015
	Note	----- Rupees -----	-----
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>269,132,578</b>	244,107,428
Capital work-in-progress	6.4	-	19,971,898
		<b>269,132,578</b>	<b>264,079,326</b>

## 6.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2 0 1 5	Additions/ (deletions)	As at June 30, 2 0 1 6	As at July 01, 2 0 1 5	Charge for the year/ (deletions)	As at June 30, 2 0 1 6	as at June 30, 2 0 1 6	Rate % per annum
	-----Rupees-----							
Owned								
Leasehold land	63,257,901	-	63,257,901	11,056,958	1,327,720	12,384,678	50,873,223	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	27,464,217	3,382,088	30,846,305	2,974,574	10
Leasehold improvements	55,286,581	24,184,839	79,471,420	37,823,691	13,418,778	51,242,469	28,228,951	33
Furniture and fittings	18,140,391	810,400	18,950,791	6,744,312	1,575,103	8,319,415	10,631,376	10
Vehicles	31,969,209	2,467,241 (1,602,470)	32,833,980	19,413,291	4,429,100 (1,100,945)	22,741,446	10,092,534	33
Audio visual equipment	126,410,897	18,564,161	144,975,058	94,574,838	8,180,744	102,755,582	42,219,476	25
Uplinking equipment	43,801,076	-	43,801,076	27,604,702	3,652,417	31,257,119	12,543,957	10
Office equipment	39,745,554	19,650,774	59,396,328	27,354,922	4,929,824	32,284,746	27,111,582	15
Computers	73,070,127	19,065,475 (66,667)	92,068,935	51,727,163	14,606,247 (16,500)	66,316,910	25,752,025	33
	485,502,615	84,742,890 (1,669,137)	568,576,368	303,764,094	55,502,021 (1,117,445)	358,148,670	210,427,698	
Leased								
Vehicles	42,906,971	13,461,990 (1,014,000)	55,354,961	9,510,534	10,921,021 (98,574)	20,332,981	35,021,980	33
Audio visual equipment	19,440,000	-	19,440,000	55,080	4,420,170	4,475,250	14,964,750	25
Uplinking equipment	9,660,000	-	9,660,000	72,450	869,400	941,850	8,718,150	10
	72,006,971	13,461,990 (1,014,000)	84,454,961	9,638,064	16,210,591 (98,574)	25,750,081	58,704,880	
2 0 1 6	557,509,586	98,204,880 (2,683,137)	653,031,329	313,402,158	71,712,612 (1,216,019)	383,898,751	269,132,578	
	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2 0 1 4	Additions/ (deletions)	As at June 30, 2 0 1 5	As at July 01, 2 0 1 4	Charge for the year/ (deletions)	As at June 30, 2 0 1 5	as at June 30, 2 0 1 5	Rate % per annum
	-----Rupees-----							
Owned								
Leasehold land	63,257,901	-	63,257,901	9,729,237	1,327,721	11,056,958	52,200,943	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	24,082,129	3,382,088	27,464,217	6,356,662	10
Leasehold improvements	42,970,322	19,392,440 (7,076,181)	55,286,581	37,134,081	5,542,945 (4,853,335)	37,823,691	17,462,890	33
Furniture and fittings	18,457,637	554,661 (871,907)	18,140,391	5,274,515	1,697,203 (227,406)	6,744,312	11,396,079	10
Vehicles	32,657,357	14,969,972 **2,302,500 (7,152,200)	31,969,209	17,045,787	7,722,691 **86,602 (3,786,085)	19,413,291	12,555,918	33
Audio visual equipment	119,921,634	28,897,538 *(10,808,420) (789,769)	126,410,897	87,712,357	8,989,028 *(1,655,704) (381,709)	94,574,838	31,836,059	25
Uplinking equipment	62,203,457	*(21,618,506) *(18,402,381)	43,801,076	25,452,260	*(1,744,838) *(3,312,429)	27,604,702	16,196,374	10
Office equipment	38,396,915	5,785,873 (4,437,234)	39,745,554	26,358,750	4,202,800 (3,206,628)	27,354,922	12,390,632	15
Computers	59,343,531	17,952,278 (4,225,682)	73,070,127	45,418,265	10,169,439 (3,860,541)	51,727,163	21,342,964	33
	471,029,633	87,552,762 **2,302,500 (24,552,973) *(50,829,307)	485,502,615	278,207,381	48,498,786 **86,602 (16,315,704) *(6,712,971)	303,764,094	181,738,521	
Leased								
Vehicles	10,096,671	27,942,800 **7,170,000 ***(2,302,500)	42,906,971	3,910,555	5,686,581 ***(86,602)	9,510,534	33,396,437	33
Audio visual equipment	-	*19,440,000	19,440,000	-	55,080	55,080	19,384,920	25
Uplinking equipment	-	*9,660,000	9,660,000	-	72,450	72,450	9,587,550	10
	10,096,671	27,942,800 *36,270,000 ***(2,302,500)	72,006,971	3,910,555	5,814,111 ***(86,602)	9,638,064	62,368,907	
2 0 1 5	481,126,304	115,495,562 (24,552,973) *(14,559,307)	557,509,586	282,117,936	54,312,897 (16,315,704) *(6,712,971)	313,402,158	244,107,428	

