HUM NETWORK LIMITED

ANNUAL REPORT 2017

HUM NETWORK LIMITED

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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

Message From CEO

Duraid Qureshi

CEO HUM NETWORK LTD.

"We are a Network that continuously strives for further development through learning"

Throughout our journey we have emphasized on being stronger from within to deliver on our growth aspirations and to provide our audience with an ultimate media consumption experience through our creative and distinct content. Which in turn gives us a sustainable competitive advantage, and this year was no exception. We delivered another year of continued growth in our network's business. In addition, we made clear progress on strategic priorities that helped in boosting our existing strengths and allow us to prosper in an era of expanding consumer choice. In the previous year we made targeted investments in the content, brands and markets that provide significant growth opportunities for the future.

2017 was a productive year for HNL which saw increasing revenues and profits. Our underlying operational profitability improved, driven by sales growth. Net revenues for the year have increased by 17.8% and profitability by 89% in the FY 2017.

Looking ahead, we are entering an era in which conventional wisdom will be increasingly challenged and therefore we must focus on helping solve social and environmental issues to play a relevant role in society. Hence in order to achieve this purpose, the management is bringing out HUM News channel in which journalistic values will be the priority. The channel aims to present a better and positive image of Pakistan.

In addition to this, the arrangement with M.D. Productions (Private) Limited to acquire the majority of its shares is now with the Court for its approval and completion of related formalities. This vertical diversification would enable HNL to achieve its long term objectives of growth and expansion in the Pakistani media industry, and the same is expected to lead to greater profitability in coming days.

I express my gratitude to the Board of Directors of the Company for sharing their experiences and aiding new ideas for the betterment of the Company. Further, I wish to thank the Company's customers, vendors and investors for their continued support. Last but not the least; I appreciate the dedication and contribution made by employees at all levels who through their competence and hard work have enabled the Company to achieve good performance.

Company Information:

BOARD OF DIRECTORS	
Chairman	Mr. Mazhar-ul-Haq Siddiqui
Directors	Ms. Sultana Siddiqui Mrs. Mahtab Akbar Rashdi Mr. Shunaid Qureshi Lt. Gen. (R) Asif Yasin Malik Mr. Muhammad Ayub Younus Adhi Mr. Sohail Ansar Ms. Momina Duraid
Chief Executive Officer	Mr. Duraid Qureshi
Chief Financial Officer	Mr. Muhammad Abbas Hussain
Company Secretary	Mr. Mohsin Naeem
Head of Internal Audit	Mr. Kamran Shamshad Ahmed
AUDIT COMMITTEE	
Chairman	Mr. Sohail Ansar
Members	Lt. Gen. (R) Asif Yasin Malik Mr. Shunaid Qureshi Mr. Muhammad Ayub Younus Adhi
HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE	
Chairperson	Mrs. Mahtab Akbar Rashdi
Members	Mr. Muhammad Ayub Younus Adhi Ms. Sultana Siddiqui
Secretary	Hassan Jawed
AUDITORS	M/s. EY Ford Rhodes 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, 11th Zamzama Street Phase-V, D.H.A. Karachi.
BANKERS	Bank Alfalah Limited Faysal Bank Limited National Bank of Pakistan The Bank of Punjab Allied Bank Limited United Bank Limited Askari Bank Limited Habib Metropoliton Bank Boston Private Bank & Trust Barcklays Bank PLC Habibsons Bank Limited Dubai Islamic Bank Wells Fargo Bank
REGISTERED & HEAD OFFICE	Hum TV, Plot No. 10/11, Hassan Ali Street, Off. I.I Chundrigar Road, Karachi -74000. UAN: 111-486-111
REGISTRAR/TRANSFER AGENT	M/s. Central Depository Company of Pakistan Limited (CDC) CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400
WEBSITE	www.humnetwork.tv
PAKISTAN STOCK EXCHANGE LIMITED	HUMNL

Notice of the 13th Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of HUM Network Limited will be held on Thursday, October 26, 2017 at 2:00 p.m at Auditorium Hall, Institute of Chartered Accountants of Pakistan, Clifton , Karachi to transact the following businesses: -

Ordinary Business:

1- To confirm the minutes of the 8th Extra Ordinary General Meeting held on August 22, 2017.

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, 2017 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2017.

3- To consider and if thought fit, declare final cash dividend of 10% (i.e. Re.0.10/- 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, 2017.

4- To appoint Auditors' of the Company for the financial year ending June 30, 2018 and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the name of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2018.

Any Other Business

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

By Order of the Board

Dated: October 04, 2017
Place: Karachi

Mohsin Naeem
Company Secretary

Notes:

1. Notice of Book Closure:

The Share Transfer Books of the Company will remain closed from October 20, 2017 to October 26, 2017 (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 19, 2017 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:**
   Members, who have not yet submitted attested photocopy of their valid CNIC are requested to send the same, along with folio number, at the earliest, directly to the Company's Share Registrar.

5. **Availability of Financial Statements and Reports on the Website:**
   The Annual Report of the Company for the year ended June 30, 2017 has been placed on the Company's website at the below link:
   http://www.humnetwork.tv/Annual_Financial_Reports.html

6. **Circulation of Annual Financial Statements for the year ended June 30, 2017 through CD/DVD/USB:**
   The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD/USB at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, the company has obtained approval from members in the 12th Annual General Meeting held on October 20, 2016. Pursuant to the approval of shareholders, as aforesaid, the Annual Audited Financial Statements of the Company for the year ended June 30, 2017, are being circulated to the members through CD/DVD/USB.

7. **Transmission of Annual Financial Statements and Reports and notice of meeting through Email:**
   In terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can opt to obtain annual balance sheet and profit and loss account, auditor's report and directors report etc. alongwith the notice of Annual General Meeting through email. The Companies Act, 2017 also allow electronic circulation of annual financial statements and reports thereon. Accordingly, we are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future.

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

   Members who do not provide their email ids or request for a hard copy shall continue to receive their future Annual Financial Statements and reports through CD/ DVD/USB at the registered address.

8. **Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001**
   a) Pursuant to the Finance Act, 2017, effective July 01, 2017, 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 20% and for **FILER** of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: **http://www.fbr.gov.pk**. Members are therefore advised to update their tax FILER status latest by October 19, 2017.

   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 19, 2017; 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 26, 2017.

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 19, 2017.

9. E-dividend Mandate (Mandatory)

Under section 242 of Companies Act, 2017(Act), every listed company is required to pay dividend if any to their members compulsorily through electronic mode by directly crediting the same in their bank account provided by them. The Securities & Exchange Commission of Pakistan through its Circular dated no. 18 of 2017 dated August 1, 2017, has allowed extension in time till October 31, 2017. Please note that with effect from November 1, 2017 all dividend payments shall be made only through electronic mode. The company shall be bound to withhold dividend of those members who do not provide their bank details.

All members are required to provide to the Company's Share Registrar, particulars relating to name, folio number, bank account number, title of account, complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC. A Form is available at the Registered Office of the Company and the same are also placed on the Company's website.

10. UNCLAIMED DIVIDEND / SHARES

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the company, which remain unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017. Section 244 (1) (a) of the ACT requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further SECP vide Direction No. 16 of 2017 issued on July 07, 2017 directed all listed companies issue such notices to the members and submit statement of unclaimed shares or dividend or any other instrument which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of 30th May, 2017.

The statements of such unclaimed dividend or shares, if any, are available on the company's website. All valued members of the Company are requested to file their claims with the Company's Share Registrar for any unclaimed dividend or shares outstanding in their name.

Corporate Calendar

MEETINGS	DATE
Audit Committee Meeting to consider accounts of the Company for the year ended June 30, 2016	September 21, 2016
Board of Directors Meeting to consider and approve the annual audited accounts of the Company for the year ended June 30, 2016	September 22, 2016
12th Annual General Meeting to consider accounts of the Company for the year ended June 30, 2016	October 20, 2016
HR & R Meeting to consider and approve the revision in the remuneration packages of the Chief Financial Officer, Company Secretary and Head of Internal Audit, as recommended by the HR & Remuneration Committee for the year 2016-2017	October 25, 2016
Audit Committee Meeting to consider accounts of the Company for the quarter ended September 30, 2016	October 25, 2016
Board of Directors Meeting to consider accounts of the Company for the quarter ended September 30, 2016	October 25, 2016
Audit Committee Meeting to consider accounts of the Company for the quarter ended December 31, 2016	February 25, 2017
Extra Ordinary General Meeting to consider the Scheme of Arrangement for the merger, by way of amalgamation, of M.D. Productions (Private) Limited with and into HUM Network's wholly owned subsidiary, HUMM Co. (Private) Limited	February 27, 2017
HR & R Meeting to consider and approve the revision in the remuneration packages of the Chief Financial Officer, Chief Operating Officer, Company Secretary and Head of Internal Audit, as recommended by the Human Resource and Remuneration (HR & R) committee for the year 2016-2017	February 27, 2017
Board of Directors Meeting to consider accounts of the Company for the quarter ended December 31, 2016	February 28, 2017
Audit Committee Meeting to consider accounts of the Company for the quarter ended March 31, 2017	April 27, 2017
Board of Directors Meeting to consider accounts of the Company for the quarter ended March 31, 2017	April 27, 2017

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 30th June 2017.

The revenue during FY 2017 grew by 17.8%, year to year, to Rs. 4,644 million whereas the cost efficiency in operations was another factor towards growth in profitability. HNL's profit before tax has increased by 41.7% in FY 2017 to Rs. 1,095 million whereas profit after tax reflected the same pattern by increasing 89% in FY 2017 to Rs. 1,015 million.

HUM NETWORK has maintained its reputation for being one of the fastest growing companies and being an institution in the media industry for its values and quality. The extraordinary performance due to the constant struggle and commitment resulted in annual CAGR growth (based on last ten years) of 24% and 26% respectively for revenues and Profit after Tax.

The Company continues to expand its horizon, exploring the possible opportunities globally and adding additional business units by acquiring new businesses and platforms. The growing magnitude is evidence that HNL, in its future, is eager and determined to become the top most Company of Pakistan.

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, HUM Europe and HUM World (including separate beams for North America, UK & Middles East). Apart from these satellite channels HNL has growing BUs in Films, Digital Media as well as Print Media.

The External Environment

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

Company's Performance

Our sterling financial performance demonstrates our industry leadership and emergence as a regional media and entertainment player. It is testimony to our ambition to achieve broad-based growth, create a wider entertainment canvas and build a profitable business. In the long run, this approach will translate into enhanced shareholder returns.

HUM TV

This year we continued to offer viewers with the best of the Pakistani Dramas. We brought social issues into limelight with our dramas such as "Udaari", "Saami" and "Yaqeen ka Safar" which shatters all the stereotypes in our society and started a debate to eradicate all evils from our beautiful Pakistan.

HUM TV was able to offer its viewers with a series of one after another record breaking blockbusters. Some of the major blockbusters of the year include "Bin Roye", "Choti Si Zindagi" and "Sang-e-Mar Mar".

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

HUM Sitaray

The channel is positioned as a hybrid channel offering both narrative as well as format based entertainment shows. The content mix consists of Dramas, Soap operas, fashion lifestyle shows, Celebrity talk shows and international contents.

HUM Masala

Masala continued to present mouth watering programs to its viewers. The channel is committed to exploring new and interesting ways to approach food through culture, adventure and travel featured cooking shows Content mix includes, cooking competitions, live cooking shows, travelogue, celebrity cooking shows etc.

During the year, HUM Masala revamped its content by adding a series of new cooking and informative shows namely "Mehboob's Kitchen", "Main Aur Mera Kitchen", "Freshly Baked", "Flame On Hai" and "Evening With Shireen" introducing many different recipes, cooking experts, professional chefs and health consultants which have been overwhelmed by the food mavens.

HUM Films

Cinema business saw decline in revenues during the year to India – Pakistan tensions last year. 2016-17 was a mixed year, which saw closer of Indian films from October 2016 to Jan 2017. Despite this Hum Films directly and in partnership released 19 films out of which 4 were Pakistani, 7 Indian and 8 English feature films.

The major films include blockbusters like, "Beauty & The Beast", "Doctor Strange", Rouge One: A Star Wars Story", "Moana", "Pirates of the Caribbean", "Cars 3", "Kaabil" and to name a few.

Digital Media Division

The company has strong footholds on social media platforms like Facebook and Youtube with 7 Million and 1.25 Million followers respectively The company has entered into agreements with online media giants NETFLIX and IFLIX as subscription based model is the flavor of this digital era and the company intends to capture a significant chunk of this growing market. We are the first Pakistani Media channel selected by NETFLIX for content airing.

