HUM NETWORK LIMITED

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www.humnetwork.tv

HUM NETWORK LIMITED

ANNUAL REPORT 2015

HUM NETWORK

HUM NETWORK LIMITED

HUM NETWORK

HUM NETWORK LIMITED

HUM NETWORK

HUM

HUM

HUM SITARAY

HUM FILMS

Style 360

MASALA TV FOOD MAG

GLAM

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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]

Hum Network At a Glance

Hum Network Limited (HNL) was established in 2004 with a vision to deliver people a better choice of quality entertainment.

HNL is now widely acclaimed in the domestic and global media and entertainment industry. The brand aids value creation in diverse ways.

Despite the growing number of alternative Television channels and rapidly changing consumer habits, our media products continued to demonstrate adaptability and resilience and remained relevant to our viewers, advertisers and all our stakeholders.

A summary of the network is as follows:

Television

HNL has three channels HUM TV, HUM Masala and HUM Sitaray which have proved to be one of the most dependable provider of entertainment to not only Pakistanis across the world but also multi cultural audiences of south asian heritage via satellite, via cable and internet.

HUM TV

24–hour entertainment channel and is proud to have paved the way for the revival of Pakistani drama and providing a ground for others to follow suit. The focus of the channel was a revival of Pakistani drama in their full glory and in turn contributes to strengthening the local drama Industry through its platform.

HUM Masala

It is the first dedicated 24-hour food television channel in the world in the language of Urdu. Masala became a household name and helped set the dinner tables across Pakistan.

Masala is the market leader in food genre programming since its launch and all of its programs and chefs are highly popular household names. We have contributed to society by changing the prevailing mindset about cooking being a task reserved for women.

HUM Sitaray

To keep pace with changing trends, HUM Sitaray was launched with the aim to provide foreign and local entertainment content to its audiences. It promises to fully bridge the gap in the entertainment content to its audiences. It promises to fully bridge the gap in the entertainment industry by offering a wide and diverse range of entertainment programming from the world of fashion, lifestyle, reality, drama series, sitcoms and soaps.

Publications

HNL has to its umbrella three genre of monthly Magazines:

1. Glam – Showcasing latest trends and teaching its readers how to assume a distinctly chic and modern appearance.
2. Masala Tv Food Mag- about quality home cooking for the people who love to eat and cook.
3. Newsline Magazine – socio political magazine featuring aggressive journalism for its readers.

Masala Tv also launched a series of chef books featuring most sought after recipes of celebrity chefs.

Bridal Couture Week Catalogues were introduced to showcase the latest bridal collection of designers featured in ground events.

Digital
The digital division aims to be a one-stop analytics-driven solution to advertisers. The interactive department signed a contract with Eros International enabling the users of ErosNow full access to the library of HUM TV. This association enables HUM Network to reach and provide best Pakistani content to millions of internet users worldwide.

Hum Films
Hum Films is a relatively new venture HUM Films which has reached new levels of success. HUM Films was involved in the distribution of the hit movie “Na Maloom Afraad” which was a success at box office and one of the highest earning movies of the Pakistan. HUM films signed contracts with various international distribution houses to show Indian Movies in Pakistani cinema, reviving the long lost movie culture in Pakistan.

Our Key Events
“The 3rd HUM AWARDS” in recognition of excellence in television programming of HUM TV was held successfully in Dubai to promote HUM Television’s Stars and recognize the great work of producers, writers, artists and technicians. Events like Fashion Pakistan week, Masala Family Festival and Bridal Couture Week were held which proved to be very popular among the advertisers and viewers alike. These events gave HNL on ground presence in addition to great content for television.

Corporate Social Responsibility
It is a moment of pride for HUM Family to win the auspicious 7th International CSR Summit and Corporate Social Responsibility Award 2015 for the Category Philanthropy & Corporate Contributions. It was organized by NFEH (National Forum of Environment & Health) with the collaboration of SAARC Chamber of Commerce & Industry, Pakistan Centre of Philanthropy and Pakistan Society of Training & Development.

Making History
Last but not the least, for the first time in Pakistan a company entered into a share split, the board proposed a subdivision of the company’s share capital from Rs. 10 to Re. 1 per share which was approved in the AGM held on October 27th, 2014.

Also, HUM Network Limited amended its Memorandum of Association to expand the business into different industries and markets amongst other amendments and obtained the right to enter into any business outside the media industry, expanding into new markets and growing continuously.

Future Outlook
HUM is committed to enhancing long term shareholders value through constantly perusing growth opportunities .The Company’s philosophy is to grow the shareholders’ wealth by investing into new profitable ventures.

In a fast-changing media landscape HUM Networks’s powerful brands and must have programming continue to lead the way and the best is yet to come. We will continue to pursue opportunities that position HNL for sustainable growth and value creation.

Increasing competitive environment, Inflation, volatility of consumer demand will remain a challenge for the business. We will however continue to drive our agenda of growth and sustainability through relevant innovations, building brand equities and exploiting emerging opportunities.

Message

"We are not only a proven entertainment leader today with a strong core business, but we are also a company for tomorrow – poised for continued improvement, profitable growth and sustained success."

This year we embark our 11th year with great pleasure. Our year has been incredible by every measure exceeding our expectations resulting in one of the biggest Entertainment Media Network of Pakistan.

2015 was a productive year for HNL with increasing revenues and profits. Our underlying operational profitability improved; driven by sales growth. Net revenues for the year were Rs. 3.7 billion as compared to Rs 2.9 billion of the corresponding periods last year hence a positive variation of 28.91%. More over the profit before income and tax increased from Rs. 815 Million to Rs. 1,056 Million and profit after tax increased from Rs. 592 Million to Rs. 747 Million resulting in an increase in EPS from 0.63 to 0.79.

HNL continued on a steady course of planned growth investing in new ventures widening its network marking its presence worldwide and providing quality entertainment for viewers in USA, UK, UAE, Australia and other countries to make an immense success.

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. I would like to voice my most profound thanks to our shareholders as well as my fellow Board Members, for their confidence and commitment. I am confident that even though we have such great achievement already, our best and brightest years are still to come at HNL.

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 Chief Financial Officer Company Secretary Head of Internal Audit	Mr. Duraid Qureshi Mr. Muhammad Abbas Hussain Mr. Mohsin Naeem Mr. Kamran Shamshad Ahmed
AUDIT COMMITTEE	
Chairman	Mr. Muhammad Ayub Younus Adhi
Members	Ms. Sultana Siddiqui Mrs. Mahtab Akbar Rashdi Mr. Shunaid Qureshi
HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE	
Chairman	Mrs. Khush Bakht Shujaat
Members	Mrs. Mahtab Akbar Rashdi Mr. Shunaid Qureshi Mr. Duraid Qureshi
Secretary	Mr. Hassan Jawed
AUDITORS	M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants 7th Floor Progressive Plaza, Beaumont Road, Karachi
INTERNAL AUDITORS	M/s. KPMG Taseer Hadi & Company Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi
LEGAL ADVISOR	M/s. Ijaz Ahmed & Associates No.7, 11 th Zamzama Street Phase-V D.H.A. Karachi.
BANKERS	Bank Alfalah Limited Faysal Bank Limited National Bank of Pakistan KASB Bank Limited The Bank of Punjab Allied Bank Limited United Bank Limited Askari Bank Limited Standard Chartered Bank (Pakistan) Limited Boston Private Bank & Trust Barclays Bank PLC Habibsons Bank Limited
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 Shahra-e-Faisal, Karachi-74400
WEBSITES' INFORMATION	www.humnetwork.tv
KARACHI STOCK EXCHANGE	HUMNL

Notice of the 11th Annual General Meeting

Notice is hereby given that the 11th Annual General Meeting of Hum Network Limited will be held on **Wednesday, October 28, 2015 at 06:30 pm at First Floor Hall, Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi;** to transact the following businesses:-

Ordinary Business:

1- To confirm the minutes of the 10th Annual General Meeting held on October 27, 2014.

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, 2015 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2015.

3- To consider and if thought fit, declare final cash dividend of 17.5 % (i.e. Re. 0.175/- per ordinary share of Re. 1/- each) held by the existing shareholders, as recommended by the Board of Directors, for the financial year ended June 30, 2015. This is in addition to interim cash dividend of 35% (Re.0.35/- per ordinary share of Re. 1/- each) already paid to the shareholders during the year, thus making total cash dividend of 52.5% (i.e. Re. 0.525 per ordinary share of Re. 1/- each).

4- To appoint Auditors' of the Company for the financial year ending June 30, 2016 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. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2016.

5- Any other business with the permission of the chair.

Date: October 06, 2015
Place: Karachi

By Order of the Board
Sd/-
Mohsin Naeem
Company Secretary

Notes:

1. **Book Closure:**
The Share Transfer Books of the Company will remain closed from October 22, 2015 to October 28, 2015 (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 21, 2015 will be considered in time for any entitlement, as recommended by the Board of Directors and 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:**
SECP vide SRO No. 831(1)/2012 dated July 05, 2012 directed the companies to issue dividend warrant crossed as "A/c Payee only" which should also bear the Computerized National Identity Card (CNIC) of the registered member. Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar. In case of non-availability of valid copy of CNIC of any member, in the Company's records, the Company may withhold the Dividend Payment, which will be released only upon providing the copy.

5. **Dividend Mandate Option / E-Dividend Facility**
Dividend Mandate Forms are available at the Registered Office of the Company. Members are encouraged to provide, duly filled in dividend mandate form, to receive the cash dividend declared by the Company, if any, directly into their bank account through e-Dividend payment mechanism, as advised by the Securities and Exchange Commission of Pakistan vide its communication reference No. 8(4)SM/CDC2008 dated April 05, 2013. The members who wish to avail e-Dividend payment facility shall not receive the dividend warrant. Members not providing dividend mandate shall continue to be paid through the dividend warrants.

6. **Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001**

a) Pursuant to the Finance Act, 2015, effective July 01, 2015, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 17.5% and for FILER of Tax Returns as 12.5%. List of Filers is available at Federal Board of Revenue's (FBR) website: http://ww w.fbr.gov.pk. Members are therefore advised to update their tax FILER status latest by October 21, 2015.

b) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total number of shares	Principal Shareholders		Joint Holder (s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by the close of business on October 21, 2015; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

c) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

d) The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 28, 2015.

e) Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 21, 2015.

7. **Availability of Financial Statements and Reports on the Website:**
   The Annual Report of the Company for the year ended June 30, 2015 has been placed on the Company's website at the below link: http://www.humnetwork.tv/Annual_Financial_Reports.html

8. **Electronic Transmission of Financial Statements and Notice of Meeting**
   Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2016 or onward through e-mail, instead of registered post/courier, are requested to submit their consent on the FORM available for the purpose on Company's website.

Corporate Calendar

MEETINGS	DATE
6th Extra Ordinary General Meeting for election of Directors	August 22, 2014
Board of Directors meeting to appoint chairman and member of audit committee.	September 04, 2014
Board of Directors meeting To appoint the Chief Executive Officer (CEO).	September 05, 2014
Audit Committee meeting to consider accounts of the Company for the year ended June 30, 2014	September 27, 2014
Board of Directors meeting To consider and approve the annual audited accounts of the Company and stock split (sub-division of Par Value) at a ratio of 1: 10.	October 02, 2014
10th Annual General Meeting to consider accounts of the Company for the year ended June 30, 2014 and stock split (sub-division of Par Value) at a ratio of 1: 10.	October 27, 2014
Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2014	October 28, 2014
Board of Directors meeting to consider accounts of the Company for the quarter ended September 30, 2014	October 29, 2014
Dispatch of Final Dividend warrant @ 15%	November 11, 2014
Dispatch of 1st Quarter Dividend warrant @ 17.5%	December 08, 2014
Audit Committee meeting to consider accounts of the Company for the quarter ended December 31, 2014	February 18, 2015
Board of Directors meeting to consider accounts of the Company for the quarter ended December 31, 2014	February 19, 2015
Dispatch of 2nd Quarter Dividend warrant @ 17.5%	April 20, 2015
Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2015	April 28, 2015
Board of Directors meeting to consider accounts of the Company for the quarter ended March 31, 2015	April 29, 2015

Directors' Report

The Directors of HUM Network Limited (HNL) present the Annual Report together with the Company's audited financial statement for the year ended 30 June 2015.

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

Principle Activities

Hum Network Limited 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 year the network faced competition not only from the entertainment genre but also from news genre owing to the significant political instability on account of various "dharnas" one of which lasted around 126 days. Also sport events including cricket world cup 2015 also ramped up the competitive environment. Despite the stiff competition the Network was able to achieve significant growth in its revenues and earnings.

Company's Performance

This year your Network's net profit after tax increased significantly by 25 % amounting to Rs.747M for the year as compared to Rs. 592M in the previous financial year. The increase is owing to the remarkable growth in the net revenues, premium pricing, widening of operations and cost rationalization.

As a result of the above the earning per share for the year ended June 30, 2015 is Rs. 0.79 as compared to 0.63 last year.

Launch of Hum Films

Over the last five to seven years cinema viewership has increased significantly in Pakistan. Bollywood and Hollywood movies were screened initially which were well received by the public. Owing to positive response local industry and satellite channels showed keen interest in the production of local films which turned out to be a great success.

A few years ago there were only 30 screens in Pakistan, the number now stands at 89 plus screens with still more to come. The industry has an overall double digit growth rate and this is expected to continue in the next 3 to 5 years.

In view of the above HNL has launched a separate business unit under the name of **HUM FILMS.**

Revamping of Hum Sitaray

During the year the network made significant strategic investment in HUM Sitaray with reference to both the content and human resource with a view to enhancing the quality of the content on the channel. The whole program content on the channel has been revamped with the aim to reposition it as a top tier channel both in the eyes of the viewers as well as the advertisers. This includes launching of a morning show with a top morning show host. In addition, a number of outstanding soaps and serials are being acquired.