\* Represent assets transferred from owned to leased asset on account of sale and lease back transaction.

\*\* Represents asset transferred from leased to owned asset.

## 6.2 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain	Mode of disposal	Particulars of buyer
	Rupees						
Honda Civic	1,602,470	1,100,945	501,525	893,850	392,325	Tender	Nusrat Iqbal, Karachi
Laptop	66,667	16,500	50,167	52,000	1,833	Policy	Mr. Syed Ali Naqvi - employee
Suzuki Wagon - R	1,014,000	98,574	915,426	934,000	18,574	Negotiation	Suzuki South, Karachi
<b>2016</b>	<b>2,683,137</b>	<b>1,216,019</b>	<b>1,467,118</b>	<b>1,879,850</b>	<b>412,732</b>		
<b>2015</b>	<b>24,552,973</b>	<b>16,315,704</b>	<b>8,237,269</b>	<b>14,886,410</b>	<b>6,649,141</b>		

## 6.3 Depreciation for the year has been allocated as follows:

	Note	2016 Rupees	2015 Rupees
Cost of production	22	33,866,265	26,105,511
Distribution costs	23	4,825,328	6,158,746
Administrative expenses	24	33,021,019	22,048,640
		<b>71,712,612</b>	<b>54,312,897</b>

## 6.4 Capital work in progress

Opening balance	19,971,898	17,057,686
Additions during the year	1,185,044	20,505,237
Transfers to operating fixed assets	(21,156,942)	(17,591,025)
Closing balance	-	19,971,898

## 7. INTANGIBLE ASSETS

Description	Cost			Accumulated amortization			Book value	Amortisation rate % per annum
	As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	as at June 30, 2016	
	Rupees							
Goodwill	13,136,600	*31,160	13,167,760	-	-	-	13,167,760	
Computer softwares	16,682,402	11,285,119	27,967,521	12,394,489	2,141,792	14,536,281	13,431,240	20 - 33
License fee	31,882,673	-	31,882,673	7,846,073	1,691,430	9,537,503	22,345,170	6.67
Trade Mark	9,271,500	5,050,000	14,321,500	2,781,406	2,339,300	5,120,706	9,200,794	20
<b>2016</b>	<b>70,973,175</b>	<b>16,366,279</b>	<b>87,339,454</b>	<b>23,021,968</b>	<b>6,172,522</b>	<b>29,194,490</b>	<b>58,144,964</b>	

\* Represent gain on revaluation of goodwill.

Description	Cost			Accumulated amortization			Book value	Amortisation rate % per annum
	As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014	For the year	As at June 30, 2015	as at June 30, 2015	
	Rupees							
Goodwill	1,288,013	*11,848,587	13,136,600	-	-	-	13,136,600	
Computer softwares	16,260,948	421,454	16,682,402	10,168,643	2,225,846	12,394,489	4,287,913	20 - 33
License fee	31,882,673	-	31,882,673	6,484,197	1,361,876	7,846,073	24,036,600	6.67
Trade Mark	3,872,500	5,399,000	9,271,500	1,741,173	1,040,233	2,781,406	6,490,094	20
<b>2015</b>	<b>53,304,134</b>	<b>17,669,041</b>	<b>70,973,175</b>	<b>18,394,013</b>	<b>4,627,955</b>	<b>23,021,968</b>	<b>47,951,207</b>	

\* Represent goodwill arise on the acquisition of Newsline Publications (Private) Limited by Skyline Publication (Private) Limited.