Events & Brand Activation

Over the last decade HNL has played a key role in supporting and developing the drama, fashion, food and music industry in Pakistan. HNL is the first broadcast network to have independently organized special event like award shows, game shows, concerts etc both locally as well as internationally.

It is worth mentioning that owing to their tremendous success almost all of our major events are now pre-sponsored which shows the confidence of advertisers in HNL.

HUM Awards

The Hum Awards is a Pakistani accolade bestowed by the Hum Television Network and Entertainment Channel in recognition of excellence in television programming of Hum Television Entertainment, fashion and music industry of Pakistan. Winners are awarded the golden statue that represents the channel's logo, which is an Urdu character, called "HUM" and thus officially named the Hum Award of Merit.

The 5th edition of HUM awards was held in Lahore, June 2017. From dances to awards, to the tribute to the legend Junaid Jamshed, the event was a night to remember.

Bridal Couture week

BCW has paved the way for Pakistani fashion designers in making their mark not just in their home country but on the global fashion stage as well by encapsulating the latest bridal trends for global audiences.
The three-day-long fashion extravaganza was held twice a year in Karachi and Lahore. Leading fashion designers from all over the country as well as celebrities presents their creations during the event.

HUM Showcase

The first edition of HUM Showcase was held in May 2017. The three-day event featured top of the line fashion designers of Pakistan and presented ready-to-wear and luxury fashion.

Hum Style Awards

The first-of-its-kind HUM Style Awards took place in October 2016 and it was nothing short of a glam affair. It was recognized as the most well organized and stylish awards of Pakistan, to acknowledge and honor the trendsetters of the country's entertainment landscape. The event was star-studded, with notable celebrities and legends from Pakistan's fashion, music, sports, television and film industry receiving awards for presenting style at its best.

Miss Veet Pakistan

Miss Veet Pakistan 2016 produced by in-house production team of HNL, became Pakistan's most popular reality TV show within no time, with its very first episode, which aired in October; the show skyrocketed to fame and broke all the TRPs set before. Miss Veet Pakistan 2016 wasn't an ordinary show but actually showed the journey of transformation from an ordinary girl to a star and provided a platform to the potential and aspiring models who wish to enter the entertainment industry. Miss Veet Pakistan 2016 Grand Finale was held in January 2017.

Human Resource Management

We believe in investing in people, processes and technology. It is our endeavor to adapt best practices and to create an environment that acts as catalyst to growth of employees and uptake technologies that build a future ready organization

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

Corporate Social Responsibility

Hum Network Limited values the environment that it operates in and is conscious of the significant role it can play in overall improvement of the society.

HNL and Reckitt Benckiser (RB) announced their partnership on a national initiative "Hoga Saaf Pakistan". The program aims to spread awareness around the importance of cleanliness, hygiene and sanitation to millions across the country. It's a 5 year ambitious commitment by RB and HNL towards making Pakistan clean, healthy, and hygienic. Let's stand together to clean ourselves, our homes, and our neighbourhoods for a healthier Pakistan.

Employee Training & Development

As part of our annual appraisal exercise, each employee is assessed and counseled on individual basis. Training sessions are arranged on the basis of needs identified which creates growth opportunities for employees and provide us with highly motivated and trained resource.

Global Reach
As part of its market expansion strategy in Europe, Hum Network launched HUM MASALA in the UK and since its launch in August 2017 it has delivered sterling performance and is outcompeting not only the Pakistani but the major South Asian Channels in terms of rating and viewership.

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
The outlook for the future is positive and it is expected to be driven by growing sales in the advertisement revenue supported by digital sales and film distribution revenue and better performance of subsidiaries.

Film Distribution
The exhibition of local and foreign (including Indian) produced movies and emerging opening of multiplexes in a major way across the country, the returns from film distribution segment are expected to surge.

Acquisition of Production House
During the year, the shareholders of the Company in their meeting approved the Scheme of Arrangement with M.D. Productions (Private) Limited to acquire majority of its shares. The Scheme is now with the Court for its approval and completion of related formalities. This would enable HNL to achieve its long term objectives of growth and expansion in the Pakistani media industry and the same is expected to lead to greater profitability in coming periods.

HUM News
Subsequent to the year end, the Board of Directors of HNL approved the launch of new channel by the name of HUM News, to exploit the available opportunities in the News genre.

HNL is committed to professional journalism as the means to fulfill its mission. Further, News channel TV viewership share in the market is not in the majority and there is an opportunity to penetrate the market. Therefore, there is prospect for a new market player in the news sector of premium quality to capture the market share. HNL has established a strong brand loyalty over the years as represented by the fact that it is a leading entertainment channel of Pakistan hence its reputation as a quality and innovative channel will rub off on its news channel as well.

It seeks to contrast sharply with the sensationalism and shout fests on current Pakistani news channels. The channel is aimed to model the elements of modern journalism – enterprising, investigative, events-driven, data-based, and audience-focused.

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.

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

Auditors
The present auditors Messer EY Ford Rhodes Chartered Accountants shall retire and may be considered for re-appointment for the year 2017-18.

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

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	-	-
Director	-	-
CFO & Company Secretary	-	-
Spouses & Minor Children	-	-

Dividend and Appropriations

Based on these results, the Board announced a final cash dividend of Re. 0.1/- per share (i.e. 10%).

Place: Karachi
Date: October 04, 2017

Duraid Qureshi
Chief Executive Officer

MAZHAR-UL-HAQ SIDDIQUI
Chairman

ڈائریکٹرز رپورٹ

ہم نیٹ ورک لمیٹڈ (ایچ این ایل) کے ڈائریکٹرز ۳۰ جون ۲۰۱۷ء کو ختم ہونے والے مالیاتی سال ے لئے سالانہ رپورٹ بمع کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

مالیاتی سال ۲۰۱۷ء کے دوران آمدنی میں ۸۔۱۷ فیصد سال بہ سال ۶۴۴۔۴ ملین روپے کا اضافہ ہوا جبکہ آپریشنز میں اخراجات میں کمی بھی منافع میں اضافہ کا ایک اور سبب تھا۔ این ایچ ایل کا قبل از ٹیکس منافع میں مالیاتی سال ۲۰۱۷ء میں ۷۔۴۱ فیصد اضافہ ہوا جو کہ ۱،۰۹۵ ملین روپے ہوا، جبکہ بعد از ٹیکس منافع بھی اسی انداز سے ہوا جس میں مالیاتی سال ۲۰۱۷ء میں ۸۹ فیصد کا اضافہ ہوا جو کہ ۱،۰۱۵ ملین روپے ہوا۔

ایچ این ایل نے اپنا وقار ایک تیزی سے ترقی کرنے والی کمپنی کے طور پر بنایا ہے اور اپنے اقدار اور معیار کے لئے میڈیا انڈسٹری میں ایک ادارہ کی حیثیت سے ہے۔ غیر معمولی کارکردگی جو کہ سخت محنت کی وجہ سے ہے جس کے نتیجہ میں سالانہ سی اے جی آر میں (جس کی بنیاد گزشتہ سالوں پر ہے) آمدنی اور بعد از ٹیکس منافع میں ۲۴ فیصد اور ۲۶ فیصد اضافہ ہوا۔

کمپنی مسلسل طور پر ممکنہ مواقع حاصل کرنا چاہتی ہے تا کہ اضافی کاروباری یونٹس کو شامل کیا جاسکے اور نیا کاروبار اور پلیٹ فارم حاصل ہو سکے۔ یہ اس بات کی گواہی ہے کہ ایچ این ایل مستقبل میں نہ صرف پاکستان بلکہ پوری دنیا میں ایک بہترین کمپنی کی حیثیت حاصل کر لے گی۔

اہم سرگرمیاں:

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

بیرونی ماحول:

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

کمپنی کی کارکردگی:

ہماری مالیاتی کارکردگی جو کہ ہماری صنعت کی لیڈرشپ کو تقویت دیتی ہے اور ریجنل میڈیا اور تفریح وغیرہ کے سلسلے میں اپنی کارکردگی پیش کرتے ہیں اسی وجہ سے ایک طویل تفریحی اور منافع بخش کاروبار کے طور پر مسلسل کامیابی حاصل کرتے رہے۔ اس نیٹ ورک نے نہ صرف مارکیٹ شیئر کو مرتب کیا ہے بلکہ مارکیٹ کے مقابلہ میں بھی اضافہ کیا ہے۔

ہم ٹی وی:

اس سال ہم اپنے ناظرین کو بہترین پاکستانی ڈرامے دکھاتے رہے ہیں اس کے علاوہ ہم نے پاکستان کے شمالی علاقوں میں بھی اپنے ناظرین کیلئے ڈرامے پیش کئے جیسا کہ اڈاری، سامی اور یقین کا سفر شامل ہیں اور ان میں پاکستان کی قدرتی خوبصورتی کو پیش کیا ہے جیسا پہلے کبھی نہیں دکھایا گیا۔

ہم ٹی وی نے اپنے ناظرین کیلئے ایک کے بعد ایک بریکنگ ریکارڈ کی سیریز پیش کیں جس میں اہم سیریز ''بن روئے''، ''چھوٹی سی زندگی'' اور ''سنگ مرمر'' شامل ہیں۔ ہم ٹی وی نے گزشتہ سال مارکیٹ میں بہترین کامیابی حاصل کی اسی لئے ہم ٹی وی کے مقابلے میں کوئی ایسا دیگر ادارہ نہیں جو ہم ٹی وی کے اعلیٰ معیار کا مقابلہ کر سکے۔

ہم ستارے:

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

ہم مصالحہ:

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

اس مدت کے دوران ہم مصالحہ نے مزید سیریز کا اضافہ کیا جس میں کوکنگ اور معلوماتی پروگرامز جیسا کہ ''محبوب کا کچن''، ''میں اور میرا کچن''، ''فریشلی بیکڈ''، ''فلیم آن ہے'' اور ''ایوننگ ودھ شیریں'' کے علاوہ کئی مصالحہ جات، کوکنگ ایکسپرٹ، پیشہ ورانہ شیف اور صحت سے متعلق کنسلٹنٹ کو متعارف کروایا ہے۔

ہم فلمز:

سال کے دوران سینما کے کاروبار میں گزشتہ سال کے مقابلے میں انڈیا اور پاکستان کے مابین کشیدہ تعلقات کی وجہ سے آمدنی میں کمی واقع ہوئی ۲۰۱۶ء۔ ۲۰۱۷ء جس میں اکتوبر ۲۰۱۶ء سے جنوری ۲۰۱۷ء تک ہندوستانی فلموں کو نہیں دیکھا گیا۔ ہم فلمز کی براہ راست اور شراکت داری کے تحت ۱۹ فلمیں ریلیز کی گئیں جس میں سے چار پاکستانی، ۷ انڈین اور ۱۸ انگلش فیچر فلمیں شامل ہیں۔

بڑی فلموں میں جس میں بلاک بسٹرز جیسا کہ ''بیوٹی اینڈ دی بیسٹ''، ''ڈاکٹر اسٹرینج''، روگ ون: اے اسٹار وار اسٹوری''، ''معانا''، ''پائریٹس آف دی کیریبین''، ''کارس ۳''، ''قابل'' اور چند نئے نام شامل ہیں۔

ڈیجیٹل میڈیا ڈویژن:

کمپنی نے شوشل میڈیا پلیٹ فارم پر مثبت اثر قائم کیا ہوا ہے جیسا کہ فیس بک اور یوٹیوب جس میں ۷ ملین اور ۲۵۔۱ ملین دیکھنے والوں کی تعداد شامل ہے۔ کمپنی نے آن لائن میڈیا کے حوالے سے نیٹ فلیکس اور افلکس کے ساتھ معاہدے کئے ہیں جو کہ اس ڈیجیٹل فیلڈ میں ایک حسن ہے اور کمپنی یہ چاہتی ہے کہ اس مارکیٹ میں کامیابی حاصل ہو۔ ہمارا پہلا پاکستانی میڈیا چینل ہے جسے نیٹ فلیکس نے منتخب کیا ہے۔

تقاریب اور برانڈ کی سرگرمیاں:

گزشتہ دہائی کے دوران ایچ این ایل نے ڈرامہ، فیشن، فوڈ، پاکستان کی میوزک انڈسٹری میں سپورٹنگ کے حوالے سے اہم کردار ادا کیا ہے۔ یہ پہلا براڈ کاسٹ نیٹ ورک ہے جس نے خصوصی تقریبات کا اہتمام کیا جس میں ایوارڈ شوز، گیم شوز، کنسرٹ وغیرہ شامل ہیں جو کہ مقامی اور عالمی طور پر کئے گئے ہیں۔
یہاں یہ بھی تحریر کرنا ضروری ہے کہ ہمیں ایڈورٹائزرز کا اتنا اعتماد حاصل ہو چکا ہے کہ اب ہمارے ہر شوز اسپانسرڈ ہوتے ہیں۔

ہم ایوارڈز:

ہم ایوارڈ ایک پاکستانی اعزاز ہے جو ہم نیٹ ورک کے پروگرام کو سراہنے کے لئے دیئے جاتے ہیں۔ جس میں فیشن اور پاکستان کی میوزک انڈسٹری بھی شامل ہے۔ جیتنے والوں کو سنہری مجسمہ دیا گیا جو کہ چینل کے لوگو ''ہم'' سے مشابہت رکھتا ہے جو کہ ایک اردو کا الفاظ ہے اور اس کا آفیشل نام ''ہم ایوارڈ آف میرٹ'' ہے۔
ہم ایوارڈز کا پانچواں ایڈیشن لاہور میں جون ۲۰۱۷ء میں منعقد ہوا تھا جس میں لیجنڈ جنید جمشید کے نام پر یہ ایوارڈ دیئے گئے جو کہ ایک یادگار رات تھی۔

برائڈل ملبوسات کا ہفتہ:

برائڈل ملبوسات کا ہفتہ جسے پاکستان میں مشہور فیشن برانڈ نے قائم کیا ہے یہ ایک بہترین فیشن شو ہے جس میں ملک کے تمام حصوں سے مشہور و معروف فیشن ڈیزائنرز اس تقریب میں شرکت کرتے ہیں، جس کے تحت حالیہ برائڈل ٹرینڈز جو کہ پوری دنیا کے ناظرین کے لئے فیشن اسٹیج کے طور پر پیش کیا جاتا ہے۔

تین روزہ طویل فیشن شو کا انعقاد کراچی اور لاہور میں دو مرتبہ ہوا تھا۔ مشہور و معروف فیشن ڈیزائنر ملک کے تمام حصوں سے اس تقریب میں شامل ہوتے ہیں۔

ہم شوکیس:

ہم شوکیس پہلا ایڈیشن مئی ۲۰۱۷ء میں منعقد کیا گیا تھا یہ تین روزہ تقریب پاکستان کے بہترین فیشن ڈیزائنر پر مشتمل تھی جس میں انہوں نے ریڈی ٹو ویئر اور لگژری فیشن پیش کئے تھے۔

ہم اسٹائل ایوارڈز:

ہم اسٹائل ایوارڈز پہلی بار اکتوبر ۲۰۱۶ء میں منعقد کیا گیا تھا اور یہ اس بات کی تصدیق تھی کہ پاکستان کے اسٹائلش ایوارڈ کو منظّم طور پر منعقد کیا گیا تھا تا کہ ملک میں انٹرٹیمنٹ کے بارے میں کامیابی حاصل کی جائے۔ اس تقریب میں پاکستان کے فیشن میوزک، اسپورٹس، ٹیلی ویژن اور فلم انڈسٹری کی مشہور و معروف شخصیات نے شرکت کی اور بہترین اسٹائل کا ایوارڈ وصول کیا۔

مس ویٹ پاکستان:

مس ویٹ پاکستان ۲۰۱۶ء جسے ایچ این ایل کی پروڈکشن ٹیم نے پیش کیا تھا جو کہ پاکستان کا مشہور و معروف رئیلٹی شو رہا جس کی پہلی قسط اکتوبر میں نشر ہوتے ہی یہ شو بے حد مشہور ہو گیا اور پچھلے تمام ریکارڈ توڑ دیئے۔ مس ویٹ پاکستان ۲۰۱۶ء کوئی آرڈنری شو نہیں تھا، یہ سفر ایک معمولی لڑکی سے شروع ہو کر اسٹار پر ختم ہوتا ہے۔ یہ شو ان تمام ماڈلز کو ایک پلیٹ فارم فراہم کرتا ہے جو انٹرٹیمنٹ کی صنعت میں آنا چاہتی ہیں۔ مس ویٹ پاکستان ۲۰۱۶ء کا گرینڈ فینالے جنوری ۲۰۱۷ء میں منعقد کیا گیا تھا۔

ہیومن ریسورس مینجمنٹ:

ہم ٹیکنالوجی، پراسس میں سرمایہ کاری پر یقین رکھتے ہیں، یہی وجہ ہے کہ ہم بہترین طریقہ کار اپناتے ہیں اور ایک شاندار ماحول پیدا کرتے ہیں تا کہ موجودہ ٹیکنالوجی اور ہمارے ملازمین کو کامیابی حاصل ہوتا کہ مستقبل میں معیار قائم کر سکیں۔

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

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

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

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

اشتہارات کی فروخت:

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

معیار قائم کرتے ہیں گے۔

پروڈکشن:

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

کارپوریٹ معاشرتی ذمہ داری:

ہم نیٹ ورک لمیٹڈ ماحول کی قدر کرتی ہے چونکہ یہ ایک شاندار کردار کے طور پر سوسائٹی کی بہتری کیلئے کام کرتا ہے۔

ایچ این ایل اور ریکٹ بینکسر (آر بی) نے ملکی سطح پر اپنی شراکت داری بنام ''ہو گا صاف پاکستان'' کا اعلان کیا ہے جس نے ماحول کے حوالے سے بے حد اہم کردار ادا کیا ہے جو کہ ملک کے ملین افراد کی صفائی، صحت اور نکاسی کے سلسلے میں اپنی خدمات پیش کیں، پاکستان کو صاف، صحتمند رکھنے کے لئے آر بی اور ایچ این ایل کی جانب سے پانچ سالہ پروگرام ہے۔ لہٰذا ایک دوسرے کے ساتھ کھڑے ہو کر اپنے آپ کو اپنے گھروں کو اور اپنے پڑوسیوں کو ایک صحتمند پاکستان بنائیں۔

ملازمین کی تربیت اور ترقی:

یہ نیٹ ورک ملازمین کی تربیت اور ترقی پر یقین رکھتا ہے اور وقتاً فوقتاً اپنے ملازمین کو انٹرنیشنل اسکالرشپ جاری کرتا ہے اور دیگر تربیتی پروگرام بھی منعقد کرتا رہتا ہے اور ملازمین کے لئے ترقی کے مواقع پیدا کرتا ہے جو کہ ہمیں اعلیٰ کارکردگی اور تربیت یافتہ ملازمین فراہم کرتا ہے۔

عالمی رسائی:

یورپ میں توسیعی حکمت عملی کے تحت مارکیٹ میں اپنا کردار ادا کرنے کے لئے ہم نیٹ ورک نے یو کے میں ہم مصالحہ کا انعقاد اگست ۲۰۱۷ء میں کیا جس نے اپنی شاندار کارکردگی کا مظاہرہ کیا جو کہ نہ صرف پاکستانیوں کیلئے بلکہ ساؤتھ ایشین چینلز کے لئے بھی بڑا اعزاز ہے۔

میگزین اور پبلیکیشن:

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

مستقبل کی حکمت عملی اور چیلنجز:

گزشتہ ریکارڈ کو مدنظر رکھتے ہوئے آنے والے سالوں میں ایڈورٹائزمنٹ، ڈیجیٹل سیلز اور فلم ڈسٹری بیوشن کی آمدنی میں کافی حد تک سپورٹ کیا اور بہترین کارکردگی کا مظاہرہ کیا۔ اپنے اسٹیک ہولڈرز کی امیدوں سے بڑھ کر پورا اترنے کی کوشش کرے، نیٹ ورک ہمیشہ اپنی ترقی، ناظرین کی تعداد بڑھانے، برانڈ سے وفاداری اور شیئر ہولڈرز کے منافع کیلئے مصروف عمل رہے گا۔

فلم ڈسٹری بیوشن:

قومی اور غیر ملکی نمائش (بشمول انڈیا) نے فلمیں پیش کی ہیں اور پورے ملک میں ملٹی پلکسز کی اوپننگ کی ہے۔ فلم ڈسٹری بیوشن سے کافی آمدنی کی توقع ہے۔

پروڈکشن ہاؤس کا حصول:

اس سال کے دوران کمپنی کے شیئر ہولڈرز نے اپنی منعقدہ میٹنگ میں ایک ایم ڈی پروڈکشن (پرائیوٹ) لمیٹڈ کے ساتھ انتظام کی اسکیم کی منظوری دی تا کہ شیئرز کی کافی تعداد حاصل کی جاسکے۔ یہ اسکیم اب اپنی منظوری اور متعلقہ کاروائیوں کی تکمیل کے لئے کورٹ میں موجود ہے اس کے ذریعے ایچ این ایل پاکستانی میڈیا انڈسٹری میں طویل مدتی مقاصد حاصل کئے جاسکیں اور آنے والی مدت میں منافع بخش ثابت ہوسکے۔

ہم نیوز:

سال کے آخر میں ایچ این ایل کے بورڈ آف ڈائریکٹرز نے ہم نیوز کے نام سے ایک نیا چینل شروع کرنے کی منظوری دی تا کہ نیوز کے حوالے سے تمام مواقع دستیاب ہوں۔

ایچ این ایل پیشہ ورانہ صحافیوں سے وعدہ کرتا ہے کہ وہ اپنے مقاصد کو پورا کرینگے۔ نیوز چینل ٹی وی دیکھنے والے مارکیٹ میں بھاری اکثریت سے اپنا کردار ادا کرینگے اس کے علاوہ مارکیٹ میں اضافہ کی توقع ہے۔ لہٰذا نیوز سیکٹر میں نئی مارکیٹ کے حوالے سے بہترین کوالٹی کے لوگ شامل ہیں۔ ایچ این ایل نے گزشتہ سالوں میں مضبوط برانڈ کی لوئلٹی قائم کی ہے اور حقائق پیش کئے ہیں۔ یہ پاکستان کا ایک مشہور تفریحی چینل ہے اسی لئے اس کی شہرت بطور کوالٹی اور انقلابی چینل کے حوالے سے زیادہ ہے جس سے نیوز چینل کی قیام اور دوسرے چینلز کو مات دینے میں آسانی ہوگی۔

پاکستان کے موجودہ نیوز چینلز پر تیزی سے اپنی کوالٹی کی بنا پر اثر انداز ہوگا۔ اس چینل کا مقصد جدید صحافت، انٹر پرائز نگ، تفتیش، تقاریب، ڈیٹا بیس اور دیکھنے والے لوگوں کے لئے ایک ماڈل ہوگا۔

کریڈٹ کی ریٹنگ:

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

ڈائریکٹرز کی میٹنگ:

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

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

آڈیٹرز:

موجودہ آڈیٹرز میسرز ای وائی فورڈ رھوڈز چارٹرڈ اکاؤنٹینٹس جو کہ ریٹائر ہوئے ہیں ممکن ہے کہ اس سال ۲۰۱۷۔۲۰۱۸ء کے لئے ان کا دوبارہ تقرر کیا جائے۔

نظم وضبط اور مالیاتی رپورٹنگ کا فریم ورک:

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

	حصول	منتقلی
چیف ایگزیکیٹیو آفیسر	-	-
ڈائریکٹر	-	-
سی ایف او اور کمپنی سیکریٹری	-	-
بیگمات اور نابالغ بچے	-	-

ڈویڈنٹ اور مناسبت:

بورڈ نے حتمی کیش ڈویڈنڈ مبلغ ۱۰۔۰ روپے فی شیئر (۱۰ فیصد) کا اعلان کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے
مورخہ ۱۴ اکتوبر ۲۰۱۷ء
کراچی

درید قریشی
چیف ایگزیکیٹیو آفیسر

مظہر الحق صدیقی
چیئرمین

Previous Years at a Glance

Key Financial Data

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
OPERATING DATA						
Revenue-net	1,742,473,618	2,292,663,220	2,886,587,171	3,721,047,096	3,942,824,460	4,643,648,317
Cost of production	(985,565,273)	(1,205,632,497)	(1,381,432,771)	(1,791,616,731)	(2,313,660,029)	(2,623,109,624)
Transmission cost	(110,494,745)	(89,989,623)	(107,161,845)	(84,201,837)	(86,465,867)	(86,925,178)
Gross Profit	646,413,600	997,041,100	1,397,992,555	1,845,228,528	1,542,698,564	1,933,613,515
PROFIT AFTER TAXATION						
Profit before taxation	262,339,103	565,238,231	806,823,677	1,032,669,083	773,237,291	1,095,402,936
Taxation	(66,463,317)	(177,441,038)	(215,088,701)	(285,418,132)	(236,301,365)	(80,019,958)
Profit after taxation	195,875,786	387,797,193	591,734,976	747,250,951	536,935,926	1,015,382,978