Digital Media Division

Taking advantage of global growth in digital media, HNL has ventured into various digital platforms. Our revenue growth by content monification is this platform is not only very profitable but increasing at a very fast ratio. We see this as a new avenue of high growth in coming year for HNL. This year we have entered into partnership with ErosNow to exploit our content.

"This association enables Hum Network Limited to reach out and provide some of our best Pakistani content to millions of keen internet users across the globe," said Sultana Siddiqui, President of the Network.

Commenting on the occasion, Rishika Lulla Singh, CEO, ErosNow, said, "We are extremely happy to introduce Pakistan's popular soaps to a new digital generation of South Asians globally and add to our roster of content. The partnership with a leading channel like HUM will give our subscribers an opportunity to view the much sought after and varied Pakistani content."

Hum Masala

New content including the format show "The Next Masala Star" was added to the channel to improve its product offering.

Events

HUM Awards

HUM Awards for this year were held in Dubai. HNL can very proudly claim to be the 1st & only Private Satellite TV Network in Pakistan to have the competence and acumen to conduct such a grand event on the international stage.

Masala Family Festival

The Masala Family Festival continues to provide decent interactive activity to its viewers in Karachi and Lahore owing to the overwhelming response from the public Owing to the enormous public demand the Network is considering to expand the festival to other cities as well.

Achievements & Awards

During the year our President was bestowed The Gr8! Scroll of Honor (media) 2015 award at the Gr8! Women Awards 2015 for her outstanding achievements in the field of entertainment. The awards were organized by the Indian Television Academy as part of the 20th anniversary celebrations of Dubai Shopping Festival. The Gr8! Women Awards is recognized across the Middle East as a platform to celebrate exemplary women who lead and inspire.

The President has also received Excellence Award by the president and council members of Marketing Association of Pakistan at their Annual Dinner & Award of Excellence Ceremony held during the year.

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 & Hygiene

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 maintain 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

HUM Network won the auspicious 7th International CSR Summit and Corporate Social Responsibility Award 2015 for the Category of Philanthropy & Corporate Contributions. It was organized by NFEH (National Forum of Environment & Health) with the collaboration of SAARC Chamber of Commerce & Industry, Pakistan Centre of Philanthropy and Pakistan Society of Training & Development.

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, launched last year, 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, Hum Network 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 it is strategically important for the network to have an independent office in UAE. This in return will contribute significantly to the overall growth of international business. For the purpose management is in the process of establishing a wholly owned subsidiary in Dubai.

With reference to the UAE & Middle East markets, HUM is a household name both in the entertainment & the food genre. HUM Masala was launched on OSN PEHLA, the largest Digital Pay TV broadcast network for audiences in the Middle East & North Africa Region. This strategic partnership coupled with Hum's world class content has made HUM the network of choice in the UAE especially for the South Asian Diaspora.

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.

Local Subsidiary

During the year the Network incorporated a local subsidiary 'Skyline publications (Private) Limited'. The subsidiary shall be responsible to carry on the business of printing and publishing of all kinds of printing including managing the affairs of 'NEWSLINE'.

Magazines and Publications

The Network currently has four regular publications; namely NEWSLINE, GLAM, Masala Tv Food Mag and the BCW. Additionally number of cook books of Masala Tv chefs were launched which became popular among the masses and there was overwhelming demand of those cook books.

Future Prospects & Challenges

Keeping in mind its track record, HUM Network 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 Hum Network Limited at "A+" and "A1", respectively. These ratings denote a low expectation of credit risk and the network's established market position.

DISCLOSURE TO MEMBERS OF DIRECTORS' INTEREST IN VARIATION IN TERMS OF CONTRACT OF CHIEF EXECUTIVE UNDER SECTION 218 OF COMPANIES ORDINANCE, 1984

The allowances and pre-requisites of Mr. Duraid Qureshi, Chief Executive Officer of HUM Network Limited were varied by the Board of Directors of the Company in their meeting held on February 19, 2015, to oversee the strategy and operations of HUM Network FZ LLC, UAE as its proposed CEO. The allowances and perquisites include House Rent, Vehicle, Children's education, Fuel and Mobile allowance for UAE on actual basis.

Mr. Duraid Qureshi, the Chief Executive Officer of the Company and being the shareholder, have interest to the extent of allowances and perquisites to which he is entitled.

Meeting of The Directors

During the year, six (6) Board of Directors, four (4) Audit Committee meetings and three (3) 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	6	-	-
Ms. Sultana Siddiqui	4	3	-
Mr. Munawar Alam Siddiqui	6	-	-
Mrs. Mahtab Akbar Rashdi	4	2	1
Mr. Shunaid Qureshi	6	4	3
Mrs. Khush Bakht Shujaat	3	-	3
Mr. Muhammad Ayub Younus Adhi	6	4	-
Mr. Duraid Qureshi	6	-	3

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 2015-16.

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	66,178,360	-
Director	265,000	236,443,360
CFO & Company Secretary	-	-
Spouses & Minor Children	-	-

Dividend and Appropriations

Based on these results, the Board announced a final cash dividend of Re. 0.175 per share (i.e. 17.5%) in addition to Re. 0.35 (i.e. 35%) Interim Cash Dividend already paid during the year.

Date: October 06, 2015
Place: Karachi

For & on behalf of Board of Directors

Duraid Qureshi
Chief Executive Officer

Previous Years at a Glance

Key Financial Data

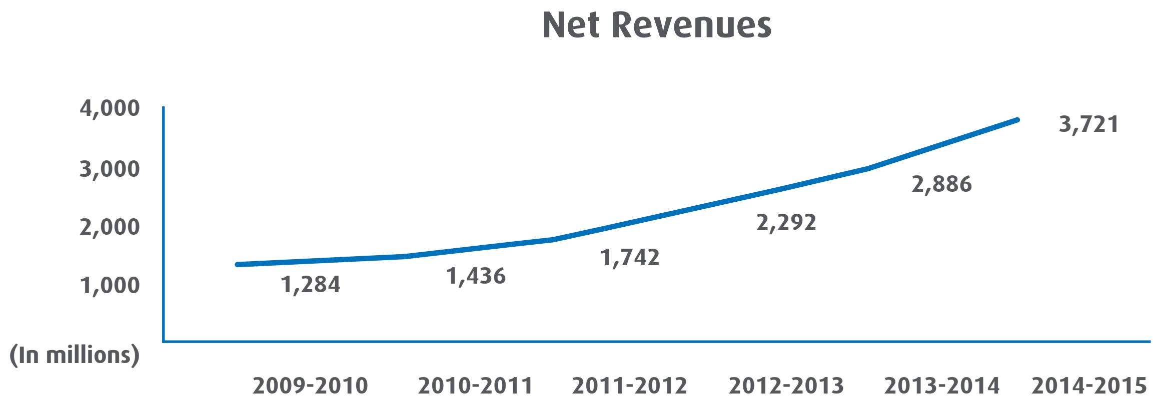
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
OPERATING DATA						
Revenue -Net	1,284,272,631	1,436,505,007	1,742,473,618	2,292,663,220	2,886,587,171	3,721,047,096
Cost of production	(689,448,618)	(773,760,901)	(1,096,060,018)	(1,295,622,120)	(1,488,594,616)	(1,875,818,568)
Gross Profit	594,824,013	662,744,106	646,413,600	997,041,100	1,397,992,555	1,845,228,528
PROFIT AFTER TAXATION						
Profit before taxation	313,819,416	297,727,777	262,339,103	565,238,231	806,823,677	1,032,669,083
Taxation	(108,183,460)	(108,925,441)	(66,463,317)	(177,441,038)	(215,088,701)	(285,418,132)
Profit after taxation	205,635,956	188,802,336	195,875,786	387,797,193	591,734,976	747,250,951
EPS Rs. (Re-stated)	0.22	0.20	0.21	0.41	0.63	0.79

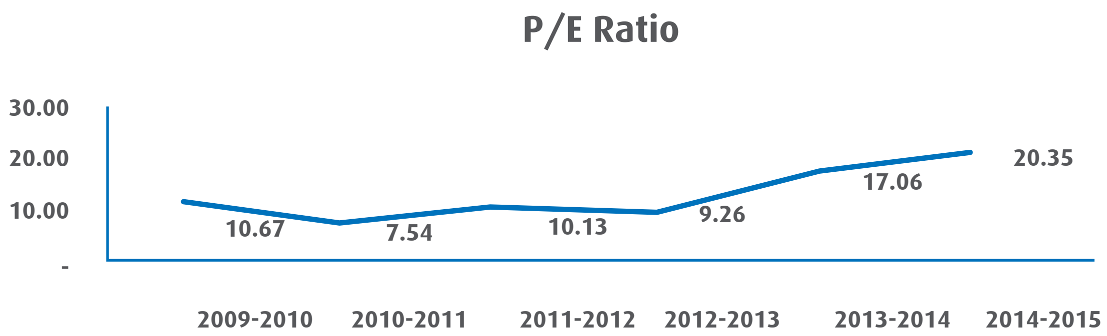
Financial Ratios

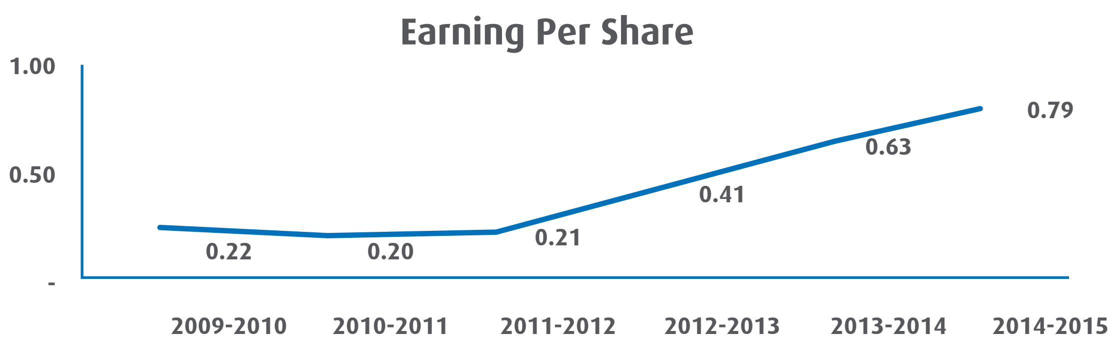
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Current Ratios	1.64	2.01	2.45	4.39	2.46	1.73
Quick ratio	1.10	1.28	1.67	3.30	1.89	1.25
Debt/ Equity Ratio (Re-stated)*	0.03	0.01	0.002	0.002	0.003	0.214
Cash flow per share- Rs. (Re-stated)*	0.15	0.05	0.14	0.16	0.11	0.01
Return on equity - %	16.08	12.86	12.53	20.40	42.38	44.72
Share Price per share - Rs. (Re-stated)*	2.32	1.51	2.10	3.80	10.68	16.09
Break-up value per share - Rs. (Re-stated)*	0.88	1.08	1.18	1.54	1.48	1.77
Gross Profit / (Loss) to Sales - %	46.32	46.14	37.10	43.49	48.43	49.59
Net profit / (Loss) to Sales - %	16.01	13.14	11.24	16.91	20.50	20.08
Interest Cover - number of times	12.35	8.73	9.29	80.80	109.89	48.86
Debtors Turnover number of days	119	114	99	92	92	89
Administrative Expenses to Sales - %	12.12	13.20	10.98	10.48	10.44	11.10
Cost of Production To Sales- %	41.16	46.28	56.56	52.59	47.86	48.15
Price earning ratio (Re-stated)*	10.67	7.54	10.13	9.26	17.06	20.35
Turn Over to Total Asset Ratio	0.87	0.91	1.07	1.31	1.48	1.36
Net Revenues	1,284,272,631	1,436,505,007	1,742,473,618	2,292,663,220	2,886,587,171	3,721,047,096
Profit/(loss) after taxation	205,635,956	188,802,336	195,875,786	387,797,193	591,734,976	747,250,951
Earnings/(loss) per share Rs. (Re-stated)*	0.22	0.20	0.21	0.41	0.63	0.79

* Calculated using 945,000,000 ordinary shares.