	Note	2016 ----- Rupees	2015 -----
<b>7.1 Amortisation for the year has been allocated as follows:</b>			
Cost of production	22	<b>3,774,700</b>	3,157,523
Distribution cost	23	<b>495,540</b>	510,757
Administrative expenses	24	<b>1,902,282</b>	959,675
		<b>6,172,522</b>	4,627,955
<b>8. LONG TERM DEPOSITS</b>			
Security deposits			
- Lease		<b>7,687,450</b>	6,715,650
- Rent		<b>2,388,540</b>	2,700,214
- Trade		<b>41,046,248</b>	21,193,890
- Others		<b>561,922</b>	965,938
	8.1	<b>51,684,160</b>	31,575,692
<b>8.1</b> Represent interest free deposits.			
<b>9. TELEVISION PROGRAM COSTS</b>			
Unreleased / released less amortisation In production		<b>880,608,495</b> <b>80,456,290</b>	863,517,050 92,774,464
		<b>961,064,785</b>	956,291,514
Less: Current portion		<b>485,809,664</b>	521,455,464
		<b>475,255,121</b>	434,836,050
<b>10. DEFERRED TAX</b>			
<b>Deductible temporary differences</b>			
Provisions		<b>8,187,890</b>	8,452,015
Subscription income		<b>91,341,890</b>	49,840,237
		<b>99,529,780</b>	58,292,252
<b>Taxable temporary differences</b>			
Accelerated tax depreciation / amortisation allowances		<b>(2,079,329)</b>	(9,482,309)
Finance lease		<b>(2,667,990)</b>	(1,226,105)
		<b>(4,747,319)</b>	(10,708,414)
		<b>94,782,461</b>	47,583,838
<b>11. TRADE DEBTS – unsecured</b>			
Considered good		<b>1,530,579,492</b>	1,099,372,556
Considered doubtful		<b>32,418,948</b>	26,557,297
		<b>1,562,998,440</b>	1,125,929,853
Less: Provision for doubtful debts	11.1	<b>32,418,948</b>	26,557,297
		<b>1,530,579,492</b>	1,099,372,556
<b>11.1</b> The movement in provision for doubtful debts is as follows:			
Balance as at the beginning of the year		<b>26,557,297</b>	26,412,547
Charge for the year	24	<b>5,861,651</b>	144,750
Balance as at the end of the year		<b>32,418,948</b>	26,557,297

	Note	2016 ----- Rupees	2015 -----
<b>11.2 The aging of trade debts as at June 30 is as follows:</b>			
Neither past due nor impaired		934,692,338	741,151,363
Past due but not impaired			
- 60 to 90 days		263,749,280	246,065,892
- over 90 days		332,137,874	112,155,301
		<u>1,530,579,492</u>	<u>1,099,372,556</u>
<b>12. ADVANCES - unsecured, considered good</b>			
Interest free advances to:			
- Producers		115,359,395	210,780,891
- Suppliers		69,086,893	21,759,826
- Employees against salary		1,956,497	7,847,699
- Executives against salary		168,960	260,752
		<u>186,571,745</u>	<u>240,649,168</u>
<b>13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Deposits			
- Rent		514,500	5,514,500
- Trade		6,504,058	4,361,127
- Others		10,250,747	2,050,474
	13.1	<u>17,269,305</u>	<u>11,926,101</u>
Prepayments			
- Insurance		6,013,775	4,746,456
- Rent		2,089,000	1,646,302
- Others		17,906,463	16,487,452
		<u>26,009,238</u>	<u>22,880,210</u>
		<u>43,278,543</u>	<u>34,806,311</u>
<b>13.1 Represent interest free deposits.</b>			
<b>14. OTHER RECEIVABLES – considered good</b>			
Receivable in respect of sale of DVDs		1,142,537	4,618,745
Sales tax receivable		17,347,951	24,120,862
Others		-	2,628,256
	14.1	<u>18,490,488</u>	<u>31,367,863</u>
<b>14.1 Represent interest free receivables.</b>			
<b>15. CASH AND BANK BALANCES</b>			
Cash in hand		113,417	79,873
Cash at banks – conventional banks			
- in current accounts		41,679,050	17,939,649
- in deposit accounts	15.1	8,575,316	8,431,454
		<u>50,254,366</u>	<u>26,371,103</u>
		<u>50,367,783</u>	<u>26,450,936</u>

**15.1** These carry profit at the rates ranging from 5.25% to 5.5% (2015: 6.5% to 8.5%) per annum.

**16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2016	2015		2016	2015
			-----	-----
		Ordinary shares of Rs. 10/- each		Rupees
500,000,000	500,000,000	Fully paid in cash	500,000,000	500,000,000
445,000,000	444,500,000	Issued as fully paid bonus shares	445,000,000	445,000,000
<u>945,000,000</u>	<u>945,500,000</u>		<u>945,000,000</u>	<u>945,000,000</u>