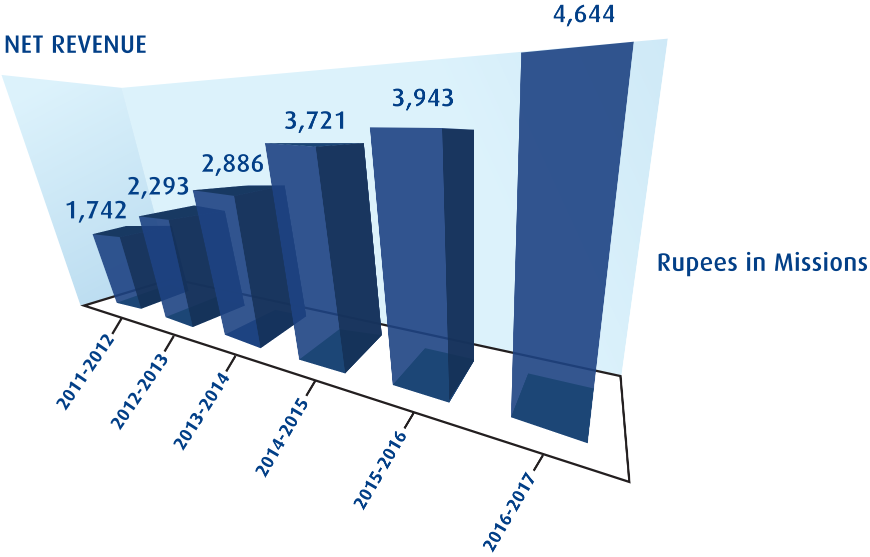
Financial Ratio

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Current Ratios	2.45	4.39	2.46	1.73	1.80	5.07
Quick Ratio	1.67	3.30	1.89	1.25	1.39	5.06
Debt/ Equity Ratio	0.002	0.002	0.003	0.214	0.257	0.013
Cash Flow Per Share- Rs. (Re-stated)*	0.14	0.16	0.11	0.01	0.01	0.40
Return on Equity - %	12.53	20.40	42.38	44.72	26.29	33.20
Share Price Per Share - Rs. (Re-stated)*	2.10	3.80	10.68	16.09	10.28	11.74
Break-up Value Per Share - Rs. (Re-stated)*	1.18	1.54	1.48	1.77	2.16	3.24
Gross Profit to Sales - %	37.10	43.49	48.43	49.59	39.13	41.64
Net Profit to Sales - %	11.24	16.91	20.50	20.08	13.62	21.87
Interest Cover - number of times	9.29	80.80	109.89	48.86	21.25	58.30
Debtors Turnover (number of days)	99	92	92	89	117	127
Administrative Expenses to Sales - %	10.98	10.48	10.44	11.10	11.04	12.02
Cost of Production to Sales- %	56.56	52.59	47.86	48.15	58.68	56.49
Price Earning Ratio (Re-stated)*	10.13	9.26	17.06	20.35	18.09	10.93
Turn Over to Total Asset Ratio	1.07	1.31	1.48	1.36	1.24	1.33
Net Revenues	1,742,473,618	2,292,663,220	2,886,587,171	3,721,047,096	3,942,824,460	4,643,648,317
Profit After Taxation	195,875,786	387,797,193	591,734,976	747,250,951	536,935,926	1,015,382,979
Earnings Per Share Rs. (Re-stated)*	0.21	0.41	0.63	0.79	0.57	1.07

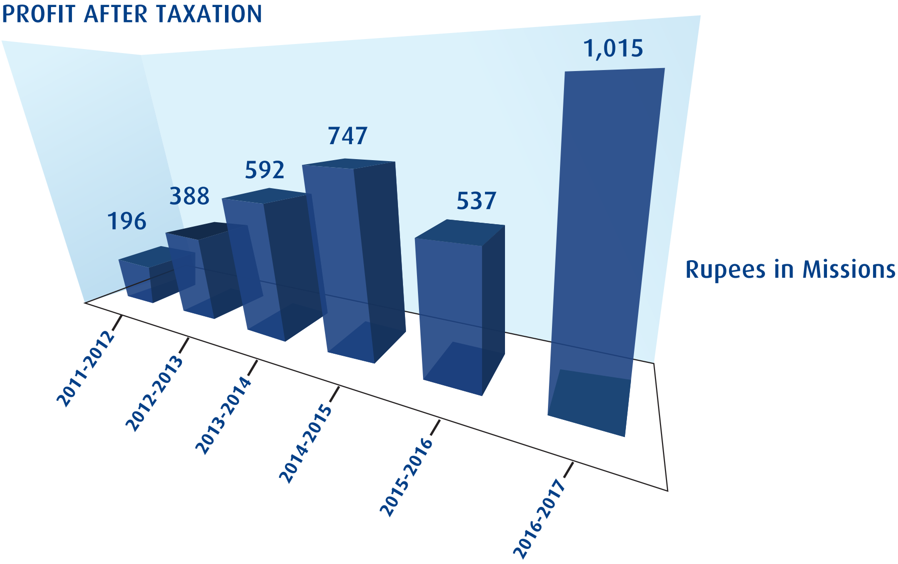
***Calculated using 945,000,000**

Graphical Presentation

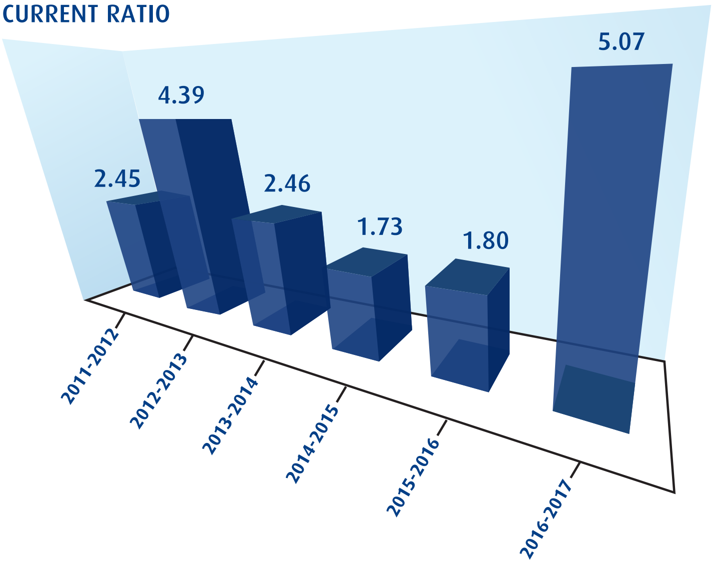
NET REVENUE

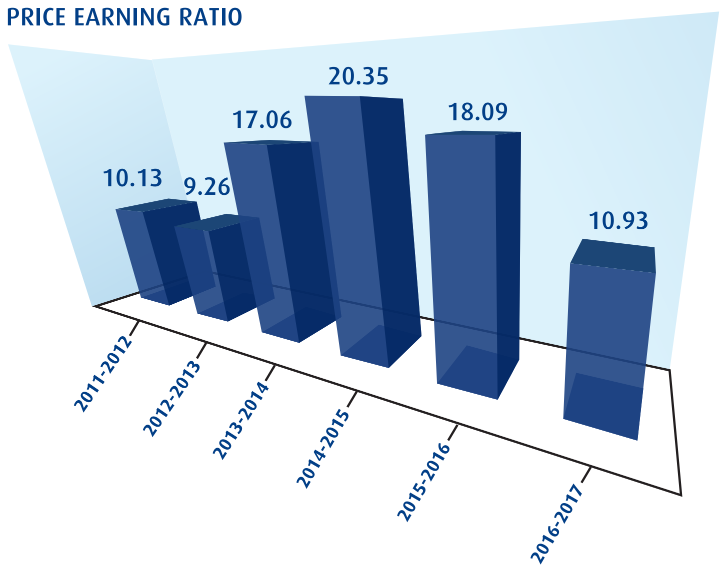


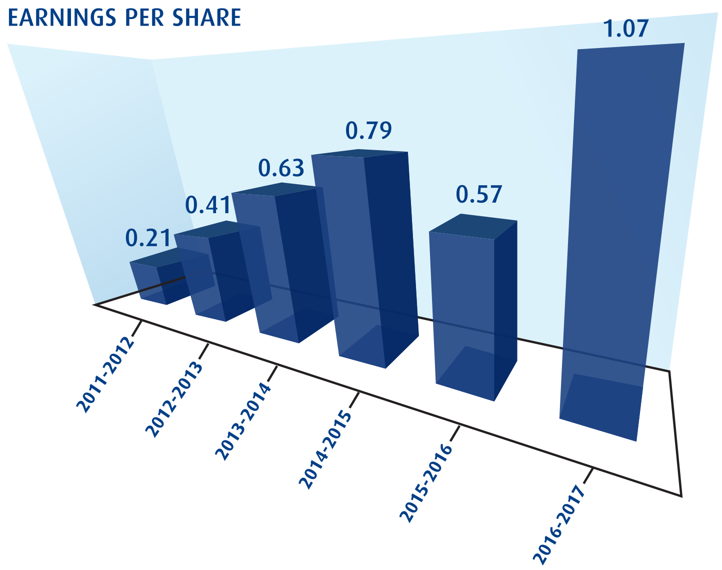
PROFIT AFTER TAXATION

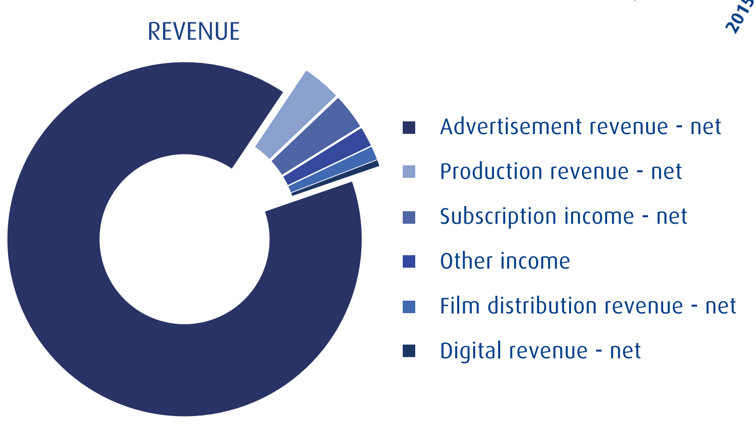


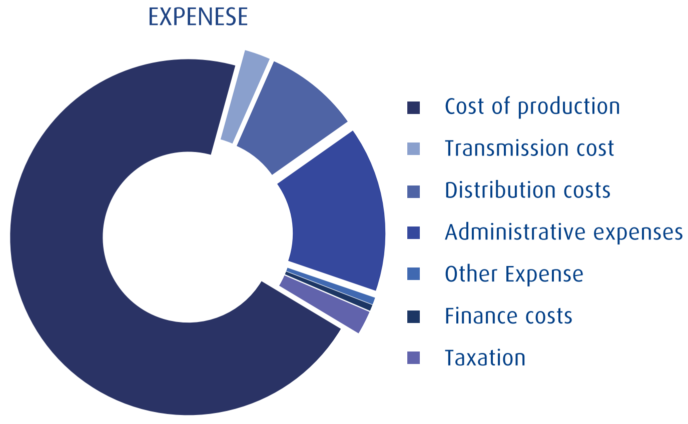
CURRENT RATIO




PRICE EARNING RATIO
10.13
9.26
17.06
20.35
18.09
10.93
2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017


EARNINGS PER SHARE
0.21
0.41
0.63
0.79
0.57
1.07
2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017


REVENUE
Advertisement revenue - net
Production revenue - net
Subscription income - net
Other income
Film distribution revenue - net
Digital revenue - net


EXPENESE
Cost of production
Transmission cost
Distribution costs
Administrative expenses
Other Expense
Finance costs
Taxation