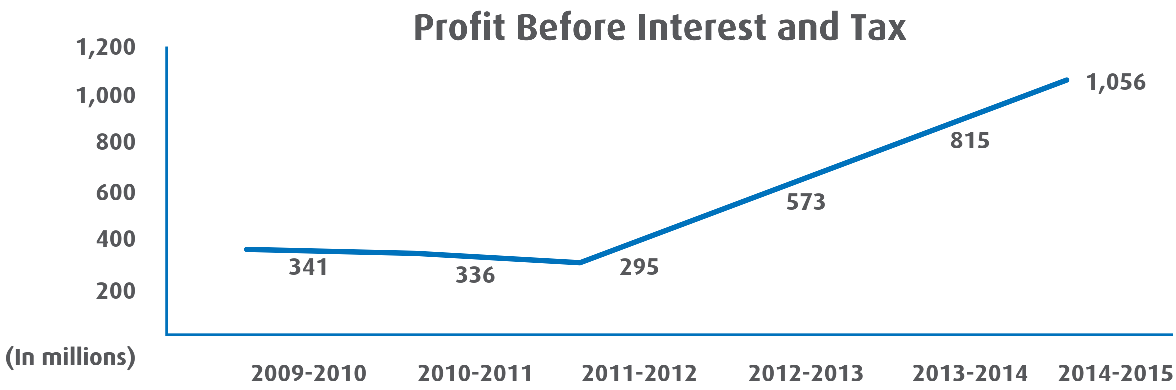
Graphical Presentation

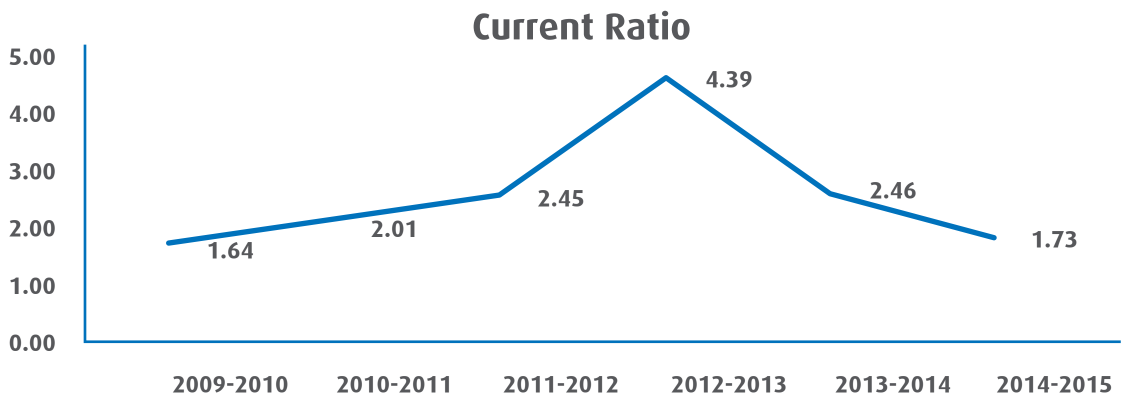


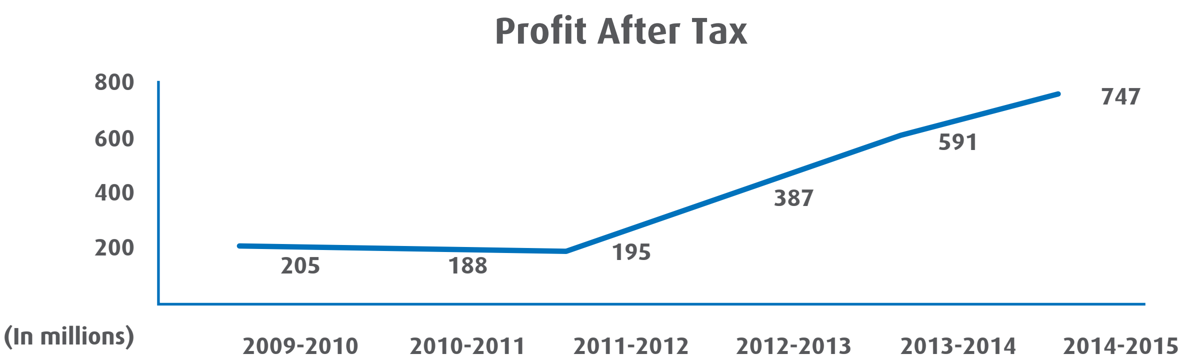




Graphical Presentation







Pattern of Shareholding
As on June 30, 2015

# Of Shareholders	Shareholdings'Slab			Total Shares Held
344	1	to	100	8,474
462	101	to	500	207,321
616	501	to	1000	609,644
1356	1001	to	5000	4,105,030
541	5001	to	10000	4,583,024
163	10001	to	15000	2,168,161
149	15001	to	20000	2,800,650
99	20001	to	25000	2,392,900
58	25001	to	30000	1,674,170
32	30001	to	35000	1,062,710
32	35001	to	40000	1,225,850
15	40001	to	45000	644,150
46	45001	to	50000	2,284,000
20	50001	to	55000	1,069,800
17	55001	to	60000	991,575
9	60001	to	65000	579,000
6	65001	to	70000	406,970
13	70001	to	75000	960,700
2	75001	to	80000	155,000
1	80001	to	85000	83,000
3	85001	to	90000	266,500
5	90001	to	95000	473,000
21	95001	to	100000	2,100,000
2	100001	to	105000	209,000
5	105001	to	110000	545,200
2	110001	to	115000	230,000
2	115001	to	120000	235,750
6	120001	to	125000	750,000
2	135001	to	140000	279,500
2	140001	to	145000	285,500
10	145001	to	150000	1,497,000
1	150001	to	155000	152,850
4	170001	to	175000	694,500
1	175001	to	180000	175,500
1	180001	to	185000	183,550
6	185001	to	190000	1,132,000
9	195001	to	200000	1,800,000
1	200001	to	205000	201,000
1	205001	to	210000	210,000
3	210001	to	215000	645,000
3	215001	to	220000	656,850
2	220001	to	225000	450,000
4	245001	to	250000	1,000,000
1	250001	to	255000	251,000
1	260001	to	265000	265,000
1	270001	to	275000	271,000
3	280001	to	285000	850,500
3	295001	to	300000	896,500
1	300001	to	305000	305,000
2	310001	to	315000	627,000
1	320001	to	325000	325,000
1	335001	to	340000	337,800

# Of Shareholders	Shareholdings'Slab			Total Shares Held
3	345001	to	350000	1,050,000
1	350001	to	355000	352,500
1	355001	to	360000	357,750
2	370001	to	375000	750,000
4	395001	to	400000	1,598,000
1	410001	to	415000	414,500
1	415001	to	420000	420,000
1	445001	to	450000	450,000
1	470001	to	475000	474,200
1	490001	to	495000	492,500
3	495001	to	500000	1,500,000
1	535001	to	540000	540,000
2	595001	to	600000	1,197,000
1	615001	to	620000	620,000
1	620001	to	625000	624,900
1	630001	to	635000	633,150
1	645001	to	650000	649,000
1	660001	to	665000	661,500
1	670001	to	675000	674,500
2	675001	to	680000	1,354,130
1	695001	to	700000	699,000
1	735001	to	740000	736,000
1	790001	to	795000	792,600
1	825001	to	830000	830,000
1	945001	to	950000	947,930
1	995001	to	1000000	1,000,000
1	1015001	to	1020000	1,017,060
1	1200001	to	1205000	1,205,000
1	1210001	to	1215000	1,214,200
1	1230001	to	1235000	1,232,250
1	1350001	to	1355000	1,355,000
1	1445001	to	1450000	1,448,000
1	1495001	to	1500000	1,500,000
1	1595001	to	1600000	1,600,000
1	1650001	to	1655000	1,653,750
1	1810001	to	1815000	1,813,250
1	1820001	to	1825000	1,822,500
1	1895001	to	1900000	1,900,000
1	2340001	to	2345000	2,341,900
1	2495001	to	2500000	2,500,000
1	2545001	to	2550000	2,547,500
1	3300001	to	3305000	3,302,000
1	3445001	to	3450000	3,446,000
1	4005001	to	4010000	4,009,600
1	4650001	to	4655000	4,652,000
1	5445001	to	5450000	5,450,000
1	5750001	to	5755000	5,752,700
1	6035001	to	6040000	6,036,001
1	6420001	to	6425000	6,420,130
1	8995001	to	9000000	9,000,000
1	9440001	to	9445000	9,440,400
1	9770001	to	9775000	9,774,000

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	11435001	to	11440000	11,437,000
1	11995001	to	12000000	12,000,000
1	12905001	to	12910000	12,910,000
1	15095001	to	15100000	15,100,000
1	18925001	to	18930000	18,930,000
1	18995001	to	19000000	19,000,000
1	20190001	to	20195000	20,190,790
1	23070001	to	23075000	23,075,000
1	25995001	to	26000000	26,000,000
1	31995001	to	32000000	32,000,000
1	78395001	to	78400000	78,399,190
1	90920001	to	90925000	90,925,000
1	200055001	to	200060000	200,058,000
1	226405001	to	226410000	226,408,990
4167				**945,000,000**

Additional Information

As on June 30, 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
DURAID QURESHI	2	226,409,000	23.96
SULTANA SIDDIQUI	2	219,860	0.02
MAZHAR UL HAQ SIDDIQUI	1	10	0.00
MUNAWWAR 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
SHUNAID QURESHI	1	78,399,190	8.30
Associated Companies, undertakings and related parties			
THS KINGSWAY FUND-FRONTIER CONSUMER	2	223,133,000	23.61
JAHANGIR SIDDIQUI & CO. LTD.	1	18,930,000	2.00
Executives			
	-	-	-
Public Sector Companies and Corporations			
	1	400,000	0.04
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	5	11,069,900	1.17
Mutual Funds			
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	699,000	0.07
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	70,100	0.01
CDC - TRUSTEE HBL - STOCK FUND	1	9,774,000	1.03
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	1,355,000	0.14
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	1,000,000	0.11
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	600,000	0.06
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	125,000	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	375,000	0.04
CDC - TRUSTEE HBL MUSTAHEKUM SARMAYA FUND 1	1	375,000	0.04
General Public			
a. Local	4076	117,505,259	12.43
b. Foreign	1	352,500	0.04
Foreign Companies	18	222,097,200	23.50
Others	42	13,741,501	1.45
Totals	**4167**	**945,000,000**	**100.00**

Share holders holding 5% or more	Share Held	Percentage
DURAID QURESHI	226,409,000	23.96
THS KINGSWAY FUND-FRONTIER CONSUMER	223,133,000	23.61
CAVENHAM GLOBAL EQUITIES	90,925,000	9.62
SHUNAID QURESHI	78,399,190	8.30

Statement of Compliance with Code of Corporate Governence

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Chapter XI of Listing Regulations of Karachi Stock Exchange 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:

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

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. 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. Two (2) Directors have already passed Corporate Governance Leadership Skills (CGLS) Program of 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 and rest of the Directors to 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 Audit 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. We confirm that all other material principles enshrined in the CCG have been complied with.

Date: October 06, 2015
Place: Karachi

For & on behalf of Board of Directors

Duraid Qureshi
Chief Executive Officer

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance (the Statement) 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 2015 to comply with the requirements of Listing Regulations of Karachi 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 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 Director's 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 of 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 complianceof 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 2015.

Date: October 06, 2015
Place: Karachi

sd/-
Ernst & Young Ford Rhodes Sidat Hyder
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 2015 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 2.1 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 2015 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: October 06, 2015
Place: Karachi

sd/-
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Khurram Jameel

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015	2014
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**258,798,586**	212,673,251
Intangible assets	5	**15,119,943**	13,315,502
Long term investments	6	**134,649,074**	97,597,764
Long term deposits	7	**29,422,616**	20,732,956
Television program costs	8	**434,836,050**	248,419,271
Deferred tax asset	9	**46,976,371**	697,152
		919,802,640	593,435,896
CURRENT ASSETS			
Inventories		**4,479,119**	5,956,137
Current portion of television program costs	8	**521,455,464**	304,853,048
Trade debts	10	**1,036,543,895**	780,778,749
Advances	11	**240,606,668**	145,433,634
Trade deposits and short-term prepayments	12	**19,077,919**	10,422,534
Other receivables	13	**33,393,487**	4,618,745
Cash and bank balances	14	**13,860,087**	106,516,721
		1,869,416,639	1,358,579,568
TOTAL ASSETS		**2,789,219,279**	1,952,015,464
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	15	**1,500,000,000**	1,500,000,000
Issued, subscribed and paid-up capital	16	**945,000,000**	945,000,000
Unappropriated profit		**726,066,536**	451,315,585
		1,671,066,536	1,396,315,585
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	17	**39,939,206**	2,734,293
CURRENT LIABILITIES			
Trade and other payables	18	**648,804,270**	542,082,607
Accrued mark-up		**6,088,472**	942,584
Short term borrowings	19	**299,538,538**	-
Unclaimed dividend		**5,156,923**	4,250,835
Taxation – net		**99,961,316**	4,065,180
Current portion of liabilities against assets subject to finance lease	17	**18,664,018**	1,624,380
		1,078,213,537	552,965,586
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		**2,789,219,279**	1,952,015,464

The annexed notes from 1 to 37 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, 2015

	Note	2015	2014
		---------- Rupees ----------	
Revenue	21	**3,721,047,096**	2,886,587,171
Cost of production	22	**(1,791,616,731)**	(1,381,432,771)
Transmission cost		**(84,201,837)**	(107,161,845)
		(1,875,818,568)	(1,488,594,616)
Gross profit		**1,845,228,528**	1,397,992,555
Distribution costs	23	**(463,792,017)**	(340,807,089)
Administrative expenses	24	**(413,045,327)**	(301,216,657)
		968,391,184	755,968,809
Other income	25	**116,982,137**	87,456,507
Finance costs	26	**(23,531,506)**	(7,952,008)
Other expenses	27	**(29,172,732)**	(28,649,631)
Profit before taxation		**1,032,669,083**	806,823,677
Taxation	28	**(285,418,132)**	(215,088,701)
Profit after taxation		**747,250,951**	591,734,976
			(Restated)
Earnings per share – basic and diluted	29	**0.79**	0.63

The annexed notes from 1 to 37 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, 2015

	2015	2014
	---------- Rupees ----------	
Profit after taxation	**747,250,951**	591,734,976
Other comprehensive income	-	-
Total comprehensive income for the year	**747,250,951**	591,734,976

The annexed notes from 1 to 37 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, 2015

	Note	2015	2014
		----------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	**610,287,981**	924,605,590
Taxes paid		**(235,801,215)**	(158,767,297)
Finance costs paid		**(18,385,618)**	(7,009,424)
Profit received on deposit accounts		**6,021,967**	17,590,023
Long term deposits		**(8,689,660)**	4,676,225
Television program costs		**(186,416,779)**	(51,224,154)
Net cash generated from operating activities		**167,016,676**	729,870,963
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(150,623,177)**	(53,965,560)
Addition to intangible assets		**(5,399,000)**	(3,429,486)
Long term investment in a subsidiary		**(37,051,310)**	(78,872,411)
Proceeds from disposal of operating fixed assets		**14,886,410**	5,255,908
Net cash used in investing activities		**(178,187,077)**	(131,011,549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**90,569.141**	948,027
Dividends paid		**(471,593,912)**	(649,017,279)
Net cash used in financing activities		**(381,024,771)**	(648,069,252)
Net decrease in cash and cash equivalents		**(392,195,172)**	(49,209,838)
Cash and cash equivalents at the beginning of the year		**106,516,721**	155,726,559
Cash and cash equivalents at the end of the year		**(285,678,451)**	106,516,721
Cash and cash equivalents			
Cash and bank balances		**13,860,087**	106,516,721
Short term borrowings		**(299,538,538)**	-
		(285,678,451)	106,516,721

The annexed notes from 1 to 37 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, 2015

	Issued, Subscribed and paid-up Capital	Unappropriated Profit	Total
	-----------------	Rupees -----------------	
Balance as at June 30, 2013	500,000,000	956,330,609	1,456,330,609
Final dividend for the year ended June 30, 2013 @ 60%		(300,000,000)	(300,000,000)
Bonus shares issued during the year in the ratio of 2 ordinary share for every 5 ordinary shares held	200,000,000	(200,000,000)	-
First interim dividend for the year ended June 30, 2014 @ 15%	-	(105,000,000)	(105,000,000)
Second interim dividend for the year ended June 30, 2014 @ 15%	-	(105,000,000)	(105,000,000)
Bonus shares issued during the year in the ratio of 2.45 ordinary share for every 7 ordinary shares held	245,000,000	(245,000,000)	-
Third interim dividend for the year ended June 30, 2014 @ 15%	-	(141,750,000)	(141,750,000)
Net profit for the year	-	591,734,976	591,734,976
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	591,734,976	591,734,976
Balance as at June 30, 2014	**945,000,000**	**451,315,585**	**1,396,315,585**
Final 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**
Balance as at June 30, 2015	**945,000,000**	**726,066,536**	**1,671,066,536**

The annexed notes from 1 to 37 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, 2015

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 Karachi 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 financial statements 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.