**17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	2016	2015		
	Minimum	Minimum		
	Lease	Present		
	Payment	value	Lease	Present
			Payment	Value
	----- Rupees -----			
Not later than one year	27,155,945	23,097,780	23,035,706	18,664,018
Later than one year and not later than five years	27,380,984	27,066,577	43,136,192	39,939,206
Total minimum lease payments	54,536,929	50,164,357	66,171,898	58,603,224
Less: Financial charges allocated to future periods	4,372,572	-	7,568,674	-
Present value of minimum lease payments	50,164,357	50,164,357	58,603,224	58,603,224
Less: Current portion shown under current liabilities	23,097,780	23,097,780	18,664,018	18,664,018
	<u>27,066,577</u>	<u>27,066,577</u>	<u>39,939,206</u>	<u>39,939,206</u>

**17.1** Represent finance leases entered into by the Holding Company with commercial banks for vehicles, audio visual equipment and up-linking equipment. Total lease rentals due under various lease agreements amount to Rs. 54,536,929 (2015: Rs. 66,171,898) and are payable in monthly installments latest by 2018. Overdue rental payments are subject to an additional charge of 0.1 percent per day for the number of days the rentals remain overdue. Taxes, repairs, replacement and insurance costs are to be borne by the Company. In case of termination of agreement, the Holding Company has to pay the entire rent for the unexpired period. These carry interest rate of 6 months KIBOR plus 2 to 3 (2015: 6 months KIBOR plus 2 to 3) percent per annum.

**18. TRADE AND OTHER PAYABLES**

	Note	2016	2015
		-----	-----
		Rupees	
Creditors	18.1	411,421,929	379,281,118
Accrued liabilities		209,653,939	262,109,846
Withholding tax payable		34,656,873	10,038,069
Advances from customers		14,060,831	9,722,086
Payable to provident fund	18.2	4,491,706	3,780,104
Workers' welfare fund		-	21,235,062
Others		25,013,220	14,375,520
		<u>699,298,498</u>	<u>700,541,805</u>

**18.1** Include Rs. 74,639,850 (2015: Nil) payable to M.D Production (Private) Limited, a related party.

	2016	2015
	-----	-----
	Rupees	
	(Un-audited)	(Un-audited)
<b>18.2 Payable to provident fund</b>	<b>4,491,706</b>	<b>3,780,104</b>
<b>18.2.1 General disclosures</b>		
Size of the fund	121,415,579	83,967,236
Cost of the investment made	21,364,998	10,564,757
Fair value of the investment made	21,931,378	10,785,187
Percentage of the investment made	18.06%	12.84%

**18.2.2** The breakup of investment is as follows:

	2016		2015	
	(Rupees)	%	(Rupees)	%
Treasury bills	9,969,800	45.46	9,096,000	84.34
Mutual funds	1,891,210	8.62	1,689,187	15.66
Term deposit certificate	10,070,368	45.92	-	-
	<b>21,931,378</b>	<b>100</b>	<b>10,785,187</b>	<b>100</b>

**18.2.3** Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2016 ----- Rupees	2015 -----
<b>19. SHORT TERM BORROWINGS – secured</b>			
Running finance - conventional banks	19.1	<b>473,987,576</b>	299,538,538

19.1 As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 475,000,000 (2015: Rs. 400,000,000). These facilities are secured by way of pari passu charge and first hypothecation charge on all current assets of the Holding Company and carry mark-up rates ranging from 3 months KIBOR + 1.25% to 2.25% (June 30, 2015: 3 months KIBOR + 1.25%). The facilities will mature latest by February 2017.

**20. CONTINGENCIES AND COMMITMENTS****20.1 Contingencies**

During the year ended June 30, 2015, the Additional Commissioner Inland Revenue has initiated audit for the tax years 2008 to 2013 and raised a demand of Rs. 80,917,889 in respect of non-withholding of tax on agency commission by the Holding Company for the tax year 2008. The Holding Company is currently contesting the said order before the appellate forum and the Honorable High Court of Sindh. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Holding Company and accordingly, no provision has been made in this respect in these financial statements.

**20.2 Commitments**

Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC, related parties as at June 30, 2016 amounted to Rs. 440,996,900 (2015: Rs. 207,497,500) and Rs. 45,728,172 (2015: Nil) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2016 amounted to Rs. 48,675,120 (2015: Rs. 435,464,193).