Pattern of Shareholding
As on June 30, 2017

# Of Shareholders	Shareholdings'Slab			Total Shares Held
354	1	to	100	7,376
249	101	to	500	107,434
277	501	to	1000	270,332
489	1001	to	5000	1,445,003
229	5001	to	10000	1,980,309
56	10001	to	15000	723,071
66	15001	to	20000	1,241,230
42	20001	to	25000	991,050
13	25001	to	30000	374,200
10	30001	to	35000	336,000
7	35001	to	40000	265,600
10	40001	to	45000	421,800
25	45001	to	50000	1,231,680
5	50001	to	55000	265,500
10	55001	to	60000	572,015
2	60001	to	65000	126,000
6	65001	to	70000	403,800
3	70001	to	75000	225,000
5	75001	to	80000	392,750
2	80001	to	85000	165,500
1	85001	to	90000	90,000
8	90001	to	95000	751,000
12	95001	to	100000	1,197,090
1	100001	to	105000	102,850
2	105001	to	110000	214,000
3	110001	to	115000	341,500
3	115001	to	120000	357,600
1	125001	to	130000	130,000
1	130001	to	135000	134,000
2	135001	to	140000	278,000
3	145001	to	150000	448,000
2	150001	to	155000	302,000
1	170001	to	175000	174,000
1	180001	to	185000	183,550
4	185001	to	190000	756,000
3	195001	to	200000	600,000
3	215001	to	220000	655,350
1	220001	to	225000	225,000
2	245001	to	250000	500,000
2	250001	to	255000	501,500

# Of Shareholders	Shareholdings'Slab			Total Shares Held
2	255001	to	260000	513,500
1	260001	to	265000	265,000
1	270001	to	275000	274,000
2	280001	to	285000	567,000
3	295001	to	300000	900,000
1	310001	to	315000	312,000
1	335001	to	340000	312,000
1	345001	to	350000	350,000
1	355001	to	360000	357,750
1	375001	to	380000	380,000
2	395001	to	400000	800,000
1	425001	to	430000	430,000
1	445001	to	450000	450,000
1	480001	to	485000	480,849
2	495001	to	500000	1,000,000
1	520001	to	525000	524,900
1	570001	to	575000	574,500
1	630001	to	635000	633,150
1	660001	to	665000	661,500
1	675001	to	680000	677,130
1	695001	to	700000	697,500
1	705001	to	710000	710,000
1	735001	to	740000	740,000
2	745001	to	750000	1,500,000
1	755001	to	760000	760,000
1	895001	to	900000	900,000
3	995001	to	1000000	3,000,000
1	1015001	to	1020000	1,017,060
1	1120001	to	1125000	1,124,000
1	1210001	to	1215000	1,214,200
1	1485001	to	1490000	1,488,250
1	1545001	to	1550000	1,550,000
1	1560001	to	1565000	1,562,000
1	1595001	to	1600000	1,600,000
1	1650001	to	1655000	1,653,750
1	1705001	to	1710000	1,707,500
1	1795001	to	1800000	1,800,000
1	1895001	to	1900000	1,900,000
1	2165001	to	2170000	2,165,500
1	2260001	to	2265000	2,261,000

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	2495001	to	2500000	2,500,000
1	2520001	to	2525000	2,520,130
1	2880001	to	2885000	2,882,000
1	3300001	to	3305000	3,302,151
1	3650001	to	3655000	3,654,000
1	3735001	to	3740000	3,736,000
1	3995001	to	4000000	4,000,000
1	4200001	to	4205000	4,200,200
1	4295001	to	4300000	4,300,000
1	5445001	to	5450000	5,450,000
1	7995001	to	8000000	8,000,000
1	8300001	to	8305000	8,304,501
1	8480001	to	8485000	8,485,000
1	9555001	to	9560000	9,558,500
1	11595001	to	11600000	11,600,000
1	12320001	to	12325000	12,324,500
1	12905001	to	12910000	12,910,000
1	13845001	to	13850000	13,848,500
1	15095001	to	15100000	15,100,000
1	17935001	to	17940000	17,939,500
1	18995001	to	19000000	19,000,000
1	22065001	to	22070000	22,065,790
1	25195001	to	25200000	25,200,000
1	25995001	to	26000000	26,000,000
1	31995001	to	32000000	32,000,000
1	50865001	to	50870000	50,865,620
1	61955001	to	61960000	61,955,689
1	117995001	to	118000000	118,000,000
1	149005001	to	149010000	149,009,500
1	226960001	to	226965000	226,961,490
1995				**945,000,000**

Additional Information
As of June 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
DURAID QURESHI	2	226,961,500	24.02
SULTANA SIDDIQUE	2	219,860	0.02
MAZHAR UL HAQ SIDDIQUI	1	10	0.00
MUNAWAR ALAM SIDDIQUI	2	9,460	0.00
MEHTAB AKBAR RASHDI	1	10	0.00
MOHAMMAD AYUB YOUNUS	2	18,360,000	1.94
KHUSH BAKHT SHUJAAT	1	10	0.00
SHUNAID QURESHI	1	50,865,620	5.38
Associated Companies, undertakings and related parties			
JAHANGIR SIDDIQUI & CO. LTD.	2	11,622,000	1.23
AL-ABBAS SUGAR MILLS LTD.	1	4,500	0.00
Executives			
	2	436,000	0.05
Public Sector Companies and Corporations			
	-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	7	23,275,500	2.46
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	119,600	0.01
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	9,558,500	1.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	760,000	0.08
General Public			
a. Local	1908	46,659,890	4.94
b. Foreign	1	1,550,000	0.16
Foreign Companies	23	534,237,679	56.53
Others	36	20,359,861	2.15
Totals	**1995**	**945,000,000**	**100.00**

Share holders holding 5% or more	Share Held	Percentage
DURAID QURESHI	226,961,500	24.02
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	174,209,500	18.43
STICHTING GENERAL HOLDINGS	118,000,000	12.49
DEVELOPMENT CAPITAL AFRICA MASTER FUND LP	61,955,689	6.56
SHUNAID QURESHI	50,865,620	5.38

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. 5.19.24 of Listing Regulations of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, in which the Lahore and Islamabad Stock Exchanges have merged) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the Board). As at June 30, 2017, the Board comprised of the following:

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

Subsequent to the year end, the elections of Board were held on August 22, 2017. At present, the Board comprises of the following:

Category	Name
Independent Director	Mr. Sohail Ansar
Executive Directors	Ms. Sultana Siddiqui Mr. Duraid Qureshi Lt. Gen. (R) Asif Yasin Malik
Non-Executive	Mr. Mazhar ul Haq Siddiqui Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Mr. Ayub Younus Adhi Ms. Momina Duraid

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

2. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Financial Institution (DFI), Non-Banking Financial Institution (NBFI) or being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.

4. No casual vacancy occurred in the Board during the period under review.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive director and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met four (4) 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 orientations courses for its directors as and when needed to appraise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first-hand knowledge on the working of the Company. At present only one director requires director's training which will be acquired within the time stipulated in the CCG while the remaining directors are either exempt from the requirement of directors' training program or have acquired the certification under the training program.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the year.

11. 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.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of four (4) members, of whom three (3) are non-executive directors including the Chairman and the Chairman of the Committee is an Independent director.

16. 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.

17. The Board has formed a Human Resource & Remuneration Committee. It comprises of three (3) members, of whom two (2) are non-executive directors including Chairman of the Committee.

18. 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.

19. 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.

20. 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.

21. 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.

22. Material/price sensitive information has been disseminated amongst all the market participants at once through the Stock Exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Place: Karachi
Date: October 04, 2017

Duraid Qureshi
Chief Executive Officer

MAZHAR-UL-HAQ SIDDIQUI
Chairman

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Hum Network Limited (the Company) for the year ended 30 June 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, 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 a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2017.

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

Place: Karachi
Date: October 04, 2017

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 2017 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 repealed 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 repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by repealed 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 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Place: Karachi
Date: October 04, 2017

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017	2016
		---------- Rupees	----------
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	266,513,320	265,710,406
Intangible assets	7	24,497,098	26,061,695
Long term investments	8	228,898,451	217,491,011
Long term deposits	9	36,264,458	31,197,352
Television program costs	10	253,655,178	475,255,121
Deferred tax asset	11	110,102,953	93,257,835
		919,931,458	1,108,973,420
CURRENT ASSETS			
Inventories		2,314,986	2,225,966
Current portion of television program costs	10	220,168,115	485,809,664
Trade debts	12	1,745,549,232	1,482,438,054
Advances	13	230,916,704	140,486,789
Trade deposits and short-term prepayments	14	23,478,526	17,298,601
Other receivables	15	34,976,743	22,731,484
Taxation - net		46,906,524	-
Cash and bank balances	16	374,219,488	12,260,410
		2,678,530,318	2,163,250,968
TOTAL ASSETS		3,598,461,776	3,272,224,388
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 1,500,000,000 (2016: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	945,000,000	945,000,000
Unappropriated profit		2,113,010,440	1,097,627,462
		3,058,010,440	2,042,627,462
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	18	12,068,950	27,066,577
CURRENT LIABILITIES			
Trade and other payables	19	493,126,682	598,910,438
Accrued mark-up		128,256	8,764,103
Short term borrowings	20	-	473,987,576
Unclaimed dividend		5,948,490	5,955,603
Taxation – net		-	91,814,849
Current portion of liabilities against assets subject to finance lease	18	29,178,958	23,097,780
		528,382,386	1,202,530,349
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		3,598,461,776	3,272,224,388

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI Chairman	DURAID QURESHI Chief Executive	Muhammad Abbas Hussain Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		---------- Rupees ----------	
Revenue	22	**4,643,648,317**	3,942,824,460
Cost of production	23	**(2,623,109,624)**	(2,313,660,029)
Transmission cost		**(86,925,178)**	(86,465,867)
		(2,710,034,802)	(2,400,125,896)
Gross profit		**1,933,613,515**	1,542,698,564
Distribution costs	24	**(320,116,149)**	(404,273,284)
Administrative expenses	25	**(557,985,145)**	(435,579,401)
Other expenses	26	**(23,872,392)**	(12,852,677)
Other income	27	**84,713,877**	123,264,396
Finance costs	28	**(20,950,770)**	(40,020,307)
Profit before taxation		**1,095,402,936**	773,237,291
Taxation	29	**(80,019,958)**	(236,301,365)
Profit after taxation		**1,015,382,978**	536,935,926
Earnings per share – basic and diluted	30	**1.07**	0.57

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI Chairman	**DURAID QURESHI** Chief Executive	**Muhammad Abbas Hussain** Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----------- Rupees ----------	
Profit after taxation	**1,015,382,978**	536,935,926
Other comprehensive income	-	-
Total comprehensive income for the year	**1,015,382,978**	536,935,926

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

Muhammad Abbas Hussain
Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	979,546,385	539,620,969
Taxes paid		(235,586,449)	(290,729,296)
Finance costs paid		(29,586,613)	(37,344,676)
Profit received on deposit accounts		6,083,651	2,819,470
Long term deposits		(5,067,107)	(1,774,736)
Television program costs		221,599,943	(40,419,071)
Net cash generated from operating activities		936,989,810	172,172,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(85,322,515)	(78,232,982)
Additions to intangible assets		(5,607,000)	(16,011,119)
Investments made during the year		(11,407,440)	(82,841,937)
Proceeds from disposal of operating fixed assets		10,217,362	1,879,850
Net cash used in investing activities		(92,119,593)	(175,206,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(8,916,450)	(8,438,867)
Dividends paid		(7,113)	(164,576,320)
Net cash used in financing activities		(8,923,563)	(173,015,187)
Net increase / (decrease) in cash and cash equivalents		835,946,654	(176,048,715)
Cash and cash equivalents at the beginning of the year		(461,727,166)	(285,678,451)
Cash and cash equivalents at the end of the year		374,219,488	(461,727,166)
Cash and cash equivalents			
Cash and bank balances		374,219,488	12,260,410
Short term borrowings		-	(473,987,576)
		374,219,488	(461,727,166)

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI Chairman	**DURAID QURESHI** Chief Executive	**Muhammad Abbas Hussain** Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, Subscribed and paid-up Capital	Unappropriated Profit	Total
	----------Rupees----------		
Balance as at June 30, 2015	945,000,000	726,066,536	1,671,066,536
Final cash dividend for the year ended June 30, 2015 @ 17.5%	-	(165,375,000)	(165,375,000)
Net profit for the year	-	536,935,926	536,935,926
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	536,935,926	536,935,926
Balance as at June 30, 2016	**945,000,000**	**1,097,627,462**	**2,042,627,462**
Net profit for the year	-	1,015,382,978	1,015,382,978
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,015,382,978	1,015,382,978
Balance as at June 30, 2017	**945,000,000**	**2,113,010,440**	**3,058,010,440**

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

Muhammad Abbas Hussain
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

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

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

1.3 These are separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Ordinance. Accordingly, 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) as are notified under the Ordinance and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

3. BASIS OF PREPARATION

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New and amended standards

The Company has adopted the following accounting standards which became effective for the current year:

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)

IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	- Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	- Financial Instruments: Disclosures - Servicing contracts
IFRS 7	- Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	- Employee Benefits - Discount rate: regional market issue
IAS 34	- Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

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

4.2 Standards not yet effective

The following standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (accounting periods Beginning on or after)
IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	- Statement of Cashflows	01 January 2017
IAS 12	- Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	- Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	- Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	- Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

		IASB Effective date (accounting periods beginning on or after)
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	- Regulatory Deferral Accounts	01 January 2016
IFRS 15	- Revenue from Contracts with Customers	01 January 2018
IFRS 16	- Leases	01 January 2019
IFRS 17	- Insurance Contracts	01 January 2021

4.3 Fixed assets

4.3.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment.