2.1 New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except as described below:

The Company has adopted the following revised standards, amendments, interpretations and improvements which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments: Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

Improvements to Accounting Standards issued by the IASB

IFRS 2 - Share-based Payment - Definitions of vesting conditions

IFRS 3 - Business Combinations - Accounting for contingent consideration in a business a combination

IFRS 3 - Business Combinations - Scope exceptions for joint ventures

IFRS 8 - Operating Segments - Aggregation of operating segments

IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method - proportionate restatement of accumulated depreciation / amortization

IAS 24 - Related Party Disclosures - Key management personnel

IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above revisions, amendments, interpretations and improvements to accounting standards did not have any effect on the financial statements.

2.2 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 10 – Consolidated Financial Statements	01 January 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – 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)	01 January 2016
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
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 Company expects that the adoption of the above standards, revisions and amendments will not affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2016. The Company expects that such improvements to the standards will not have any 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

3.2 Significant accounting judgments and estimates

The preparation of the Company's 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 judgments 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 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.

3.3 Fixed assets and depreciation

3.3.1 Property, plant and equipment

Owned

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

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 4.1. 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 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

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.

3.3.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. It 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.

3.4 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.

3.5 Investment in subsidiaries

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

3.6 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.

3.7 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.

3.8 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.

3.9 Loans, advances and other receivables

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

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

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

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

3.16 Staff retirement benefits

The Company operates 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.

3.17 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.

3.18 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.

3.19 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. 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.

3.20 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.

3.21 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.

3.22 Dividend and appropriation to reserves

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

3.23 Impairment

3.23.1 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.

3.23.2 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).

3.24 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT	Note	2015	2014
		----------- Rupees ----------	
Operating fixed assets	4.1	**238,826,688**	195,615,565
Capital work-in-progress	4.4	**19,971,898**	17,057,686
		258,798,586	212,673,251

4.1 Operating fixed assets

2015

	Cost: As at July 01, 2014	Cost: Additions/ (Deletions)	Cost: As at June 30, 2015	Accumulated depreciation: As at July 01, 2014	Accumulated depreciation: Charge for the year	Accumulated depreciation: As at June 30, 2015	Book value as at June 30, 2015	Depreciation 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) *(10,808,420)	28,782,792	15,829,554	6,894,154 **86,602 (3,786,085) *(1,655,704)	17,368,521	11,414,271	33
Audio visual equipment	119,532,367	26,897,538 (789,769) *(21,618,506)	126,021,630	87,677,586	8,989,028 (381,709) *(1,744,838)	94,540,067	31,481,563	25
Uplinking equipment	62,203,457	- *(18,402,381)	43,801,076	25,452,259	5,460,293 *(3,312,429)	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	
2015	**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.

2014

	Cost: As at July 01, 2013	Cost: Additions/ (Deletions)	Cost: As at June 30, 2014	Accumulated depreciation: As at July 01, 2013	Accumulated depreciation: Charge for the year	Accumulated depreciation: As at June 30, 2014	Book value as at June 30, 2014	Depreciation Rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	8,401,516	1,327,721	9,729,237	53,528,664	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	20,700,041	3,382,088	24,082,129	9,738,750	10
Leasehold improvements	39,455,416	1,090,538	40,545,954	30,920,539	4,389,962	35,310,501	5,235,453	33
Furniture and fittings	8,437,480	9,478,016	17,915,496	3,837,365	1,322,954	5,160,319	12,755,177	10
Vehicles	32,328,580	8,180,720 (11,038,360)	29,470,940	22,099,828	1,456,578 (7,726,852)	15,829,554	13,641,386	33
Audio visual equipment	114,602,227	4,930,140	119,532,367	79,740,033	7,937,553	87,677,586	31,854,781	25
Uplinking equipment	60,917,624	1,285,833	62,203,457	19,722,252	5,730,007	25,452,259	36,751,198	10
Office equipment	36,665,313	1,626,378	38,291,691	22,253,427	4,105,324	26,358,751	11,932,940	15
Computers	47,371,434	11,972,097	59,343,531	38,703,698	6,714,628	45,418,327	13,925,204	33
	436,856,854	38,563,722 (11,038,360)	464,382,216	246,378,700	36,366,815 (7,726,852)	275,018,663	189,363,553	
Leased								
Vehicles	6,725,441	3,371,230	10,096,671	2,260,902	1,583,757	3,844,659	6,252,012	33
2014	**443,582,295**	**41,934,952 (11,038,360)**	**474,478,887**	**248,639,602**	**37,950,572 (7,726,852)**	**278,863,322**	**195,615,565**	

4.2. Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain	Mode of disposal	Particulars of buyer
	----------	----------	Rupees	----------	----------		
Leasehold improvements							
Building improvement	6,537,782	4,314,936	2,222,846	-	(2,222,846)	Insurance claim	Adamjee Insurance
Furniture and fittings							
Chair tables	310,547	108,691	201,856	446,448	244,592	Insurance claim	Adamjee Insurance
Items having book value up to Rs. 50,000	561,360	118,715	442,645	754,016	311,371	Insurance claim	Adamjee Insurance
	871,907	227,406	644,501	1,200,464	555,963		
Vehicles							
Car	4,500,000	3,052,833	1,447,167	2,200,000	752,833	Tender	Mr. Abdullah
Car	2,652,200	733,252	1,918,948	2,150,000	231,052	Tender	Mr. Abdul Rehman
	7,152,200	3,786,085	3,366,115	4,350,000	983,885		
Audio visual equipment							
Items having book value up to Rs. 50,000	789,769	381,709	408,060	1,065,305	657,245	Various	Various
Office equipment							
Office equipment	250,000	93,750	156,250	359,406	203,156	Insurance claim	Adamjee Insurance
Office equipment	250,000	93,750	156,250	359,406	203,156	Insurance claim	Adamjee Insurance
Office equipment	110,000	17,875	92,125	158,138	66,013	Insurance claim	Adamjee Insurance
Items having book value up to Rs. 50,000	3,827,234	3,001,253	825,981	1,990,786	1,164,805	Various	Various
	4,437,234	3,206,628	1,230,606	2,867,736	1,637,130		
Computers							
Laptop	105,000	49,088	55,913	150,950	95,038	Insurance claim	Adamjee Insurance
Computer system	94,700	28,647	66,053	136,143	70,090	Insurance claim	Adamjee Insurance
Computer system	130,400	35,860	94,540	187,466	92,926	Insurance claim	Adamjee Insurance
Computer system	141,667	35,062	106,604	203,663	97,059	Insurance claim	Adamjee Insurance
Items having book value up to Rs. 50,000	3,753,915	3,711,884	42,031	4,724,683	4,682,651	Various	Various
	4,225,682	3,860,541	365,141	5,402,905	5,037,764		
	24,014,574	**15,777,305**	**8,237,269**	**14,886,410**	**6,649,141**		

4.3 Depreciation for the year has been allocated as follows:

	Note	2015	2014
		---------- Rupees	----------
Cost of production	22	**25,720,604**	23,145,164
Distribution costs	23	**6,150,094**	5,269,375
Administrative expenses	24	**20,273,540**	9,536,033
		52,144,238	37,950,572

4.4 Capital work in progress

	2015	2014
Opening balance	**17,057,686**	8,183,998
Additions during the year	**20,505,237**	22,861,523
Transfers to operating fixed assets	**(17,591,025)**	(10,830,915)
Transfers to intangible assets	**-**	(3,156,920)
Closing balance	**19,971,898**	17,057,686

5. INTANGIBLE ASSETS

	2015							
	Cost			Accumulated amortization			Book value	
	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	Amortisation rate %
	----------	----------	----------	Rupees	----------	----------	----------	per annum
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
2015	**30,633,448**	**5,399,000**	**36,032,448**	**17,317,946**	**3,594,559**	**20,912,505**	**15,119,943**	

	2014							
	Cost			Accumulated amortization			Book value	
	As at July 01, 2013	Additions	As at June 30, 2014	As at July 01, 2013	For the year	As at June 30, 2014	as at June 30, 2014	Amorti-sation rate %
	Rupees							per annum
Computer softwares	10,374,542	5,886,406	16,260,948	8,317,167	1,851,477	10,168,644	6,092,304	20 – 33
License fee	10,500,000	-	10,500,000	4,707,780	700,350	5,408,130	5,091,870	6.67
Trade Mark	3,172,500	700,000	3,872,500	1,098,632	642,540	1,741,172	2,131,328	20
2014	24,047,042	6,586,406	30,633,448	14,123,579	3,194,367	17,317,946	13,315,502	

	Note	2015	2014
		Rupees	
5.1 Amortisation for the year has been allocated as follows:			
Cost of production	22	**3,145,641**	2,658,608
Administrative expenses	24	**448,918**	535,759
		3,594,559	3,194,367

6. LONG TERM INVESTMENTS – unquoted subsidiaries

	Holding	2015	2014
HUM TV, Inc			
10,000 Common stock at $ 0.01	100%	**8,603**	8,603
Advance for future issue of shares		**18,716,750**	18,716,750
		18,725,353	18,725,353
HUM Network UK Ltd			
1 Ordinary Share of 1 GBP	100%	**161**	161
Advance for future issue of shares		**95,923,590**	78,872,250
		95,923,751	78,872,411
Sky Line Publication (Private) Limited			
1,999,997 Ordinary Shares of Rs. 10 each	100%	**19,999,970**	-
		134,649,074	97,597,764

7. LONG TERM DEPOSITS

	2015	2014
Security deposits		
- Lease	**6,715,650**	1,027,050
- Rent	**2,388,540**	1,055,000
- Trade	**20,187,920**	18,520,400
- Others	**130,506**	130,506
	29,422,616	20,732,956

8. TELEVISION PROGRAM COSTS

	2015	2014
Unreleased / released less amortisation	**863,517,050**	546,273,508
In production	**92,774,464**	6,998,811
	956,291,514	553,272,319
Less: Current portion	**521,455,464**	304,853,048
	434,836,050	248,419,271

	Note	2015	2014
		---------- Rupees	----------
9. DEFERRED TAX ASSET			
Deductible temporary differences			
Provisions		**8,452,015**	8,716,140
Liabilities against asset subject to finance lease		**18,753,032**	1,438,362
Subscription income		**49,840,237**	6,049,917
Others		**-**	311,053
		77,045,284	16,515,472
Taxable temporary differences			
Accelerated tax depreciation / amortisation		**(30,068,913)**	(15,818,320)
		46,976,371	697,152
10. TRADE DEBTS – unsecured			
Considered good	10.1	**1,036,543,895**	780,778,749
Considered doubtful		**26,412,547**	26,412,547
		1,062,956,442	807,191,296
Less: Provision for doubtful debts		**26,412,547**	26,412,547
		1,036,543,895	780,778,749

10.1 Include amount receivable from the following related parties:

	2015	2014
	---------- Rupees	----------
HUM TV Inc.	**3,090,442**	4,450,578
HUM Network UK Limited	**61,605,730**	-
	64,696,172	4,450,578

10.2 The aging of trade debts from other than related parties as at June 30 is as follows:

	2015	2014
Neither past due nor impaired	**646,975,240**	623,261,573
Past due but not impaired		
- 60 to 90 days	**212,717,182**	110,016,079
- over 90 days	**112,155,301**	43,050,519
	971,847,723	776,328,171

10.3 The aging of receivable from related parties as at June 30 is as follows:

	2015	2014
Neither past due nor impaired	**10,965,442**	4,450,578
Past due but not impaired		
- 60 to 90 days	**15,737,500**	-
- over 90 days	**37,993,230**	-
	64,696,172	4,450,578

11. ADVANCES - unsecured, considered good

	Note	2015	2014
Advances to:			
- producers	11.1	**210,780,891**	105,544,383
- suppliers		**21,732,326**	35,354,409
- employees		**7,832,699**	4,074,932
- executives	11.2	**260,752**	459,910
		240,606,668	145,433,634

11.1 Include Rs. 8,887,155 (June 30, 2014: Rs. 1,899,746) paid to M.D Production (Private) Limited, a related party.

11.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 512,500 (2014: Rs. 475,000).