	Note	2016 ----- Rupees	2015 -----
<b>21. REVENUE – net</b>			
Advertisement revenue		<b>3,771,746,574</b>	3,547,991,605
Production revenue		<b>126,838,260</b>	117,659,210
Digital revenue		<b>34,696,082</b>	10,358,463
Subscription income		<b>53,354,921</b>	124,987,765
Film distribution revenue		<b>242,626,799</b>	50,080,343
	21.1	<b>4,229,262,636</b>	3,851,077,386

**21.1 Revenue is net off the following items:**

Sales tax	<b>603,907,315</b>	640,802,761
Discount to customers	<b>239,155,101</b>	267,729,823
	<b>843,062,416</b>	908,532,584

**22. COST OF PRODUCTION**

	Note	2016 ----- Rupees -----	2015 -----
Cost of outsourced programs		<b>1,642,678,199</b>	1,409,766,551
Cost of in-house programs		<b>221,862,135</b>	349,809,738
Cost of inventory consumed		<b>4,026,736</b>	251,435
Salaries and benefits	22.1	<b>423,343,050</b>	323,356,820
Depreciation	6.3	<b>33,866,265</b>	26,105,511
Amortisation	7.1	<b>3,774,700</b>	3,157,523
Traveling and conveyance		<b>25,243,125</b>	20,119,308
Utilities		<b>13,418,047</b>	12,293,006
Rent, rates and taxes		<b>12,964,164</b>	8,160,965
Insurance		<b>7,057,901</b>	6,780,501
Repair and maintenance		<b>17,484,499</b>	12,643,148
Fee and subscription		<b>5,744,036</b>	14,597,060
Communication		<b>8,594,971</b>	7,525,402
Security charges		<b>1,949,034</b>	2,639,811
Consultancy		<b>4,263,210</b>	5,219,697
Printing and stationery		<b>3,666,264</b>	3,821,646
		<b>2,429,936,336</b>	2,206,248,122
In production television programs - opening		<b>92,774,464</b>	6,998,811
In production television programs - closing		<b>(80,456,290)</b>	(92,774,464)
		<b>2,442,254,510</b>	2,120,472,469
Released / unreleased programs - opening		<b>863,517,050</b>	546,273,508
Released / unreleased programs - closing		<b>(880,608,495)</b>	(863,517,050)
		<b>2,425,163,065</b>	1,803,228,927

**22.1** Include Rs. 12,632,615 (2015: Rs. 10,796,816) in respect of staff retirement benefits.

**23. DISTRIBUTION COSTS**

Advertisement and promotion		<b>245,715,116</b>	284,625,646
Salaries and benefits	23.1	<b>131,126,895</b>	143,807,321
Traveling and conveyance		<b>12,204,312</b>	15,323,129
Rent, rates and taxes		<b>5,017,058</b>	3,827,138
Utilities		<b>2,836,398</b>	3,133,310
Depreciation	6.3	<b>4,825,328</b>	6,158,746
Amortization	7.1	<b>495,540</b>	510,757
Communication		<b>3,484,804</b>	4,754,391
Insurance		<b>2,701,120</b>	1,834,440
Repair and maintenance		<b>3,761,697</b>	3,083,498
Fees and subscription		<b>1,607,228</b>	1,783,951
Security charges		<b>1,342,220</b>	747,674
Printing and stationery		<b>849,936</b>	796,613
Training		<b>39,487</b>	-
Operating lease rental		<b>54,175</b>	650,100
		<b>416,061,314</b>	471,036,714

**23.1** Include Rs. 5,250,690 (2015: Rs. 5,531,511) in respect of staff retirement benefits.

	Note	2016 ----- Rupees	2015 -----
<b>24. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	24.1	297,391,322	289,917,972
Technical advisory fee	24.2	36,000,000	34,933,333
Depreciation	6.3	33,021,019	22,048,640
Amortisation	7.1	1,902,282	959,675
Repair and maintenance		15,249,062	10,429,426
Communication		5,389,196	4,521,928
Traveling and conveyance		20,750,986	17,679,594
Fee and subscription		9,544,390	7,593,099
Utilities		6,838,760	6,962,518
Legal and professional charges		14,709,565	21,766,490
Printing, stationery and periodicals		4,242,663	4,148,306
Rent, rates and taxes		34,865,241	13,308,279
Insurance		4,581,596	5,145,226
Auditors' remuneration	24.3	5,305,666	6,411,077
Provision for doubtful debts	11.1	5,861,651	144,750
Operating lease rentals		390,842	928,444
Security charges		1,900,870	600,768
Donations	24.4	631,000	150,000
		<b>498,576,111</b>	<b>447,649,525</b>

**24.1** Include Rs. 4,221,597 (2015: Rs. 2,769,124) in respect of staff retirement benefits.

**24.2** Represents amount paid / payable to director of the Holding Company for technical advisory services rendered in terms of the technical advisory agreement duly approved by the Board of Directors.