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

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

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

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

Leased

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

4.3.2 Capital work-in-progress

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

4.4 Intangible assets

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

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortization expense on intangible assets with finite lives is recognized 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 recognized in profit and loss account when the asset is derecognized.

4.5 Investment in subsidiaries

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

4.6 Television program costs

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

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

4.7 Inventories

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

4.8 Trade debts

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

4.9 Loans, advances and other receivables

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

4.10 Taxation

Current

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

Deferred

Deferred tax is recognized 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.11 Cash and cash equivalents

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

4.12 Long term and short term borrowings

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

4.13 Trade and other payables

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

4.14 Provisions

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

4.15 Revenue

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

Production revenue is recognised when production work is completed.

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

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

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

Sale of magazine and DVD's is recognized on the receipt basis whereas advertisement published on magzines is accounted for on accrual basis.

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

4.16 Staff retirement benefits

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

4.17 Financial instruments

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

4.18 Offsetting of financial assets and liabilities

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

4.19 Foreign currency translations

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

4.20 Borrowing costs

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

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

4.21 Dividend and appropriation to reserves

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

4.22 Impairment

4.22.1 Financial assets

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

4.22.2 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 recognized, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

4.23 Functional and presentation currency

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Property, plant and equipment and intangible assets

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

Income taxes

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

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

Trade debts

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

Television program costs

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		----------- Rupees	----------
Operating fixed assets	6.1	262,435,796	265,710,406
Capital work-in-progress	6.4	4,077,524	-
		266,513,320	265,710,406

6.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2016	Additions/ (deletions)	As at June 30, 2017	As at July 01, 2016	Charge for the year/ (deletions)	As at June 30, 2017	as at June 30, 2017	Rate % per annum
	-------------------------	-------------------------	-------------------------	Rupees	-------------------------	-------------------------	-------------------------	
Owned								
Leasehold land	63,257,901	-	63,257,901	12,384,678	1,327,720	13,712,398	49,545,503	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	30,846,305	2,203,038	33,049,343	771,536	10
Leasehold improvements	77,585,451	9,614,920	87,200,371	49,228,446	16,423,775	65,652,221	21,548,150	33
Furniture and fittings	17,986,979	11,121,035	29,108,014	8,002,557	1,930,315	9,932,872	19,175,142	10
Vehicles	29,647,563	2,053,623 (2,607,309)	29,093,877	19,680,464	3,668,511 (2,042,673)	21,306,302	7,787,575	33
Audio visual equipment	144,585,791	7,005,000 (380,402)	151,210,389	102,720,811	9,152,267 (248,938)	111,624,140	39,586,249	25
Uplinking equipment	43,801,076	-	43,801,076	31,252,540	2,300,026	33,552,566	10,248,510	10
Office equipment	56,776,818	15,303,482 (2,209,412)	69,870,888	31,719,900	6,773,828 (2,164,176)	36,329,552	33,541,336	15
Computers	90,948,296	9,093,997 (312,000)	99,730,293	65,635,423	15,117,320 (220,842)	80,531,901	19,198,392	33
	558,410,754	54,192,057 (5,509,123)	607,093,688	351,471,124	58,896,800 (4,676,629)	405,691,295	201,402,393	
Leased								
Vehicles	55,354,961	27,052,934 (12,261,290)	70,146,605	20,267,085	14,353,539 (6,824,922)	27,795,702	42,350,903	33
Audio visual equipment	19,440,000	-	19,440,000	4,475,250	4,131,000	8,606,250	10,833,750	25
Uplinking equipment	9,660,000	-	9,660,000	941,850	869,400	1,811,250	7,848,750	10
	84,454,961	27,052,934 (12,261,290)	99,246,605	25,684,185	19,353,939 (6,824,922)	38,213,202	61,033,403	
2017	**642,865,715**	81,244,991 (17,770,413)	**706,340,293**	**377,155,309**	**78,250,739 (11,501,551)**	**443,904,497**	**262,435,796**	

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2015	Additions/ (deletions)	As at June 30, 2016	As at July 01, 2015	Charge for the year/ (deletions)	As at June 30, 2016	as at June 30, 2016	Rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	11,056,958	1,327,720	12,384,678	50,873,223	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	27,464,217	3,382,088	30,846,305	2,974,574	10
Leasehold improvements	53,400,612	24,184,839	77,585,451	35,809,668	13,418,778	49,228,446	28,357,005	33
Furniture and fittings	17,176,579	810,400	17,986,979	6,536,543	1,466,014	8,002,557	9,984,422	10
Vehicles	28,782,792	2,467,241	29,647,563	17,368,521	3,412,888	19,680,464	9,967,099	33
		(1,602,470)			(1,100,945)			
Audio visual equipment	126,021,630	18,564,161	144,585,791	94,540,067	8,180,744	102,720,811	41,864,980	25
Uplinking equipment	43,801,076	-	43,801,076	27,600,123	3,652,417	31,252,540	12,548,536	10
Office equipment	37,126,044	19,650,774	56,776,818	27,097,167	4,622,733	31,719,900	25,056,918	15
Computers	71,949,488	19,065,475	90,948,296	51,471,852	14,180,071	65,635,423	25,312,873	33
		(66,667)			(16,500)			
	475,337,001	84,742,890	558,410,754	298,945,116	53,643,453	351,471,124	206,939,630	
		(1,669,137)			(1,117,445)			
Leased								
Vehicles	42,906,971	13,461,990	55,354,961	9,444,638	10,921,021	20,267,085	35,087,876	33
		(1,014,000)			(98,574)			
Audio visual equipment	19,440,000	-	19,440,000	55,080	4,420,170	4,475,250	14,964,750	25
Uplinking equipment	9,660,000	-	9,660,000	72,450	869,400	941,850	8,718,150	10
	72,006,971	13,461,990	84,454,961	9,572,168	16,210,591	25,684,185	58,770,776	
		(1,014,000)			(98,574)			
2016	547,343,972	98,204,880	642,865,715	308,517,284	69,854,044	377,155,309	265,710,406	
		(2,683,137)			(1,216,019)			

6.2 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of buyer
	Rupees						
Vehicles							
Suzuki Baleno	827,979	827,979	-	250,000	250,000	Negotiation	Mr. Asim Qureshi
Honda Civic	1,739,830	1,214,694	525,136	850,000	324,864	Negotiation	Mr. Danish Ikhlas
Motor Bike	39,500	-	39,500	31,850	(7,650)	Insurance claim	Adamjee Insurance Company Limited
Audio visual equipment	380,402	248,938	131,464	192,505	61,041	Insurance claim	Adamjee Insurance Company Limited
Office equipment	2,209,412	2,164,176	45,236	275,000	229,764	Negotiation	Various
Computers	312,000	220,842	91,158	134,727	43,569	Insurance claim	Adamjee Insurance Company Limited
Leased vehicles							
Toyota Tundra	4,249,000	3,139,522	1,109,478	5,192,980	4,083,502	Negotiation	Mr. Nasir Tehrani
Honda Civic	2,476,440	1,733,509	742,931	717,600	(25,331)	Negotiation	Mr. Ather Viqar Azeem
Honda Civic	1,860,000	630,058	1,229,942	719,500	(510,442)	Policy	Mr. Khalid Soorti - employee
Honda City	1,320,000	564,610	755,390	456,600	(298,790)	Policy	Mr. Nasir Jamal - employee
Honda City	1,320,000	615,938	704,062	456,600	(247,462)	Policy	Mr. Muhammad Shahid - employee
Suzuki Wagon R	1,035,850	141,285	894,565	940,000	45,435	Negotiation	Automative Brokerage Services
2017	17,770,413	11,501,551	6,268,862	10,217,362	3,948,500		
2016	2,683,137	1,216,019	1,467,118	1,879,850	412,732		

6.3 Depreciation for the year has been allocated as follows:

	Note	2017	2016
		Rupees	
Cost of production	23	40,886,964	33,310,217
Distribution costs	24	5,193,548	4,817,244
Administrative expenses	25	32,170,227	31,726,583
		78,250,739	69,854,044

6.4 Capital work-in-progress

	Leasehold improvement	Furniture and Fittings	Office Equipment	Total
	---------- Rupees ----------			
Balance as at June 30, 2015	19,971,898	-	-	19,971,898
Capital expenditure incurred	1,185,044	-	-	1,185,044
Transferred to operating fixed assets	(21,156,942)	-	-	(21,156,942)
Balance as at June 30, 2016	-	-	-	-
Capital expenditure incurred	9,614,920	2,758,800	10,623,854	22,997,574
Transferred to operating fixed assets	(9,614,920)	(2,758,800)	(6,546,330)	(18,920,050)
Balance as at June 30, 2017	-	-	4,077,524	4,077,524

7. INTANGIBLE ASSETS

	Cost			Accumulated amortization			Book value	
	As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016	For the year	As at June 30, 2017	as at June 30, 2017	Amorti-sation rate % per annum
	---------- Rupees ----------							
Computer softwares	27,222,067	-	27,222,067	14,052,337	3,314,472	17,366,809	9,855,258	20 – 33
License fee	10,500,000	-	10,500,000	6,808,830	700,350	7,509,180	2,990,820	6.67
Trade mark	14,321,500	5,607,000	19,928,500	5,120,705	3,156,775	8,277,480	11,651,020	20
2017	52,043,567	5,607,000	57,650,567	25,981,872	7,171,597	33,153,469	24,497,098	

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

	Note	2017	2016
		---------- Rupees ----------	
7.1 Amortisation for the year has been allocated as follows:			
Cost of production	23	4,130,173	3,662,625
Administrative expenses	25	3,041,424	1,406,742
		7,171,597	5,069,367

		Note	2017	2016
			---------- Rupees	----------
8. LONG TERM INVESTMENTS – unquoted subsidiaries				
HUM TV, Inc	**Holding**			
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	95,923,590
			95,923,751	95,923,751
Sky Line Publication (Private) Limited				
1,999,997 Ordinary Shares of Rs. 10 each	100%		39,999,970	19,999,970
Advance for future issue of shares			-	8,592,600
			39,999,970	28,592,570
HUM Network FZ LLC				
2,400 Ordinary Shares of AED 1000 each	100%		69,802,371	69,802,371
Advance for future issue of shares			4,446,966	4,446,966
			74,249,337	74,249,337
HUMM CO. (Private) Limited				
4 ordinary shares of Rs. 10 each	100%		40	-
			228,898,451	217,491,011

9. LONG TERM DEPOSITS

	2017	2016
Security deposits		
- Lease	7,089,800	7,687,450
- Rent	7,576,816	2,388,540
- Trade	20,835,920	20,559,440
- Others	761,922	561,922
	36,264,458	31,197,352

10. TELEVISION PROGRAM COSTS

	2017	2016
Unreleased / released less amortisation	387,583,127	880,608,495
In production	86,240,166	80,456,290
	473,823,293	961,064,785
Less: Current portion	220,168,115	485,809,664
	253,655,178	475,255,121

11. DEFERRED TAX ASSET

	2017	2016
Deductible temporary differences		
Provisions	718,654	8,187,890
Accelerated tax depreciation / amortisation	38,735	(3,603,955)
Subscription income	109,879,451	91,341,890
	110,636,840	95,925,825
Taxable temporary differences		
Finance lease	(533,887)	(2,667,990)
	110,102,953	93,257,835

	Note	2017 Rupees	2016 Rupees
12. TRADE DEBTS – unsecured			
Considered good	12.1	1,745,549,232	1,482,438,054
Considered doubtful		47,026,912	26,412,547
		1,792,576,144	1,508,850,601
Less: Provision for doubtful debts	12.2	47,026,912	26,412,547
		1,745,549,232	1,482,438,054