	Note	2015	2014
		---------- Rupees	----------
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Rent		**5,514,500**	968,500
- Trade		**4,361,127**	249,874
- Others		**2,050,474**	954,100
		11,926,101	2,172,474
Prepayments			
- Insurance		**4,746,456**	2,861,564
- Rent		**1,646,302**	1,956,084
- Others		**759,060**	3,432,412
		7,151,818	8,250,060
		19,077,919	10,422,534
13. OTHER RECEIVABLES – considered good			
Receivable in respect of sale of DVDs		**4,618,745**	4,618,745
Sales tax receivable		**24,120,862**	-
Others	13.1	**4,653,880**	-
		33,393,487	4,618,745

13.1 Include Rs. 2,025,624 receivable from HUM TV, Inc. a related party.

	Note	2015	2014
14. CASH AND BANK BALANCES			
Cash in hand		**65,028**	135,821
Cash at banks			
- in current accounts		**5,363,605**	34,232,070
- in deposit accounts	14.1	**8,431,454**	72,148,830
		13,795,059	106,380,900
		13,860,087	106,516,721

14.1 These carry profit at the rates ranging from 6.5% to 8.5% (2014: 8.5% to 9%) per annum.

15. AUTHORIZED CAPITAL

During the year, the Company has subdivided its authorized capital from 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000 into 1,500,000,000 ordinary shares of Re. 1/- each amounting to Rs. 1,500,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
(Number of shares)			---------- Rupees	----------
	(Restated)	Ordinary shares of Re. 1/- each		
500,000,000	500,000,000	Fully paid in cash	**500,000,000**	500,000,000
445,000,000	445,000,000	Issued as fully paid bonus shares	**445,000,000**	445,000,000
945,000,000	945,000,000		**945,000,000**	945,000,000

16.1 During the year, the Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1 each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015		2014	
	Minimum Lease Payment	Present value	Minimum Lease Payment	Present Value
	Rupees			
Not later than one year	**23,035,706**	**18,664,018**	1,997,179	1,624,380
Later than one year and not later than five years	**43,136,192**	**39,939,206**	2,920,096	2,734,293
Total minimum lease payments	**66,171,898**	**58,603,224**	4,917,275	4,358,673
Less: Financial charges allocated to future periods	**7,568,674**	**-**	558,602	-
Present value of minimum lease payments	**58,603,224**	**58,603,224**	4,358,673	4,358,673
Less: Current portion shown under current liabilities	**18,664,018**	**18,664,018**	1,624,380	1,624,380
	39,939,206	**39,939,206**	2,734,293	2,734,293

17.1 Represent finance leases entered into by the Company with financial institutions for vehicles, audio visual equipment and up-linking equipment. Total lease rentals due under various lease agreements amount to Rs. 66,171,898 (2014: Rs. 4,917,275) 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 Company has to pay the entire rent for the unexpired period. These carry interest rate of 6 months KIBOR plus 2 to 3 (2014: 2) percent per annum.

18. TRADE AND OTHER PAYABLES

	2015	2014
	Rupees	
Creditors	**355,163,243**	285,559,792
Accrued liabilities	**245,533,493**	187,809,090
Withholding tax payable	**10,038,069**	18,727,044
Sales tax payable	**-**	362,731
Advances from customers	**9,722,086**	27,638,254
Workers' welfare fund	**21,235,062**	16,465,789
Others	**7,112,317**	5,519,907
	648,804,270	542,082,607

19. SHORT TERM BORROWINGS

As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 400,000,000 (June 30, 2014: Rs. 300,000,000). These facilities are secured by way of Pari Passu charge on all current assets of the Company and carry mark-up rates ranging from 3 Months KIBOR + 1.25% (June 30, 2014: 3 months KIBOR + 1.25%). The facilities have a maturity latest by 28 February 2016.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

During the year, 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 as well as the Honorable High Court of Sindh in constitutional petition. 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.

20.2 Commitments

i) Purchase of television programs commitments with M.D Production (Private) Limited a, related party as at June 30, 2015 amounted to Rs. 207,497,500 (2014: Rs. 74,810,000). Commitment for purchase of television programs with other than related parties as at June 30, 2015 amounted to Rs. 435,464,193 (2014: Rs. 350,748,875).

ii) Commitment for rentals under Ijarah finance agreement:

	2015	2014
	---------- Rupees	----------
Within one year	**439,485**	1,574,844
After one year but not more than five years	**-**	439,485
	439,485	2,014,329

21. REVENUE – net

	2015	2014
Advertisement revenue	**4,791,322,994**	3,873,281,067
Less: Sales tax	**620,523,402**	518,409,473
Agency commission	**609,498,454**	487,900,242
Discount to customers	**267,729,823**	238,727,247
	1,497,751,679	1,245,036,962
	3,293,571,315	2,628,244,105
Production revenue	**142,203,000**	63,340,857
Digital revenue	**12,369,525**	5,567,902
	154,572,525	68,908,759
Less: Sales tax	**20,279,359**	7,909,721
Agency commission	**6,275,493**	2,230,380
	26,554,852	10,140,101
	128,017,673	58,768,658
Subscription income	**249,377,765**	199,574,408
Film distribution revenue	**50,080,343**	-
	3,721,047,096	2,886,587,171

	Note	2015	2014
		---------- Rupees ----------	
22. COST OF PRODUCTION			
Cost of outsourced programs		**1,409,766,551**	952,425,397
Cost of in-house programs		**349,809,738**	151,476,438
Cost of inventory consumed		**251,435**	325,480
Salaries and benefits	22.1	**316,820,625**	238,958,693
Depreciation	4.3	**25,720,604**	23,145,164
Traveling and conveyance		**20,119,308**	21,872,998
Utilities		**12,178,224**	11,186,460
Rent, rates and taxes		**7,362,299**	6,855,700
Insurance		**6,780,501**	7,939,129
Repair and maintenance		**12,556,853**	11,448,288
Fee and subscription		**14,496,260**	4,842,421
Communication		**7,436,553**	7,254,035
Security charges		**2,639,811**	2,861,432
Amortisation	5.1	**3,145,641**	2,658,608
Consultancy		**5,219,697**	3,687,435
Donations		**-**	91,490
Printing and stationery		**331,826**	622,498
		2,194,635,926	1,447,651,666
In production television programs - opening		**6,998,811**	5,918,111
In production television programs - closing		**(92,774,464)**	(6,998,811)
		2,108,860,273	1,446,570,966
Released / unreleased programs - opening		**546,273,508**	481,135,313
Released / unreleased programs - closing		**(863,517,050)**	(546,273,508)
		1,791,616,731	1,381,432,771

22.1 Include Rs. 10,796,816 (2014: Rs. 6,991,316) in respect of staff retirement benefits.

	Note	2015	2014
		---------- Rupees ----------	
23. DISTRIBUTION COSTS			
Advertisement and promotion		**284,223,621**	174,352,844
Salaries and benefits	23.1	**138,553,646**	128,292,060
Traveling and conveyance		**14,962,478**	14,758,258
Rent, rates and taxes		**3,246,758**	2,671,896
Utilities		**3,133,310**	3,796,399
Depreciation	4.3	**6,150,094**	5,269,375
Communication		**4,636,401**	4,101,573
Insurance		**1,823,874**	1,262,450
Repair and maintenance		**3,083,498**	2,860,076
Fees and subscription		**1,783,951**	1,588,558
Security charges		**747,673**	189,756
Printing and stationery		**796,613**	733,744
Donations		**-**	280,000
Ijarah rental		**650,100**	650,100
		463,792,017	340,807,089

23.1 Include Rs. 5,531,511 (2014: Rs. 4,298,065) in respect of staff retirement benefits.

24. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		Rupees	
Salaries and benefits	24.1	**271,189,390**	193,611,524
Technical advisory fee	24.2	**34,933,333**	30,000,000
Depreciation	4.3	**20,273,540**	9,536,033
Amortisation	5.1	**448,918**	535,759
Repair and maintenance		**10,079,478**	10,085,551
Communication		**3,494,029**	2,805,058
Traveling and conveyance		**15,991,020**	12,583,088
Fee and subscription		**5,748,597**	10,097,183
Utilities		**6,646,413**	5,987,337
Legal and professional charges		**19,347,749**	9,461,783
Printing, stationery and periodicals		**3,977,595**	3,100,739
Rent, rates and taxes		**11,612,187**	9,069,783
Insurance		**2,749,030**	941,680
Auditors' remuneration	24.3	**4,874,836**	2,011,411
Ijarah rentals		**928,444**	1,294,368
Security charges		**600,768**	95,360
Donations	24.4	**150,000**	-
		413,045,327	301,216,657

24.1 Include Rs. 2,769,124 (2014: Rs. 2,668,399) in respect of staff retirement benefits.

24.2 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.

24.3 Auditors' remuneration

	Note	2015	2014
		Rupees	
Audit fee		**770,000**	700,000
Half yearly review		**275,000**	250,000
Tax services		**2,814,931**	245,000
Out of pocket expenses		**276,150**	280,661
Others		**738,755**	535,750
		4,874,836	2,011,411

24.4 Directors do not have any interest in the donees to whom donations were made.

25. OTHER INCOME

	Note	2015	2014
		Rupees	
Income from financial assets			
Profit on deposit accounts		**6,021,967**	17,590,023
Reversal of provision for doubtful debts		**-**	4,869,680
Exchange gain		**1,397,707**	-
		7,419,674	22,459,703
Income from non financial assets			
Gain on disposal of operating fixed assets	4.2	**6,649,141**	1,944,400
Sale of magazines and DVDs		**88,275,550**	63,052,404
Liabilities no longer payable written back		**12,612,148**	-
Others		**2,025,624**	-
		109,562,463	64,996,804
		116,982,137	87,456,507

	2015	2014
	---------- Rupees ----------	

26. FINANCE COSTS

	2015	2014
Mark-up on short term borrowings	**19,794,738**	6,971,182
Finance lease charges	**1,781,459**	443,383
Bank charges	**1,955,309**	537,443
	23,531,506	7,952,008

27. OTHER EXPENSES

	2015	2014
Worker's welfare fund	**21,380,986**	23,761,981
Loss on sale and lease back transaction	**7,791,746**	-
Exchange loss	**-**	4,887,650
	29,172,732	28,649,631

28. TAXATION

	2015	2014
Current	**332,794,472**	213,262,823
Prior	**(1,097,121)**	281,487
	331,697,351	213,544,310
Deferred	**(46,279,219)**	1,544,391
	285,418,132	215,088,701

28.1 Reconciliation between tax expense and accounting profit

	2015	2014
Accounting profit before taxation	**1,032,669,083**	806,823,677
Tax at applicable rate of 33% (2014: 34%)	**340,780,797**	274,320,050
Tax effect of amounts not (taxable) / deductible for tax purposes	**(41,329,470)**	5,671,784
Tax effect of prior years	**(1,097,121)**	281,487
Tax effect of income exempt from tax	**(44,366,124)**	(65,184,620)
Tax effect of super tax @ 3%	**31,430,050**	-
	285,418,132	215,088,701

29. EARNINGS PER SHARE – basic and diluted

		2015	2014
Profit after taxation	**Rupees**	**747,250,951**	591,734,976
			(Restated)
Weighted average number of ordinary shares outstanding during the year		**945,000,000**	945,000,000
			(Restated)
Earnings per share	**Rupees**	**0.79**	0.63

29.1 Basic earnings per share has no dilution effect.

29.2 During the year, the Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1/- each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014. Accordingly, the earnings per share for the year ended June 30, 2014 have been restated based on the revised number of outstanding shares.

30. CASH GENERATED FROM OPERATIONS

	2015	2014
	Rupees	
Profit before taxation	**1,032,669,083**	806,823,677
Adjustments for :		
Depreciation	**52,144,238**	37,950,572
Amortisation	**3 ,594,559**	3,194,367
Finance costs	**23,531,506**	7,952,008
Exchange (gain) / loss	**(1,397,707)**	4,887,650
Profit on deposit accounts	**(6,021,967)**	(17,590,023)
Reversal of provision for doubtful debts	**-**	(4,869,680)
Gain on disposal of operating fixed assets	**(6,649,141)**	(1,944,400)
Loss on sale and lease back transaction	**7,791,746**	-
Workers' welfare fund	**21,380,986**	16,465,789
	94,374,220	46,046,283
Operating profit before working capital changes	**1,127,043,303**	852,869,960
Working capital changes		
Decrease / (increase) in current assets		
Inventories	**1,477,018**	20,655,387
Television program costs	**(216,602,416)**	(14,994,741)
Trade debts	**(255,765,146)**	(93,632,104)
Advances	**(95,173,034)**	(93,262,416)
Deposits and prepayments	**(8,655,385)**	(3,766,901)
Other receivables	**(28,774,742)**	27,095,693
	(603,493,705)	(157,905,082)
Increase in current liabilities		
Trade and other payables	**86,738,383**	229,640,712
	610,287,981	924,605,590

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial remuneration	**31,089,803**	**2,000,000**	**159,805,677**	13,935,484	-	105,314,567
Bonus	**85,259,577**	**58,062,132**	**22,372,894**	95,221,084	-	14,343,817
Retirement benefits	**-**	**-**	**11,796,972**	-	-	7,562,851
House rent	**10,712,903**	**-**	**60,406,813**	6,270,968	-	39,455,251
Utilities	**2,380,645**	**-**	**13,423,737**	1,393,548	-	8,767,835
Technical advisory fee	**-**	**34,933,333**	**-**	-	30,000,000	-
Fuel and conveyance	**274,600**	**1,131,428**	**10,082,790**	466,449	1,035,238	10,141,088
	129,717,528	**96,126,893**	**277,888,883**	117,287,533	31,035,238	185,585,409
Number	**1**	**2**	**116**	1	2	80

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

31.2 Aggregate amount charged in the financial statements for fee to five directors was Rs. 500,000 /- (2014: Rs. 540,000/-).