	2016 ----- Rupees	2015 -----
<b>24.3 Auditors' remuneration</b>		
Audit fee	2,261,270	2,222,741
Fee for consolidated financial statements	300,000	348,500
Fee for half yearly review	300,000	2,814,931
Tax and other services	2,148,506	286,150
Out of pocket expenses	295,890	738,755
	<b>5,305,666</b>	<b>6,411,077</b>

**24.4** Recipients of donations do not include any donee in which a director or his spouse had any interest.

## 25. OTHER INCOME

Income from financial assets		
Profit on deposit accounts – conventional banks	2,837,369	6,171,979
Exchange gain	-	1,398,716
	<b>2,837,369</b>	<b>7,570,695</b>
<b>Income from non financial assets</b>		
Gain on disposal of operating fixed assets	412,732	6,649,141
Magazine, DVD sale and others	72,100,250	89,709,397
Liabilities no longer payable written back	45,063,825	13,013,068
	<b>117,576,807</b>	<b>109,371,606</b>
	<b>120,414,176</b>	<b>116,942,301</b>

	Note	2016 ----- Rupees	2015 -----
<b>26. FINANCE COSTS</b>			
Mark-up on short term borrowings		33,195,669	19,794,738
Finance lease charges		4,982,812	1,781,459
Bank charges		2,024,516	2,089,335
		<u>40,202,997</u>	<u>23,665,532</u>
<b>27. OTHER EXPENSES</b>			
<b>Workers' Welfare Fund</b>			
Worker's welfare fund		-	21,380,986
Loss on sale and lease back transaction		-	7,791,746
Exchange loss		12,852,677	-
	27.1	<u>12,852,677</u>	<u>29,172,732</u>
27.1 Represents exchange loss arising on revaluation of foreign currency assets and liabilities and on transactions in foreign currencies.			
		2016 ----- Rupees	2015 -----
<b>28. TAXATION</b>			
Current		282,498,447	349,147,200
Prior		-	(1,097,121)
		<u>282,498,447</u>	<u>348,050,079</u>
Deferred		(47,081,320)	(46,379,877)
		<u>235,417,127</u>	<u>301,670,202</u>
<b>28.1 Reconciliation between tax expense and accounting profit</b>			
Accounting profit before taxation		<u>722,027,297</u>	<u>1,035,095,496</u>
Tax at applicable rate of 32% (2015: 33%)		231,048,735	341,581,514
Tax effects of:			
- amounts not taxable for tax purposes		(25,739,092)	(25,878,117)
- income exempt from tax		(10,551,599)	(44,366,124)
- undistributed reserves		16,958,607	-
- super tax		23,700,476	31,430,050
- prior		-	(1,097,121)
		<u>235,417,127</u>	<u>301,670,202</u>
<b>29. EARNINGS PER SHARE – basic and diluted</b>			
Profit after taxation	Rupees	<u>486,610,170</u>	<u>733,425,294</u>
Weighted average number of ordinary shares outstanding during the year		<u>945,000,000</u>	<u>945,000,000</u>
Earnings per share	Rupees	<u>0.51</u>	<u>0.78</u>

**30. CASH GENERATED FROM OPERATIONS**

Profit before taxation

2016	2015
----- Rupees -----	-----
<b>722,027,297</b>	1,035,095,496

**Adjustments for :**

Depreciation  
Amortisation  
Finance costs  
Exchange difference on translation of foreign subsidiaries  
Exchange loss / (gain)  
Profit on deposit accounts  
Provision for doubtful debts  
Gain on disposals of operating fixed assets  
Loss on sale and lease back transactions  
Workers' Welfare Fund

<b>71,712,612</b>	54,312,897
<b>6,172,522</b>	4,627,955
<b>40,202,997</b>	23,665,532
<b>(523,158)</b>	(1,848,154)
<b>12,852,677</b>	(1,398,716)
<b>(2,837,369)</b>	(6,171,979)
<b>5,861,651</b>	144,750
<b>(412,732)</b>	(6,649,141)
-	7,791,746
-	21,380,986
<b>133,029,200</b>	95,855,876

**(Increase) / decrease in current assets**

Inventories  
Television program costs  
Trade debts  
Advances  
Deposits and prepayments  
Other receivables

<b>2,253,151</b>	1,477,020
<b>35,645,800</b>	(216,602,416)
<b>(449,569,013)</b>	(306,212,845)
<b>54,077,423</b>	(95,215,534)
<b>(8,472,232)</b>	(9,693,167)
<b>12,877,375</b>	(21,960,699)
<b>(353,187,496)</b>	(648,207,641)