12.1 Include amount receivable from the following related parties:

HUM TV Inc.	132,215,676	75,297,005
HUM Network UK Limited	104,218,457	115,396,791
	236,434,133	190,693,796

12.2 Provision for doubtful debts

Opening balance	26,412,547	26,412,547
Charge for the year	20,614,365	-
Closing balance	47,026,912	26,412,547

12.3 The aging of trade debts from other than related parties is as follows:

Neither past due nor impaired	675,547,055	784,692,338
Past due but not impaired		
- 60 to 90 days	444,125,885	208,749,280
- over 90 days	389,442,159	298,302,640
	1,509,115,099	1,291,744,258

12.4 The aging of trade debts from related parties is as follows:

Neither past due nor impaired	11,905,309	56,531,076
Past due but not impaired		
- 60 to 90 days	4,304,731	63,986,140
- over 90 days	220,224,093	70,176,580
	236,434,133	190,693,796

13. ADVANCES - unsecured, considered good

Interest free advances to:		
- Producers	220,481,555	115,359,395
- Suppliers	8,597,223	23,001,937
- Employees	1,386,745	1,956,497
- Executives	451,181	168,960
	230,916,704	140,486,789

	Note	2017	2016
		---------- Rupees	----------

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2017	2016
Deposits			
- Rent		514,500	514,500
- Trade		1,972,207	1,972,207
- Others		1,683,974	2,068,974
		4,170,681	4,555,681
Prepayments			
- Insurance		8,078,854	6,013,775
- Rent		8,378,961	2,089,000
- Others		2,850,030	4,640,145
		19,307,845	12,742,920
		23,478,526	17,298,601

15. OTHER RECEIVABLES – considered good

	Note	2017	2016
Sales tax receivable		8,069,402	17,347,951
Due from related parties	15.1	26,727,341	4,240,996
Others		180,000	1,142,537
		34,976,743	22,731,484

15.1 Due from related parties

	2017	2016
HUM TV, Inc.	8,446,143	4,240,996
Sky Line Publication (Private) Limited	18,281,198	-
	26,727,341	4,240,996

16. CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		194,005	113,417
Cash at banks			
- in current accounts		4,068,311	3,571,677
- in deposit accounts	16.1	369,957,172	8,575,316
		374,025,483	12,146,993
		374,219,488	12,260,410

16.1 These carry profit at the rates ranging from 5% to 5.5% (2016: 5.25% to 5.5%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(Number of shares)			---------- Rupees	----------
		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

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017		2016	
	Minimum lease payment	Present value	Minimum Lease payment	Present value
	---------- Rupees ----------			
Not later than one year	31,079,005	29,178,958	27,155,945	23,097,780
Later than one year and not later than five years	12,786,501	12,068,950	27,380,984	27,066,577
Total minimum lease payments	43,865,506	41,247,908	54,536,929	50,164,357
Less: Financial charges allocated to future periods	2,617,598	-	4,372,572	-
Present value of minimum lease payments	41,247,908	41,247,908	50,164,357	50,164,357
Less: Current portion shown under current liabilities	29,178,958	29,178,958	23,097,780	23,097,780
	12,068,950	12,068,950	27,066,577	27,066,577

18.1 Represent finance leases entered into by the Company with commercial banks for vehicles, audio visual equipment and up-linking equipment. Lease rentals are payable in monthly installments latest by 2019. 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 (2016: 6 months KIBOR plus 2 to 3) percent per annum.

	Note	2017	2016
		---------- Rupees ----------	
19. TRADE AND OTHER PAYABLES			
Creditors	19.1	185,756,972	333,755,601
Accrued liabilities		253,819,783	206,526,298
Withholding tax payable		32,266,550	34,656,873
Advances from customers		10,848,088	10,986,000
Payable to provident fund	19.2	85,234	4,491,706
Others		10,350,055	8,493,960
		493,126,682	598,910,438

19.1 Include Rs. 156,103,220/- (2016: Rs. 74,639,850/-) payable to M.D Production (Private) Limited, a related party.

	2017	2016
	---------- Rupees ----------	
	(Un-audited)	(Audited)
19.2 Payable to provident fund	85,234	4,491,706
19.2.1 General disclosures		
Size of the fund	145,888,703	121,343,238
Cost of the investment made	111,233,352	75,785,976
Fair value of the investment made	112,462,224	75,979,134
Percentage of the investment made	77%	63%

19.2.2 The breakup of investment is as follows:

	2017 (Rupees)	2017 %	2016 (Rupees)	2016 %
Treasury bills	**9,711,000**	**8.63**	9,969,800	12.76
Mutual funds	**16,356,806**	**14.54**	1,891,210	2.49
Term deposit certificate	**11,055,574**	**9.83**	10,000,000	13.16
Bank balance – deposit accounts	**75,338,844**	**67.00**	54,389,924	71.59
	112,462,224	**100.00**	76,250,934	100.00

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

20. SHORT TERM BORROWINGS

As of the balance sheet date, finance facilities from commercial banks amounted to Rs. 700,000,000 (2016: Rs. 550,000,000) which remained unutilized.

21. CONTINGENCIES AND COMMITMENTS

21.1 For the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001 wherein certain disallowances / addbacks were made to the taxable income of the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the aforesaid order who decided the case against the Company. The Company has challenged the aforesaid appellate order of the CIR(A) before the Appellate Tribunal Inland Revenue, which is pending adjudication. Further, the ACIR passed an appeal effect order creating a tax demand of Rs.182,961,339/-. However, the Company has obtained a stay from recovery of the above tax demand from the Sindh High Court (the Court). The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly, no provision has been made in this respect in these financial statements.

21.2 Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC - related parties as at June 30, 2017 amounted to Rs. 163,962,500/- (2016: Rs. 440,996,900/-) and Nil (2016: Rs. 45,728,172/-) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2017 amounted to Rs. 11,753,000/- (2016: Rs. 48,675,120/-).

	Note	2017	2016
		---------- Rupees	----------
22. REVENUE – net			
Advertisement revenue		**4,239,768,905**	3,349,562,148
Production revenue		**166,238,620**	126,838,260
Digital revenue		**26,357,293**	34,696,082
Subscription income		**152,869,851**	189,101,171
Film distribution revenue		**58,413,648**	242,626,799
	22.1	**4,643,648,317**	3,942,824,460
22.1 Revenue is net off the following items:			
Sales tax		**710,012,143**	603,907,315
Discount to customers		**330,531,819**	239,155,101
		1,040,543,962	843,062,416

23. COST OF PRODUCTION

Cost of outsourced programs		**1,306,388,309**	1,551,697,594
Cost of in-house programs		**273,301,630**	221,862,135
Cost of inventory consumed		**657,505**	514,316
Salaries and benefits	23.1	**399,307,348**	412,456,984
Depreciation	6.3	**40,886,964**	33,310,217
Traveling and conveyance		**25,632,082**	25,243,125
Utilities		**13,985,333**	13,130,006
Rent, rates and taxes		**13,066,408**	11,405,631
Insurance		**10,893,438**	7,048,629
Repair and maintenance		**22,418,036**	17,387,834
Fee and subscription		**7,734,585**	5,693,986
Communication		**9,418,275**	8,161,502
Security charges		**2,372,845**	1,949,035
Amortisation	7.1	**4,130,173**	3,662,625
Consultancy		**5,099,019**	4,263,210
Printing and stationery		**576,182**	646,471
		2,135,868,132	2,318,433,300
In production television programs - opening		**80,456,290**	92,774,464
In production television programs - closing		**(86,240,166)**	(80,456,290)
		2,130,084,256	2,330,751,474
Released / unreleased programs - opening		**880,608,495**	863,517,050
Released / unreleased programs - closing		**(387,583,127)**	(880,608,495)
		2,623,109,624	2,313,660,029

23.1 Include Rs. 14,836,831/- (2016: Rs. 12,632,615/-) in respect of staff retirement benefits.

24. DISTRIBUTION COSTS

	Note	2017	2016
		---------- Rupees	----------
Advertisement and promotion		**151,172,548**	241,459,068
Salaries and benefits	24.1	**133,895,729**	124,904,759
Traveling and conveyance		**11,146,579**	11,764,007
Rent, rates and taxes		**5,758,648**	5,017,058
Utilities		**2,260,652**	2,836,398
Depreciation	6.3	**5,193,548**	4,817,244
Communication		**1,691,280**	3,434,890
Insurance		**2,807,172**	2,670,781
Repair and maintenance		**3,659,969**	3,515,520
Fees and subscription		**1,493,323**	1,607,228
Security charges		**378,433**	1,342,220
Printing and stationery		**658,268**	849,936
Ijarah rental		**-**	54,175
		320,116,149	404,273,284

24.1 Include Rs. 6,073,446/- (2016: Rs. 5,250,690/-) in respect of staff retirement benefits.

25. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		---------- Rupees	----------
Salaries and benefits	25.1	**370,882,314**	258,637,374
Technical advisory fee	25.2	**36,000,000**	36,000,000
Depreciation	6.3	**32,170,227**	31,726,583
Amortisation	7.1	**3,041,424**	1,406,742
Repair and maintenance		**14,952,049**	15,052,843
Communication		**3,885,549**	4,386,538
Traveling and conveyance		**20,882,393**	19,401,002
Fee and subscription		**11,100,522**	7,005,007
Utilities		**5,728,792**	6,616,820
Legal and professional charges		**32,190,705**	12,202,634
Printing, stationery and periodicals		**3,630,289**	3,999,152
Rent, rates and taxes		**12,681,257**	28,542,254
Insurance		**3,809,872**	3,861,143
Auditors' remuneration	25.3	**3,468,873**	3,884,496
Ijarah rentals		**-**	390,842
Security charges		**3,285,879**	1,834,971
Donations	25.4	**275,000**	631,000
		557,985,145	435,579,401

25.1 Include Rs. 3,692,650/- (2016: Rs. 4,221,597/-) in respect of staff retirement benefits.

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

25.3 Auditors' remuneration

	2017	2016
	---------- Rupees	----------
Audit fee	**935,000**	850,000
Fee for consolidated financial statements	**425,000**	300,000
Fee for half yearly review	**350,000**	300,000
Tax and other services	**1,458,873**	2,148,506
Out of pocket expenses	**300,000**	285,990
	3,468,873	3,884,496

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

26. OTHER EXPENSES

	Note	2017	2016
		---------- Rupees	----------
Provision for doubtful debts	12.2	**20,614,365**	-
Exchange loss		**3,258,027**	12,852,677
		23,872,392	12,852,677

	Note	2017	2016
		---------- Rupees	----------
27. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		6,083,651	2,819,470
Income from non financial assets			
Gain on disposal of operating fixed assets		3,948,500	412,732
Sale of magazines and DVDs		64,098,909	74,968,369
Liabilities no longer payable written back		10,582,817	45,063,825
		78,630,226	120,444,926
		84,713,877	123,264,396

	Note	2017	2016
28. FINANCE COSTS			
Mark-up on short term borrowings		14,812,392	33,195,669
Finance lease charges		4,303,627	4,982,812
Bank charges		1,834,751	1,841,826
		20,950,770	40,020,307

	Note	2017	2016
		---------- Rupees	----------
29. TAXATION			
Current		96,865,076	282,582,829
Deferred		(16,845,118)	(46,281,464)
	29.1	80,019,958	236,301,365

29.1 The Company has filed its return of income up to tax year 2016. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Company is subject to Final Tax Regime under Section 153((3)(e)) of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

		2017	2016
30. EARNINGS PER SHARE – basic and diluted			
Profit after taxation	Rupees	1,015,382,978	536,935,926
Weighted average number of ordinary shares outstanding during the year		945,000,000	945,000,000
Earnings per share	Rupee	1.07	0.57

	2017	2016
	Rupees	
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,095,402,936	773,237,291
Adjustments for :		
Depreciation	78,250,739	69,854,044
Amortisation	7,171,597	5,069,367
Finance costs	20,950,770	40,020,307
Exchange loss	3,258,027	12,852,677
Profit on deposit accounts	(6,083,651)	(2,819,470)
Gain on disposal of operating fixed assets	(3,948,500)	(412,732)
Provision for doubtful debts	20,614,365	-
	120,213,347	124,564,193
(Increase) / decrease in current assets		
Inventories	(89,020)	2,253,153
Television program costs	265,641,549	35,645,800
Trade debts	(286,983,571)	(458,394,585)
Advances	(90,429,915)	100,119,879
Deposits and prepayments	(6,179,925)	1,779,318
Other receivables	(12,245,259)	10,662,003
	(130,286,141)	(307,934,432)
Decrease in current liabilities		
Trade and other payables	(105,783,757)	(50,246,083)
	979,546,385	539,620,969