32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associated companies, 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:

Related Party	Nature of relationship	Nature of transactions	2015 Rupees	2014 Rupees
M.D. Production (Private) Limited	Associate	Purchase of television Programs	302,831,610	266,775,000
MNM Productions	Associate	Purchase of television Programs	-	63,500,000
HUM TV, Inc.	Subsidiary	Collection on behalf of Hum Network Limited	37,500,563	7,343,651
HUM TV, Inc.	Subsidiary	Subscription income	30,430,000	31,211,250
HUM TV, Inc.	Subsidiary	Remittance from HUM TV, Inc.	70,112,975	39,620,720
HUM TV, Inc.	Subsidiary	Payment made on behalf of HUM Network Limited	2,040,113	21,054,291
HUM Network UK Limited	Subsidiary	Subscription income	93,960,000	-
HUM Network UK Limited	Subsidiary	Investments made during the year	17,051,340	78,872,411
HUM Network UK Limited	Subsidiary	Remittances from HUM Network UK Limited	32,702,184	-
Sky Line (Private) Limited	Subsidiary	Investments made during the year	19,999,970	-
Hum Network Limited - Employees' Provident Fund	Retirement fund	Contribution to fund	19,097,451	13,957,780

33. PROVIDENT FUND

	2015 Un-Audited (Rupees in 000')	2014 Audited (Rupees in 000')
33.1 Payable to provident fund	3,780	-

33.2 Details of the fund are as follows:

	2015	2014
Size of the fund	55,667	36,719
Cost of investments made	11,174	11,174
Percentage of investments made	20%	30%
Fair value of investments	11,689	11,489

33.3 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2015		2014	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
	--------Un-Audited--------		---------Audited---------	
Treasury Bills	**9,776**	**17.5%**	9,776	26%
Mutual funds	**1,398**	**2.5%**	1,398	4%
Total	**11,174**	**20%**	11,174	30%

33.4 Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Ordinance and the rules formulated for this purpose.

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 benefi ts 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. The Company 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 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 that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2015	2014
	---------- Rupees	----------
Trade debts		
Customers with no defaults in the past one year	**526,787,615**	471,326,501
Customers with some defaults in past one year which have been fully recovered	**131,153,067**	156,382,650
	657,940,682	627,712,151

		2015	2014
		---------- Rupees ----------	
Bank balances			
	A1+	**13,794,638**	94,229,360
	A1	**421**	-
	A3	-	12,151,540
		13,795,059	106,380,900

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:

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 borrowing	-	-	299,538,538	-	299,538,538
Accrued mark-up	6,088,472	-	-	-	6,088,472
	52,166,760	270,616,369	619,039,038	39,939,206	981,761,373

2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----------	----------	Rupees	----------	----------
Liabilities against assets subject to finance lease	-	-	1,624,380	2,734,293	4,358,673
Trade and other payables	31,157,210	315,497,537	159,872,296	-	506,527,043
Accrued mark-up	942,584	-	-	-	942,584
	32,099,794	315,497,537	161,496,676	2,734,293	511,828,300

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:

	2015		2014	
	US Dollar	**GBP**	**US Dollar**	**GBP**
Trade debts	**596,432**	386,025	95,321	-
Other receivables	**19,733**	-	44,865	-
Trade and other payables	**(135,530)**	-	(1,243,150)	-
The following significant exchange rates have been applied at the reporting dates:				
	---------- Rupees ----------		---------- Rupees ----------	
Closing Exchange Rates	**102.65**	**159.59**	99.45	168.95

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 --
30 June 2015	**+10**	**4,933,718**	**+10**	**6,160,573**
	-10	**(4,933,718)**	**-10**	**(6,160,573)**
30 June 2014	+10	(10,968,977)	+10	-
	-10	10,968,977	-10	-

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
30 June 2015	**+100**	**(2,655,065)**
	-100	**2,655,065**
30 June 2014	+100	677,902
	-100	(677,902)

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. SUBSEQUENT EVENT

The Board of Directors in their meeting held on October 06, 2015 has recommended a final cash dividend of Re. 0.175/- per share @ 17.5% amounting to Rs. 165,375,000/- on the existing paid-up value of the ordinary share capital for approval of shareholders in the Annual General Meeting.

36. DATE OF AUTHORIZATION

These financial statements have been authorised for issue on October 06, 2015 by the Board of Directors of the Company.

37. GENERAL

37.1 The number of employees as at June 30, 2015 was 479 (2014: 450) and average number of employees during the year was 499 (2014: 437).

37.2 Figures have been rounded off to the nearest Rupees.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is pleased to present the Consolidated Audited Financial Statements of HUM Network Limited (the Company) and its subsidiaries HUM TV Inc, HUM Network UK Limited and Skyline Publications (Private) Limited for the year ended June 30, 2015.

Your Company holds 100% shares in the US and UK subsidiaries which are now actively involved in exploring advertising market in the United States, Middle East North Africa and Europe. HUM Network also acquired a wholly owned local subsidiary Skyline Publications (Private) limited expanding into the business of printing and publications. All the subsidiaries have been continuously serving as a platform for HUM Network to explore new avenues, greater distribution of the HUM Network's brands internationally and establish relations with advertisers, as well as to develop media materials and content targeted for the said audience.

The consolidated financials are as follows:

	2015
Revenue - net	3,851,077,386
Gross Profit	1,889,677,698
Profit for the year	733,425,294
Earnings per share - basic and diluted	0.78

The Directors' Report on Hum Network Limited for the year ended June 30, 2015 has been separately presented in the annual report

Date: October 06, 2015
Place: Karachi

for and on behalf of the Board of Directors

Duraid Qureshi
Chief Executive Officer

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 2015 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 company, namely HUM Network UK Ltd are unaudited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these 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 subsidiary company, namely HUM Network UK Ltd are unaudited. Hence, total assets of Rs. 96,740,894 /- and net loss of Rs. 38,713,924/- pertaining to such subsidiary company have been incorporated in the consolidated financial statements based on the unaudited financial statements of the subsidiary company.

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 2015 and the results of their operations for the year then ended.

Date: October 06, 2015
Place: Karachi

Sd/-
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Khurram Jameel

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015	2014
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**264,079,326**	216,066,054
Intangible assets	5	**47,951,207**	34,910,121
Long term deposits	6	**31,575,692**	21,861,356
Television program costs	7	**434,836,050**	248,419,271
Deferred tax asset	8	**47,583,838**	3,945,022
		826,026,113	525,201,824
CURRENT ASSETS			
Inventories		**4,479,117**	5,956,137
Current portion of television program costs	7	**521,455,464**	304,853,048
Trade debts	9	**1,099,372,556**	790,405,463
Advances	10	**240,649,168**	145,433,634
Trade deposits and short-term prepayments	11	**34,806,311**	24,102,692
Other receivables	12	**31,367,863**	9,407,164
Cash and bank balances	13	**26,450,936**	120,518,338
		1,958,581,415	1,400,676,476
TOTAL ASSETS		**2,784,607,528**	1,925,878,300
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	14	**1,500,000,000**	1,500,000,000
Issued, subscribed and paid-up capital	15	**945,000,000**	945,000,000
Reserves		**671,233,709**	412,156,569
		1,616,233,709	1,357,156,569
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	16	**39,939,206**	2,734,293
CURRENT LIABILITIES			
Trade and other payables	17	**700,541,805**	552,758,239
Accrued mark-up		**6,088,472**	942,584
Short term borrowings	18	**299,538,538**	-
Unclaimed dividend		**5,156,923**	4,250,835
Taxation – net		**98,444,857**	6,411,400
Current portion of liabilities against assets subject to finance lease	16	**18,664,018**	1,624,380
		1,128,434,613	565,987,438
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		**2,784,607,528**	1,925,878,300

The annexed notes from 1 to 36 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, 2015

	Note	2015	2014
		---------- Rupees ----------	
Revenue	20	**3,851,077,386**	2,950,033,697
Cost of production	21	**(1,803,228,927)**	(1,381,432,771)
Transmission cost		**(158,170,761)**	(139,562,851)
		(1,961,399,688)	(1,520,995,622)
Gross profit		**1,889,677,698**	1,429,038,075
Distribution costs	22	**(471,036,714)**	(349,373,150)
Administrative expenses	23	**(447,649,525)**	(353,024,584)
		970,991,459	726,640,341
Other income	24	**116,942,301**	87,456,507
Finance costs	25	**(23,665,532)**	(8,090,957)
Other operating expenses	26	**(29,172,732)**	(28,649,631)
Profit before taxation		**1,035,095,496**	777,356,260
Taxation	27	**(301,670,202)**	(217,751,752)
Profit after taxation		**733,425,294**	559,604,508
			(Restated)
Earnings per share – basic and diluted	28	**0.78**	0.59

The annexed notes from 1 to 36 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, 2015

	2015	2014
	---------- Rupees	----------
Profit after taxation	**733,425,294**	559,604,508
Other comprehensive income		
To be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in foreign subsidiary Companies	**(1,848,154)**	(3,551,517)
Total comprehensive income for the year	**731,577,140**	556,052,991

The annexed notes from 1 to 36 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, 2015

	Note	2015	2014
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	**589,976,334**	804,712,485
Taxes paid		**(251,873,886)**	(158,847,764)
Finance costs paid		**(18,519,644)**	(7,148,373)
Profit received on deposit accounts		**6,171,979**	17,590,023
Long term deposits		**(9,552,604)**	4,691,013
Television program costs		**(186,416,779)**	(51,224,154)
Net cash generated from operating activities		**129,785,400**	609,773,230
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(152,624,127)**	(54,354,827)
Addition to intangible assets		**(5,758,988)**	(24,812,159)
Cash paid on acquisition of subsidiary		**1,130,136**	
Proceeds from the disposal of operating fixed assets		**14,886,410**	5,255,908
Net cash used in investing activities		**(142,366,569)**	(73,911,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**90,569,141**	948,027
Dividends paid		**(471,593,912)**	(649,017,279)
Net cash used in financing activities		**(381,024,771)**	(648,069,252)
Net decrease in cash and cash equivalents		**(393,605,940)**	(112,207,100)
Cash and cash equivalents at the beginning of the year		**120,518,338**	232,725,438
Cash and cash equivalents at the end of the year		**(273,087,602)**	120,518,338
Cash and cash equivalents			
Cash and bank balances		**26,450,936**	120,518,338
Short term borrowings		**(299,538,538)**	-
		(273,087,602)	120,518,338

The annexed notes from 1 to 36 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, 2015

	Issued, subscribed and paid-up capital	Reserves				Total
		Foreign exchange translation reserve	Unappropriated profit	Sub-total		
		----------Rupees----------				
Balance as at June 30, 2013	500,000,000	1,039,365	951,814,213	952,853,578		1,452,853,578
Final dividend for the year ended June 30, 2013 @ 60%	-	-	(300,000,000)	(300,000,000)		(300,000,000)
Bonus shares issued during the year in the ratio of 2 ordinary share for every 5 ordinary shares held	200,000,000	-	(200,000,000)	(200,000,000)		-
First interim dividend for the year ended June 30, 2014 @ 15%	-	-	(105,000,000)	(105,000,000)		(105,000,000)
Second interim dividend for the year ended June 30, 2014 @ 15%	-	-	(105,000,000)	(105,000,000)		(105,000,000)
Bonus shares issued during the year in the ratio of 2.45 ordinary share for every 7 ordinary shares held	245,000,000	-	(245,000,000)	(245,000,000)		-
Third interim dividend for the year ended June 30, 2014 @ 15%	-	-	(141,750,000)	(141,750,000)		(141,750,000)
Net profit for the year	-	-	559,604,508	559,604,508		559,604,508
Other comprehensive income	-	(3,551,517)	-	(3,551,517)		(3,551,517)
Total comprehensive income for the year	-	(3,551,517)	559,604,508	556,052,991		556,052,991
Balance as at June 30, 2014	**945,000,000**	**(2,512,152)**	**414,668,721**	**412,156,569**		**1,357,156,569**
Final 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**
Balance as at June 30, 2015	**945,000,000**	**(4,360,306)**	**675,594,015**	**671,233,709**		**1,616,233,709**

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 Karachi 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

	2015	2014
	Percentage of holding	
HUM TV, Inc.	**100%**	100%
HUM Network UK LTD	**100%**	100%
Sky Line Publications (Private) Limited	**100%**	-

1.2 Nature of operations of subsidiaries

HUM TV, Inc., and HUM Network UK LTD 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 and UK 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 and UK 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 magzines. During the year 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.

2.1 New and amended standards and interpretations

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as describe below:

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Disclosures – (Amendments)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

Improvements to Accounting Standards issued by the IASB

IFRS 2 - Share-based Payment - Definitions of vesting conditions

IFRS 3 - Business Combinations - Accounting for contingent consideration in a business a combination

IFRS 3 - Business Combinations - Scope exceptions for joint ventures

IFRS 8 - Operating Segments - Aggregation of operating segments

IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method - proportionate restatement of accumulated depreciation / amortization

IAS 24 - Related Party Disclosures - Key management personnel

IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above revisions, ammendments, interpretations and improvements to accounting standards did not have any effect on the consolidated financial statements.

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

The following standards and ammendments 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 10 – Consolidated Financial Statements	01 January 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016

	Effective date (accounting periods beginning on or after)
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)	01 January 2016
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
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 Group expects that the adoption of the above standards, revisions and ammendments will not affect the consolidated financial statements in the period of initial application.

In addition to the above, improvement to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 1, 2016. The Group expects that such improvements to the standards will not have any impact on the Group's consolidated 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

3.2 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.

3.3 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.

3.4 Fixed assets and depreciation

3.4.1 Property, plant and equipment

Owned

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

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 4.1. 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.

3.4.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. It 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 Loans, advances and other receivables

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

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

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

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

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

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

3.22 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.

3.23 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.

3.24 Impairment

3.24.1 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.

3.24.2 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).