**(Decrease) / increase in current liabilities**

Trade and other payables

<b>(549,242)</b>	107,232,603
<b>501,319,759</b>	589,976,334

**31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in the consolidated financial statements for remuneration, including all benefits to the Chief Executives, Directors and Executives are as follows:

	2016				2015			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
	----- Rupees -----							
Managerial remuneration	56,948,952	-	2,000,000	221,692,636	31,089,803	924,690	2,000,000	179,382,205
Bonus	47,664,096	47,664,096	-	9,760,338	85,259,577	58,062,132	-	22,372,894
Retirement benefits	-	-	-	14,516,754	-	-	-	11,796,972
House rent	12,193,548	-	-	74,767,560	10,712,903	-	-	60,406,813
Utilities	2,709,676	-	-	16,615,019	2,380,645	-	-	13,423,737
Technical advisory fee	-	36,000,000	-	-	-	34,933,333	-	-
Fuel and conveyance	142,502	700,980	-	9,556,972	274,600	1,131,428	-	10,082,790
	<b>119,658,774</b>	<b>84,365,076</b>	<b>2,000,000</b>	<b>346,909,279</b>	<b>129,717,528</b>	<b>95,051,583</b>	<b>2,000,000</b>	<b>297,465,411</b>
Number	<b>1</b>	<b>1</b>	<b>1</b>	<b>121</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>120</b>

**31.1** The Chief Executives, Directors and certain Executives are also provided with free use of Group maintained cars in accordance with the Group's policy.

**31.2** Aggregate amount charged in the consolidated financial statements for fee to five non-executive directors was Rs. 540,000 (2015: Rs. 500,000).

## 32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise associate, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2016 ----- Rupees -----	2015 -----
<b>Associates</b>		
Purchase of television programs	<u>565,610,491</u>	<u>302,831,610</u>
Receipts during the year	<u>68,372,218</u>	<u>-</u>
<b>Retirement fund</b>		
Contribution to provident fund	<u>22,104,902</u>	<u>19,097,451</u>

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are capital risk, credit risk, liquidity risk, foreign currency risk and interest risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

### 33.1 Capital risk

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

### 33.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on trade debts, and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.

### 33.3 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2016 ----- Rupees -----	2015 -----
<b>Trade debts</b>		
Customers with no defaults in the past one year	<u>1,530,579,492</u>	<u>1,099,372,556</u>
Customers with some defaults in past one year	<u>32,418,948</u>	<u>26,557,297</u>
	<u>1,562,998,440</u>	<u>1,125,929,853</u>

		2016 ----- Rupees -----	2015 -----
<b>Bank balances</b>			
	A1+	<b>12,146,993</b>	13,794,638
	A+	<b>38,107,373</b>	12,576,044
	A1	-	421
		<b>50,254,366</b>	<b>26,371,103</b>

### 33.4 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Group's financial liabilities as at the following reporting dates:

Year ended 30 June 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Liabilities against assets subject to finance lease	-	5,574,768	21,491,809	23,097,780	50,164,357
Trade and other payables	46,145,041	367,593,918	250,902,666	-	664,641,625
Short term borrowing	-	-	473,987,576	-	473,987,576
Accrued mark-up	8,764,103	-	-	-	8,764,103
	<b>54,909,144</b>	<b>373,168,686</b>	<b>746,382,051</b>	<b>23,097,780</b>	<b>1,197,557,661</b>
	----- Rupees -----				
Year ended 30 June 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Liabilities against assets subject to finance lease	-	4,485,637	14,178,381	39,939,206	58,603,224
Trade and other payables	46,078,288	317,868,267	305,322,119	-	669,268,674
Short term borrowing	-	-	299,538,538	-	299,538,538
Accrued mark-up	6,088,472	-	-	-	6,088,472
	<b>52,166,760</b>	<b>322,353,904</b>	<b>619,039,038</b>	<b>39,939,206</b>	<b>1,033,498,908</b>

### 33.5 Foreign currency risk management

Foreign currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in the foreign currency. The Group's exposure to foreign currency risk is as follows:

	----- 2016 -----		----- 2015 -----	
	US Dollar	GBP	US Dollar	GBP
Trade debts	864,653	824,262	1,151,357	339,060
Deposit and prepayment	178,111	-	19,375	-
Trade and other payables	(29,844)	-	(324,305)	-
The following significant exchange rates have been applied at the reporting dates:				
	----- Rupees -----		----- Rupees -----	
Closing Exchange Rates	<b>104.93</b>	<b>140.35</b>	102.65	159.59

**Sensitivity analysis:**

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and GBP exchange rate, with all other variables held constant, of the Group's profit before taxation and the Group's equity.

	Change in US dollar rate (%)	Effect on profit before tax -- Rupees --	Change in GBP rate (%)	Effect on profit before tax -- Rupees --
<b>30 June 2016</b>	<b>+10</b>	<b>10,628,570</b>	<b>+10</b>	<b>11,568,517</b>
	<b>-10</b>	<b>(10,628,570)</b>	<b>-10</b>	<b>(11,568,517)</b>
<b>30 June 2015</b>	<b>+10</b>	<b>8,688,573</b>	<b>+10</b>	<b>(5,672,419)</b>
	<b>-10</b>	<b>(8,688,573)</b>	<b>-10</b>	<b>5,672,419</b>

**33.6 Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in the market interest rates. The Group's interest rate risk arises from finance lease obligations and bank balances. The Group manages these risks through risk management strategies. All the borrowings of the Group are obtained in the functional currency.

**Sensitivity analysis:**

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before taxation:

	Increase / decrease in basis points	Effect on profit before taxation Rupees
<b>30 June 2016</b>	<b>+100</b>	<b>(5,241,519)</b>
	<b>-100</b>	<b>5,241,519</b>
<b>30 June 2015</b>	<b>+100</b>	<b>(2,655,065)</b>
	<b>-100</b>	<b>2,655,065</b>

**33.7 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The estimated fair value of all financial assets and liabilities is considered not significantly different from book value.

**34. DATE OF AUTHORIZATION**

These consolidated financial statements have been authorised for issue on September 22, 2016 by the Board of Directors of the Holding Company.

**35. GENERAL**

**35.1** The number of employees of the Holding Company as at June 30, 2016 was 443 (2015: 450) and average number of employees during the year was 413 (2015: 437).

**35.2** Figures have been rounded off to the nearest Rupee.



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**DURAID QURESHI**  
Chief Executive

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# FORM OF PROXY

The Company Secretary,  
**HUM NETWORK LIMITED**  
12<sup>th</sup> ANNUAL GENERAL MEETING  
Karachi

I, \_\_\_\_\_ S/o. \_\_\_\_\_, holder of CNIC No. \_\_\_\_\_  
Resident of \_\_\_\_\_,  
being member of HUM NETWORK LIMITED, holding \_\_\_\_\_ ordinary shares as per Registered Folio / CDS Account No. \_\_\_\_\_  
\_\_\_\_\_ hereby appoint \_\_\_\_\_, resident of \_\_\_\_\_  
\_\_\_\_\_, or failing him/ her Mr./Ms. \_\_\_\_\_ of (full  
address) who is/are also member(s) of the Company, as my / our proxy to attend, act and vote for me/ us and on my / our behalf at Annual General  
Meeting (AGM) of the Company to be held on **Thursday, October 20, 2016 at 04:00 pm at Auditorium Hall, Institute of Chartered Accountants of  
Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi** and / or any Adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signed by \_\_\_\_\_ in the presence of;

Witness:

1. Name:

Signature \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or Passport No.;

2. Name:

Signature \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or Passport No.;

## Note:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company, HUM Network Limited, Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi.
2. All members are entitled to attend and vote at the meeting.
3. A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote instead of him/her.
4. An instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours.
5. An instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarily certified copy of such power or authority must, to be valid, be deposited at the registered office not less than 48 hours before the time of the meeting.
6. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
7. Members are requested to notify any changes in their addresses immediately.
8. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

## For CDC Account Holders/Corporate Entities:

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

- i) The proxy form shall be witnessed by two (2) persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

کراچی۔

- ۱۔ پراسی فارم پر دو افراد گواہ ہو گئے جن کے نام، سپتے اور شناختی کارڈ نمبرز فارم پر درج کئے جائیں گے۔
- ۲۔ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراسی فارم کے ساتھ منسلک کی جائیں گی۔
- ۳۔ پراسی اصل شناختی کارڈ یا اصل پاسپورٹ کے ساتھ منیٹنگ کے وقت پیش کرنا ہوگا۔
- ۴۔ کارپوریٹ کی موجودگی میں بورڈ آف ڈائریکٹرز کی قرارداد/ یا بورڈ آف انارنی بمعہ نمونے کے دستخط کے ساتھ پراسی فارم مکینٹی میں جمع کرائے جائیں گے۔



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