3.25 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		----------- Rupees ----------	
Operating fixed assets	4.1	**244,107,428**	199,008,368
Capital work-in-progress	4.4	**19,971,898**	17,057,686
		264,079,326	216,066,054

4.1 Operating fixed assets

2015

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2014	Additions/ (Deletions)	As at June 30, 2015	As at July 01, 2014	Charge for the year	As at June 30, 2015	as at June 30, 2015	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) *(10,808,420)	31,969,209	17,045,787	7,722,691 **86,602 (3,786,085) *(1,655,704)	19,413,291	12,555,918	33
Audio visual equipment	119,921,634	28,897,538 (789,769) *(21,618,506)	126,410,897	87,712,357	8,989,028 (381,709) *(1,744,838)	94,574,838	31,836,059	25
Uplinking equipment	62,203,457	- *(18,402,381)	43,801,076	25,452,260	5,464,871 *(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	17,852,278 (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	
2015	**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.

2014

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2013	Additions/ (Deletion)	As at June 30, 2014	As at July 01, 2013	Charge for the year (Note 4.3)	As at June 30, 2014	as at June 30, 2014	Rate % per annum
	Rupees							
Leasehold land	63,257,901	-	63,257,901	8,401,516	1,327,721	9,729,237	53,528,664	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	20,700,041	3,382,088	24,082,129	9,738,750	10
Leasehold improvements	41,879,784	1,090,538	42,970,322	31,873,019	5,261,062	37,134,081	5,836,241	33
Furniture and fittings	8,979,621	9,478,016	18,457,637	3,892,534	1,381,981	5,274,515	13,183,122	10
Vehicles	35,514,997	8,180,720 (11,038,360)	32,657,357	22,891,947	1,880,692 (7,726,852)	17,045,787	15,611,570	33
Audio visual equipment	114,602,227	5,319,407	119,921,634	79,740,033	7,972,324	87,712,357	32,209,277	25
Uplinking equipment	60,917,624	1,285,833	62,203,457	19,722,252	5,730,008	25,452,260	36,751,197	10
Office equipment	36,770,537	1,626,378	38,396,915	22,253,427	4,105,323	26,358,750	12,038,165	15
Computers	47,371,434	11,972,097	59,343,531	38,703,699	6,714,566	45,418,265	13,925,266	33
	443,115,004 -	38,952,989 (11,038,360)	471,029,633	248,178,468 -	37,755,765 (7,726,852)	278,207,381	192,822,252	
Leased								
Vehicles	6,725,441	3,371,230	10,096,671	2,260,802	1,583,753	3,910,555	6,186,116	33
2014	**449,840,445 -**	**42,324,219 (11,038,360)**	**481,126,304 -**	**250,439,370 -**	**39,339,518 (7,726,852)**	**282,117,936 -**	**199,008,368 -**	

4.2. Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain	Mode of disposal	Particulars of buyer
	----------	----------	Rupees	----------			
Leasehold improvements							
Building improvement	6,537,782	4,314,936	2,222,846	-	(2,222,846)	Insurance claim	Adamjee Insurance
Building improvement	538,399	538,399	-	-	-		
	7,076,181	4,853,335	2,222,846	-	(2,222,846)		
Furniture and fittings							
Chair tables	310,547	108,691	201,856	446,448	244,592	Insurance claim	Adamjee Insurance
Items having book value up to Rs. 50,000	561,360	118,715	442,645	754,016	311,371	Insurance claim	Adamjee Insurance
	871,907	227,406	644,501	1,200,464	555,963		
Vehicles							
Car	4,500,000	3,052,833	1,447,167	2,200,000	752,833	Tender	Mr. Abdullah
Car	2,652,200	733,252	1,918,948	2,150,000	231,052	Tender	Mr. Abdul Rehman
	7,152,200	3,786,085	3,366,115	4,350,000	983,885		
Audio visual equipment							
Items having book value up to Rs. 50,000	789,769	381,709	408,060	1,065,305	657,245	Various	Various
Office equipment							
Office equipment	250,000	93,750	156,250	359,406	203,156	Insurance claim	Adamjee Insurance
Office equipment	250,000	93,750	156,250	359,406	203,156	Insurance claim	Adamjee Insurance
Office equipment	110,000	17,875	92,125	158,138	66,013	Insurance claim	Adamjee Insurance
Items having book value up to Rs. 50,000	3,827,234	3,001,253	825,981	1,990,786	1,164,805	Various	Various
	4,437,234	3,206,628	1,230,606	2,867,736	1,637,130		
Computers							
Laptop	105,000	49,088	55,913	150,950	95,038	Insurance claim	Adamjee Insurance
Computer system	94,700	28,647	66,053	136,143	70,090	Insurance claim	Adamjee Insurance
Computer system	130,400	35,860	94,540	187,466	92,926	Insurance claim	Adamjee Insurance
Computer system	141,667	35,062	106,604	203,663	97,059	Insurance claim	Adamjee Insurance
Items having book value up to Rs. 50,000	3,753,915	3,711,884	42,031	4,724,683	4,682,651	Various	Various
	4,225,682	3,860,541	365,141	5,402,905	5,037,764		
	24,552,973	**16,315,704**	**8,237,269**	**14,886,410**	**6,649,141**		

	Note	2015	2014
		---------- Rupees	----------
4.3 Depreciation for the year has been allocated as follows:			
Cost of production	21	**26,105,511**	23,145,102
Distribution costs	22	**6,158,746**	5,269,375
Administrative expenses	23	**22,048,640**	10,925,041
		54,312,897	39,339,518
4.4 Capital work in progress			
Opening balance		**17,057,686**	8,183,998
Additions during the year		**20,505,237**	22,861,523
Transfers to operating fixed assets		**(17,591,025)**	(10,830,915)
Transfers to intangible assets		**-**	(3,156,920)
Closing balance		**19,971,898**	17,057,686

5. INTANGIBLE ASSETS

	2015							
	Cost			Accumulated amortization			Book value	
Description	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	Amortisation rate %
	----------	----------	----------	Rupees	----------	----------	----------	per annum
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
2015	**53,304,134**	**17,669,041**	**70,973,175**	**18,394,013**	**4,627,955**	**23,021,968**	**47,951,207**	

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

	2014							
	Cost			Accumulated amortization			Book value	
Description	As at July 01, 2014	Additions	As at June 30, 2014	As at July 01, 2013	for the year	As at June 30, 2014	as at June 30, 2014	Amorti-sation rate %
	Rupees							per annum
Goodwill	1,288,013	-	1,288,013	-	-	-	1,288,013	
Computer softwares	10,374,542	5,886,406	16,260,948	8,317,167	1,851,476	10,168,643	6,092,305	20 – 33
License fee	10,500,000	21,382,673	31,882,673	4,707,780	1,776,417	6,484,197	25,398,476	6.67
Trade Mark	3,172,500	700,000	3,872,500	1,098,632	642,541	1,741,173	2,131,327	20
2014	25,335,055	27,969,079	53,304,134	14,123,579	4,270,434	18,394,013	34,910,121	

	Note	2015	2014
		Rupees	
5.1 Amortisation for the year has been allocated as follows:			
Cost of production	21	**3,157,523**	2,658,610
Distribution cost	22	**510,757**	538,033
Administrative expenses	23	**959,675**	1,073,791
		4,627,955	4,270,434

6. LONG TERM DEPOSITS

	2015	2014
Security deposits		
- Lease	**6,715,650**	1,027,050
- Rent	**2,700,214**	1,211,240
- Trade	**21,193,890**	19,492,560
- Others	**965,938**	130,506
	31,575,692	21,861,356

7. TELEVISION PROGRAM COSTS

	2015	2014
Unreleased / released less amortisation	**863,517,050**	546,273,508
In production	**92,774,464**	6,998,811
	956,291,514	553,272,319
Less: Current portion	**521,455,464**	304,853,048
	434,836,050	248,419,271

8. DEFERRED TAX

	2015	2014
Deductible temporary differences		
Provisions	**8,452,015**	8,716,140
Liabilities against subject to finance lease	**18,753,032**	1,438,362
Subscription income	**49,840,237**	6,049,917
Others	**-**	2,657,273
	77,045,284	18,861,692
Taxable temporary differences		
Accelerated tax depreciation / amortisation allowances	**(29,461,446)**	(14,916,670)
	47,583,838	3,945,022

9. TRADE DEBTS – unsecured

	Note	2015	2014
Considered good		**1,099,372,556**	790,405,463
Considered doubtful		**26,557,297**	26,412,547
		1,125,929,853	816,818,010
Less: Provision for doubtful debts	9.1	**26,557,297**	26,412,547
		1,099,372,556	790,405,463

	Note	2015	2014
		---------- Rupees ----------	
9.1 The movement in provision for doubtful debts is as follows:			
Balance as at the beginning of the year		**26,412,547**	31,282,227
Charge for the year	23	**144,750**	-
Reversal of provision during the year		**-**	(4,869,680)
Balance as at the end of the year		**26,557,297**	26,412,547
9.2 The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired		**741,151,363**	637,338,865
Past due but not impaired			
- 60 to 90 days		**246,065,892**	110,016,079
- over 90 days		**112,155,301**	43,050,519
		1,099,372,556	790,405,463

10. ADVANCES - unsecured, considered good

	Note	2015	2014
Advances to:			
- producers	10.1	**210,780,891**	105,544,383
- suppliers		**21,759,826**	35,354,409
- employees against salary		**7,847,699**	4,074,932
- executives against salary	10.2	**260,752**	459,910
		240,649,168	145,433,634

10.1 Include Rs. 8,887,155 (June 30, 2014: Rs. 1,899,746) paid to M.D Production (Private) Limited, a related party.

10.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 512,500 (2014: Rs. 475,000).

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2015	2014
	---------- Rupees ----------	
Deposits		
- Rent	**5,514,500**	968,500
- Trade	**4,361,127**	11,822,531
- Others	**2,050,474**	954,100
	11,926,101	13,745,131
Prepayments		
- Insurance	**4,746,456**	2,861,564
- Rent	**1,646,302**	1,956,084
- Others	**16,487,452**	5,539,913
	22,880,210	10,357,561
	34,806,311	24,102,692

12. OTHER RECEIVABLES – considered good

	2015	2014
Receivable in respect of sale of DVDs	**4,618,745**	4,618,745
Sales tax receivable	**24,120,862**	-
Others	**2,628,256**	4,788,419
	31,367,863	9,407,164

	Note	2015	2014
		---------- Rupees	----------
13. CASH AND BANK BALANCES			
Cash in hand		**79,833**	135,821
Cash at bank			
- in current accounts		**17,939,649**	48,233,700
- in deposit accounts	13.1	**8,431,454**	72,148,817
		26,371,103	120,382,517
		26,450,936	120,518,338

13.1 These carry profit at the rates ranging from 6.5% to 8.5% (2014: 8.5% to 9%) per annum.

14. AUTHORIZED CAPITAL

During the year, the Holding Company has subdivided its authorized capital from 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000 into 1,500,000,000 ordinary shares of Re. 1/- each amounting to Rs. 1,500,000,000 pursuant to the special resolution passed by the members of the Holding Company at Annual General Meeting held on October 27, 2014.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014 (Restated)		2015	2014
			---------- Rupees	----------
		Ordinary shares of Rs. 1/- each		
500,000,000	500,000,000	Fully paid in cash	**500,000,000**	500,000,000
445,000,000	445,000,000	Issued as fully paid bonus shares	**445,000,000**	445,000,000
945,000,000	945,000,000		**945,000,000**	945,000,000

15.1 During the year, the Holding Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1 each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members of the Holding Company at Annual General Meeting held on October 27, 2014.

16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015		2014	
	Minimum Lease Payment	Present value	Minimum Lease Payment	Present Value
	----------------------	Rupees	----------------------	
Not later than one year	**23,035,706**	**18,664,018**	1,997,179	1,624,380
Later than one year and not later than five years	**43,136,192**	**39,939,206**	2,920,096	2,734,293
Total minimum lease payments	**66,171,898**	**58,603,224**	4,917,275	4,358,673
Less: Financial charges allocated to future periods	**7,568,674**	**-**	558,602	-
Present value of minimum lease payments	**58,603,224**	**58,603,224**	4,358,673	4,358,673
Less: Current portion shown under current liabilities	**18,664,018**	**18,664,018**	1,624,380	1,624,380
	39,939,206	**39,939,206**	2,734,293	2,734,293

16.1 Represent finance leases entered into by the Holding Company with financial institutions for vehicles, audio visual equipment and up-linking equipment. Total lease rentals due under various lease agreements amount to Rs. 66,171,898 (2014: Rs. 4,917,275) 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 (2014: 2) percent per annum.

17. TRADE AND OTHER PAYABLES

	2015	2014
	---------- Rupees	----------
Creditors	**379,281,118**	292,850,010
Accrued liabilities	**265,889,950**	190,319,246
Withholding tax payable	**10,038,069**	19,014,653
Sales tax payable	**-**	362,731
Advances from customers	**9,722,086**	27,638,254
Workers' welfare fund	**21,235,062**	16,465,789
Others	**14,375,520**	6,107,556
	700,541,805	552,758,239

18. SHORT TERM BORROWINGS

As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 400,000,000 (June 30, 2014: Rs. 300,000,000). These facilities are secured by way of Pari Passu charge on all current assets of the Holding Company and carry mark-up rates ranging from 3 Months KIBOR + 1.25% (June 30, 2014: 3 months KIBOR + 1.25%). The facilities have a maturity latest by 28 February 2016.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

During the year, 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 as well as the Honorable High Court of Sindh in constitutional petition. 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 consolidated financial statements.

19.2 Commitments

i) Purchase of television programs commitments with M.D Production (Private) Limited a, related party as at June 30, 2015 amounted to Rs. 207,497,500 (2014: Rs. 74,810,000). Commitment for purchase of television programs with other than related parties as at June 30, 2015 amounted to Rs. 435,464,193 (2014: Rs. 350,748,875).

ii) Commitment for rentals under Ijarah finance agreement:

	2015	2014
	---------- Rupees	----------
Within one year	**439,485**	1,574,844
After one year but not more than five years	**-**	439,485
	439,485	2,014,329

	Note	2015	2014
		---------- Rupees ----------	
20. REVENUE – net			
Advertisement revenue		**5,103,185,518**	3,977,758,697
Less: Sales tax		**620,523,402**	518,409,473
Agency commission		**666,940,688**	497,720,096
Discount to customers		**267,729,823**	238,727,247
		1,555,193,913	1,254,856,816
		3,547,991,605	2,722,901,881
Production revenue		**142,203,000**	63,340,857
Digital revenue		**12,369,525**	5,567,902
		154,572,525	68,908,759
Less: Sales tax		**6,275,493**	7,909,721
Agency commission		**20,279,359**	2,230,380
		26,554,852	10,140,101
		3,676,009,278	2,781,670,539
Subscription income		**124,987,765**	168,363,158
Film distribution revenue		**50,080,343**	-
		3,851,077,386	2,950,033,697

21. COST OF PRODUCTION

	Note	2015	2014
Cost of outsourced programs		**1,409,766,551**	952,425,397
Cost of in-house programs		**349,809,738**	151,476,438
Cost of inventory consumed		**251,435**	325,480
Salaries and benefits	21.1	**323,356,820**	238,958,693
Depreciation	4.3	**26,105,511**	23,145,102
Amortisation	5.1	**3,157,523**	2,658,610
Traveling and conveyance		**20,119,308**	21,872,998
Utilities		**12,293,006**	11,186,460
Rent, rates and taxes		**8,160,965**	6,855,700
Insurance		**6,780,501**	7,939,129
Repair and maintenance		**12,643,148**	11,448,288
Fee and subscription		**14,597,060**	4,842,421
Communication		**7,525,402**	7,254,035
Security charges		**2,639,811**	2,861,494
Consultancy		**5,219,697**	3,687,433
Printing and stationery		**3,821,646**	622,498
Donations		**-**	91,490
		2,206,248,122	1,447,651,666
In production television programs - opening		**6,998,811**	5,918,111
In production television programs - closing		**(92,774,464)**	(6,998,811)
		2,120,472,469	1,446,570,966
Released / unreleased programs - opening		**546,273,508**	481,135,313
Released / unreleased programs - closing		**(863,517,050)**	(546,273,508)
		1,803,228,927	1,381,432,771

21.1 Include Rs. 10,796,816(2014: Rs. 6,991,316) in respect of staff retirement benefits.

22. DISTRIBUTION COSTS

	Note	2015	2014
		---------- Rupees	----------
Advertisement and promotion		**284,625,646**	174,727,949
Salaries and benefits	22.1	**143,807,321**	134,060,486
Traveling and conveyance		**15,323,129**	15,076,774
Rent, rates and taxes		**3,827,138**	3,701,544
Utilities		**3,133,310**	3,796,399
Depreciation	4.3	**6,158,746**	5,269,375
Amortization	5.1	**510,757**	538,033
Communication		**4,754,391**	4,168,669
Insurance		**1,834,440**	1,286,491
Repair and maintenance		**3,083,498**	2,860,076
Fees and subscription		**1,783,951**	1,588,558
Security charges		**747,674**	189,755
Printing and stationery		**796,613**	733,745
Training		**-**	445,196
Operating lease rental		**650,100**	650,100
Donation			280,000
		471,036,714	349,373,150

22.1 Include Rs. 5,531,514 (2014: Rs. 4,298,065) in respect of staff retirement benefits.

23. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		---------- Rupees	----------
Salaries and benefits	23.1	**289,917,972**	220,805,394
Technical advisory fee	23.2	**34,933,333**	30,000,000
Depreciation	4.3	**22,048,640**	10,925,041
Amortisation	5.1	**959,675**	1,073,791
Repair and maintenance		**10,429,426**	10,359,016
Communication		**4,521,928**	3,981,433
Traveling and conveyance		**17,679,594**	17,108,645
Fee and subscription		**7,593,099**	11,480,985
Utilities		**6,962,518**	6,298,901
Legal and professional charges		**21,766,490**	16,614,227
Printing, stationery and periodicals		**4,148,306**	3,182,604
Rent, rates and taxes		**13,308,279**	12,083,424
Insurance		**5,145,226**	4,201,341
Auditors' remuneration	23.3	**6,411,077**	3,520,047
Provision for doubtful debts	9.1	**144,750**	-
Operatiang lease rentals		**928,444**	1,294,368
Security charges		**600,768**	95,367
Donations	23.4	**150,000**	-
		447,649,525	353,024,584

23.1 Include Rs. 2,769,124(2014: Rs. 2,668,399) in respect of staff retirement benefits.

23.2 This 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.

	2015	2014
	---------- Rupees ----------	
23.3 Auditors' remuneration		
Audit fee	**2,222,741**	1,762,502
Half yearly review	**348,500**	250,000
Tax services	**2,814,931**	620,384
Out of pocket expenses	**286,150**	351,411
Others	**738,755**	535,750
	6,411,077	3,520,047

23.4 Directors do not have any interest in the donees to whom donations were made.

	Note	2015	2014
		---------- Rupees ----------	
24. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		**6,171,979**	17,590,023
Reversal of provision for doubtful debts	9.1	**-**	4,869,680
Exchange gain		**1,398,716**	-
		7,570,695	22,459,703
Income from non financial assets			
Gain on disposal of operating fixed assets	4.2	**6,649,141**	1,944,400
Magazine, DVD sale and others		**89,709,397**	63,052,404
Liabilities no longer payable written back		**13,013,068**	-
		109,371,606	64,996,804
		116,942,301	87,456,507
25. FINANCE COSTS			
Mark-up on short term running finance		**19,794,738**	6,971,182
Finance lease charges		**1,781,459**	443,383
Bank charges		**2,089,335**	676,392
		23,665,532	8,090,957
26. OTHER OPERATING EXPENSES			
Workers' Welfare Fund			
Worker's welfare fund		**21,380,986**	23,761,981
Loss on sale and lease back transaction		**7,791,746**	-
Exchange loss		**-**	4,887,650
		29,172,732	28,649,631
27. TAXATION			
Current		**349,147,200**	215,689,509
Prior		**(1,097,121)**	281,487
		348,050,079	215,970,996
Deferred		**(46,379,877)**	1,780,756
		301,670,202	217,751,752

	2015	2014
27.1 Reconciliation between tax expense and accounting profit	---------- Rupees	----------
Accounting profit before taxation	**1,035,095,496**	777,356,260
Tax at applicable rate of 33% (2014: 34%)	**341,581,514**	264,301,128
Net tax effect of amounts not (taxable) / deductible for tax purposes	**(25,878,117)**	18,353,757
Tax effect of prior years	**(1,097,121)**	281,487
Tax effect of income exempt from tax	**(44,366,124)**	(65,184,620)
Tax effect of super tax @ 3%	**31,430,050**	-
	301,670,202	217,751,752

28. EARNINGS PER SHARE – basic and diluted

		2015	2014
Profit after taxation	**Rupees**	**733,425,294**	559,604,508
Weighted average number of ordinary shares outstanding during the year		945,000,000	(Restated) 945,000,000
Earnings per share	**Rupees**	**0.78**	(Restated) 0.59

28.1 Basic earning per share has no dilution effect.

28.2 During the year, the Holding Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1/- each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members of the Holding Company at Annual General Meeting held on October 27, 2014. Accordingly, the earnings per share for the year ended June 30, 2014 have been restated based on the revised number of outstanding shares.

	2015	2014
	---------- Rupees	----------
29. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**1,035,095,496**	777,356,260
Adjustments for :		
Depreciation	**54,312,897**	39,339,518
Amortisation	**4,627,955**	4,270,434
Finance costs	**23,665,532**	8,090,957
Exchange difference on translation of foreign subsidiaries	**(1,848,154)**	(3,551,517)
Exchange (gain) / loss	**(1,398,716)**	4,887,650
Profit on deposit accounts	**(6,171,979)**	(17,590,023)
Provision / (Reversal) of provision for doubtful debts	**144,750**	(4,869,680)
Gain on disposals of operating fixed assets	**(6,649,141)**	(1,944,400)
Loss on sale and lease back transactions	**7,791,746**	-
Workers' welfare fund	**21,380,986**	16,465,789
	95,855,876	45,098,728
Operating profit before working capital changes	**1,130,951,372**	822,454,988
Working capital changes		
(Increase) / Decrease in current assets		
Inventories	**1,477,020**	20,655,387
Television program costs	**(216,602,416)**	(14,994,741)
Trade debts	**(306,212,845)**	(99,277,912)
Advances	**(95,215,534)**	(93,262,416)
Deposits and prepayments	**(9,693,167)**	(14,806,622)
Other receivables	**(21,960,699)**	(4,285,310)
	(648,207,641)	(205,971,614)
Increase in current liabilities		
Trade and other payables	**107,232,603**	188,229,111
Cash generated from operations	**589,976,334**	804,712,485

30. 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:

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial remuneration	31,679,878	10,884,135	170,832,685	13,935,484	8,752,800	113,650,567
Bonus	85,259,577	58,062,132	22,372,894	95,221,084	-	14,343,817
Retirement benefits	-	-	11,796,972	-		7,562,851
House rent	10,712,903	-	60,406,813	6,270,968	-	39,455,251
Utilities	2,380,645	-	13,423,737	1,393,548	-	8,767,835
Technical advisory fee	-	34,933,333	-	-	30,000,000	-
Fuel and conveyance	274,600	1,131,428	10,082,790	466,449	1,035,238	10,141,088
	130,307,603	105,011,028	288,915,891	117,287,533	39,788,038	193,921,409
Number	2	4	119	1	3	81

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

30.2 Aggregate amount charged in the consolidated financial statements for fee to five directors was Rs. 500,000 (2014: Rs. 540,000).

31. 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:

Related Party	Nature of relationship	Nature of transactions	2015	2014
			Rupees	
MD production	Associate	Purchase of television programs	302,831,610	266,775,000
MNM Productions	Associate	Purchase of television programs	-	63,500,000
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	19,097,451	13,957,780

32. PROVIDENT FUND

	2015	2014
	(Rupees in 000')	
	Un-Audited	Audited
32.1 Payable to provident fund	**3,780**	-

32.2 Details of the fund are as follows:

	2015	2014
Size of the fund	**55,667**	36,730
Cost of investments made	**11,174**	11,174
Percentage of investments made	**20%**	30%
Fair value of investments	**11,689**	11,478

32.3 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2015		2014	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
	--------Un-Audited--------		---------Audited---------	
Treasury Bills	**9,776**	**17.5%**	9,776	26%
Mutual funds	**1,398**	**2.5%**	1,398	4%
Total	**11,174**	**20%**	11,174	30%

32.4 Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Ordinance and the rules formulated for this purpose.

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 benefi ts 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:

		2015	2014
		---------- Rupees ----------	
Trade debts			
Customers with no defaults in the past one year		**609,998,296**	480,956,215
Customers with some defaults in past one year which have been fully recovered		**131,153,067**	156,382,650
		741,151,363	637,338,865
Bank balances	A1+	**13,794,638**	94,229,360
	A+	**12,576,044**	14,001,617
	A1	**421**	-
	A3	**-**	12,151,540
		26,371,103	120,382,517

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 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	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
	52,166,760	322,353,904	619,039,038	39,939,206	1,033,498,908

Year ended 30 June 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
Liabilities against assets subject to finance lease			1,624,380	2,734,293	4,358,673
Trade and other payables	31,157,210	325,885,560	159,872,296	-	516,915,066
Accrued mark-up	942,584	-	-	-	942,584
	32,099,794	325,885,560	161,496,676	2,734,293	522,216,323

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:

	---------- 2015 ----------		---------- 2014 ----------	
	US Dollar	GBP	US Dollar	GBP
Trade debts	**1,151,357**	339,060	237,229	-
Deposit and prepayment	**19,375**	-	11,375	-
Trade and other payables	**(324,305)**	(694,497)	(1,314,702)	-

The following significant exchange rates have been applied at the reporting dates:				
	---------- Rupees ----------		---------- Rupees ----------	
Closing Exchange Rates	**102.65**	**159.59**	99.45	168.95

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 --
30 June 2015	**+10**	**8,688,573**	**+10**	**(5,672,419)**
	-10	**(8,688,573)**	**-10**	**5,672,419**
30 June 2014	+10	(10,602,345)	+10	-
	-10	10,602,345	-10	-

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
30 June 2015	**+100**	**(2,655,065)**
	-100	**2,655,065**
30 June 2014	+100	677,902
	-100	(677,902)

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. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in their meeting held on October 06, 2015 has recommended a final cash of Re. 0.175/- per share @ 17.5% amounting to Rs. 165,375,000/- on the existing paid-up value of the ordinary share capital for approval of shareholders in the Annual General Meeting.

35. DATE OF AUTHORIZATION

These consolidated financial statements have been authorised for issue on October 06, 2015 by the Board of Directors of the Holding Company.

36. GENERAL

36.1 The number of employees of the Holding Company as at June 30, 2015 was 503 (2014: 450) and average number of employees during the year was 523 (2014: 437).

36.2 Figures have been rounded off to the nearest Rupee.

MAZHAR-UL-HAQ SIDDIQUI	**DURAID QURESHI**
Chairman	**Chief Executive**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FORM OF PROXY

The Company Secretary,
HUM NETWORK LIMITED
11th 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. ______________ herebyappoint Mr./Ms. ______________________,resident of ____, member of the Company Registered Folio / CDS Account No. ______________________ or failing him/her Mr./Ms. ____ resident of (fulladdress) ________________________________ who is/are also a also member(s) of the Company Registered Folio / CDS Account No. ______________, as my / our proxy to attend, act and vote for me/ us and on my / our behalf at the 11th Annual General Meeting (AGM) of the Company **Wednesday, October 28, 2015 at 06:30 pm at First Floor Hall, Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi;** and / or any Aadjournment thereof.

As witness my / our hand / seal this ______________ day of ______________________ 2015.

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 or Passport 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.