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
				Rupees				
Managerial remuneration	34,068,800	-	2,000,000	253,230,035	34,068,796	-	2,000,000	192,682,253
Bonus	98,055,986	98,055,986	-	-	47,664,096	47,664,096	-	9,760,338
Retirement benefits	-	-	-	17,243,583	-	-	-	14,516,754
House rent	12,193,548	-	-	85,974,924	12,193,548	-	-	74,767,560
Utilities	2,709,672	-	-	21,428,119	2,709,676	-	-	16,615,019
Technical advisory fee	-	36,000,000	-	-	-	36,000,000	-	-
Fuel and conveyance	142,245	717,095	-	11,693,367	142,502	700,980	-	9,556,972
	147,170,251	134,773,081	2,000,000	389,570,028	96,778,618	84,365,076	2,000,000	317,898,896
Number	1	1	1	155	1	1	1	112

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

32.2 Aggregate amount charged for fee to five non-executive directors was Rs. 240,000/- (2016: Rs. 540,000/-).

33. TRANSACTIONS WITH RELATED PARTIES

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

	2017	2016
	---------- Rupees	----------
Subsidiaries		
Subscription income	**13,843,000**	135,746,250
Management fee	**4,205,094**	2,215,372
Investments made during the year	**11,407,400**	82,841,937
(Payments) / Receipts during the year - net	**(6,194,588)**	23,968,968
Associates		
Purchase of television programs	**1,153,349,978**	565,610,491
Receipts during the year	**-**	68,372,218
Retirement fund		
Contribution to provident fund	**24,602,927**	22,104,902

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

34.1 Capital risk

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

34.2 Credit risk

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

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

Credit quality of financial assets

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

	2017	2016
	---------- Rupees	----------
Trade debts		
Customers with no defaults in the past one year	**1,745,549,232**	1,482,438,054
Customers with some defaults in past one year	**47,026,912**	26,412,547
	1,792,576,144	1,508,850,601

		2017	2016
		Rupees	
Bank balances			
	A1+	272,479,217	12,146,993
	A1	101,546,266	-
		374,025,483	12,146,993

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:

2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
			Rupees		
Liabilities against assets subject to finance lease	-	5,838,474	23,340,484	12,068,950	41,247,908
Trade and other payables	2,434,341	168,961,728	289,464,063	-	460,860,132
Accrued mark-up	128,256	-	-	-	128,256
	2,562,597	174,800,202	312,804,547	12,068,950	502,236,296

2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
			Rupees		
Liabilities against assets subject to finance lease	-	5,574,768	21,491,809	23,097,780	50,164,357
Trade and other payables	46,145,040	267,205,859	250,902,666	-	564,253,565
Short term borrowings	-	-	473,987,576	-	473,987,576
Accrued mark-up	8,764,103	-	-	-	8,764,103
	54,909,143	272,780,627	746,382,051	23,097,780	1,097,169,601

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:

	2017		2016	
	US Dollar	GBP	US Dollar	GBP
Trade debts	2,075,813	760,719	1,274,929	824,262
Other receivables	79,381	-	50,347	-
Trade and other payables	(7,229)	-	(67,764)	-

The following significant exchange rates have been applied at the reporting dates:

	Rupees		Rupees	
Closing exchange rates	106.40	137.00	104.93	140.35

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 --
June 30, 2017	+10	22,538,597	+10	10,421,850
	-10	(22,538,597)	-10	(10,421,850)
June 30, 2016	+10	13,194,445	+10	11,568,517
	-10	(13,194,445)	-10	(11,568,517)

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
June 30, 2017	+100	(412,479)
	-100	412,479
June 30, 2016	+100	(5,241,519)
	-100	5,241,519

34.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

35. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 4, 2017 by the Board of Directors of the Company.

36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the year ended June 30, 2017, the Board of Directors in its meeting held on October 4, 2017 has proposed final cash dividend @ Re. 0.10 per share amounting to Rs. 94,500,000 for approval of the members at the Annual General Meeting.

Under section 5A of the Income Tax Ordinance, 2001 every public company is obliged to pay tax at the rate 7.5% on its accounting profit before tax if it derives profit for a tax year, but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Company field a Constitutional Petition (CP) before the Court on September 25, 2017 challenging the tax, and the Court accepted the CP and granted a stay against the above Section.

In case the Court's decision is not in favor of the Company, the Company will either be required to declare the dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.50% of the accounting profit before tax of the financial year ended June 30, 2017, As at the balance sheet date, no charge has been recorded by the Company in this respect.

37. GENERAL

37.1 The number of employees as at June 30, 2017 was 447 (2016: 443) and average number of employees during the year was 444 (2016: 413).

37.2 Figures have been rounded off to the nearest Rupee.

MAZHAR-UL-HAQ SIDDIQUI Chairman	**DURAID QURESHI** Chief Executive	**Muhammad Abbas Hussain** Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS

On behalf of the Board of Directors, I am pleased to submit the Annual Consolidated Financial Statements along with the Auditor's Report thereon for the year ended June 30, 2017.

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

The group recorded profit after tax of Rs. 1,023 million for the financial year ended 2017. During 2017, the Group's revenue has increased by Rs. 536 million as compared to last year, and we expect it to improve further in the coming years. The results translate into earning per share of Rs. 1.08.

The Directors' Report on HUM Network Limited for the year ended June 30, 2017 has been separately presented in the annual report

Place: Karachi

Date: October 04, 2017

DURAID QURESHI
Chief Executive

MAZHAR-UL-HAQ SIDDIQUI
Chairman

مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں مالیاتی سال ۳۰ جون ۲۰۱۷ء کے لئے سالانہ مجموعی مالیاتی حسابات بمع آڈیٹرز رپورٹ پیش کر رہا ہوں۔

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

مالیاتی سال ۲۰۱۷ء کے آخر میں گروپ میں بعداز ٹیکس منافع ۳۲۰،۱ ملین پاکستانی روپے حاصل کیا ہے۔ ۲۰۱۷ء کے دوران گروپ کی آمدنی میں ۵۳۶ ملین پاکستانی روپے کا اضافہ ہوا ہے جس کا موازنہ گزشتہ سال سے کیا جاسکتا ہے۔ ہمیں امید ہے کہ آنے والے سال میں اس میں مزید بہتری پیدا ہوگی۔ یہ نتائج آمدنی ۱۔۰۸ روپے فی شیئر کے تحت ترتیب دی گئی ہے۔

ہم نیٹ ورک لمیٹڈ پر مالیاتی سال ۳۰ جون ۲۰۱۷ء کی ڈائریکٹر رپورٹ سالانہ رپورٹ میں علیحدہ سے پیش کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مورخہ ۱۴ اکتوبر ۲۰۱۷ء

کراچی

دستخط:

درید قریشی

چیف ایگزیکیٹو آفیسر

دستخط:

مظہر الحق صدیقی

چیئرمین

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		---------- Rupees	----------
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	266,513,320	265,710,406
Intangible assets	7	24,497,098	26,061,695
Long term investments	8	228,898,451	217,491,011
Long term deposits	9	36,264,458	31,197,352
Television program costs	10	253,655,178	475,255,121
Deferred tax asset	11	110,102,953	93,257,835
		919,931,458	1,108,973,420
CURRENT ASSETS			
Inventories		2,314,986	2,225,966
Current portion of television program costs	10	220,168,115	485,809,664
Trade debts	12	1,745,549,232	1,482,438,054
Advances	13	230,916,704	140,486,789
Trade deposits and short-term prepayments	14	23,478,526	17,298,601
Other receivables	15	34,976,743	22,731,484
Taxation - net		46,906,524	-
Cash and bank balances	16	374,219,488	12,260,410
		2,678,530,318	2,163,250,968
TOTAL ASSETS		3,598,461,776	3,272,224,388
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 1,500,000,000 (2016: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	945,000,000	945,000,000
Unappropriated profit		2,113,010,440	1,097,627,462
		3,058,010,440	2,042,627,462
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	18	12,068,950	27,066,577
CURRENT LIABILITIES			
Trade and other payables	19	493,126,682	598,910,438
Accrued mark-up		128,256	8,764,103
Short term borrowings	20	-	473,987,576
Unclaimed dividend		5,948,490	5,955,603
Taxation – net		-	91,814,849
Current portion of liabilities against assets subject to finance lease	18	29,178,958	23,097,780
		528,382,386	1,202,530,349
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		3,598,461,776	3,272,224,388

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

Muhammad Abbas Hussain
Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees ----------	
Revenue	22	4,643,648,317	3,942,824,460
Cost of production	23	(2,623,109,624)	(2,313,660,029)
Transmission cost		(86,925,178)	(86,465,867)
		(2,710,034,802)	(2,400,125,896)
Gross profit		1,933,613,515	1,542,698,564
Distribution costs	24	(320,116,149)	(404,273,284)
Administrative expenses	25	(557,985,145)	(435,579,401)
Other expenses	26	(23,872,392)	(12,852,677)
Other income	27	84,713,877	123,264,396
Finance costs	28	(20,950,770)	(40,020,307)
Profit before taxation		1,095,402,936	773,237,291
Taxation	29	(80,019,958)	(236,301,365)
Profit after taxation		1,015,382,978	536,935,926
Earnings per share – basic and diluted	30	1.07	0.57

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

Muhammad Abbas Hussain
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----------- Rupees ----------	
Profit after taxation	1,015,382,978	536,935,926
Other comprehensive income	-	-
Total comprehensive income for the year	1,015,382,978	536,935,926

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI **Chairman**	**DURAID QURESHI** **Chief Executive**	**Muhammad Abbas Hussain** **Chief Financial Officer**

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	979,546,385	539,620,969
Taxes paid		(235,586,449)	(290,729,296)
Finance costs paid		(29,586,613)	(37,344,676)
Profit received on deposit accounts		6,083,651	2,819,470
Long term deposits		(5,067,107)	(1,774,736)
Television program costs		221,599,943	(40,419,071)
Net cash generated from operating activities		936,989,810	172,172,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(85,322,515)	(78,232,982)
Additions to intangible assets		(5,607,000)	(16,011,119)
Investments made during the year		(11,407,440)	(82,841,937)
Proceeds from disposal of operating fixed assets		10,217,362	1,879,850
Net cash used in investing activities		(92,119,593)	(175,206,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(8,916,450)	(8,438,867)
Dividends paid		(7,113)	(164,576,320)
Net cash used in financing activities		(8,923,563)	(173,015,187)
Net increase / (decrease) in cash and cash equivalents		835,946,654	(176,048,715)
Cash and cash equivalents at the beginning of the year		(461,727,166)	(285,678,451)
Cash and cash equivalents at the end of the year		374,219,488	(461,727,166)
Cash and cash equivalents			
Cash and bank balances		374,219,488	12,260,410
Short term borrowings		-	(473,987,576)
		374,219,488	(461,727,166)

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAID QURESHI
Chief Executive

Muhammad Abbas Hussain
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, Subscribed and paid-up Capital	Unappropriated Profit	Total
	------------------------Rupees------------------------		
Balance as at June 30, 2015	945,000,000	726,066,536	1,671,066,536
Final cash dividend for the year ended June 30, 2015 @ 17.5%	-	(165,375,000)	(165,375,000)
Net profit for the year	-	536,935,926	536,935,926
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	536,935,926	536,935,926
Balance as at June 30, 2016	945,000,000	1,097,627,462	2,042,627,462
Net profit for the year	-	1,015,382,978	1,015,382,978
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,015,382,978	1,015,382,978
Balance as at June 30, 2017	945,000,000	2,113,010,440	3,058,010,440

The annexed notes from 1 to 37 form an integral part of these financial statements.

MAZHAR-UL-HAQ SIDDIQUI **Chairman**	**DURAID QURESHI** **Chief Executive**	**Muhammad Abbas Hussain** **Chief Financial Officer**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

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

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

1.3 These are separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Ordinance. Accordingly, 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) as are notified under the Ordinance and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

3. BASIS OF PREPARATION

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New and amended standards

The Company has adopted the following accounting standards which became effective for the current year:

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)

IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	-	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	-	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	-	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	-	Employee Benefits - Discount rate: regional market issue
IAS 34	-	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

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

4.2 Standards not yet effective

The following standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

			Effective date (accounting periods Beginning on or after)
IFRS 2	-	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	-	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	-	Statement of Cashflows	01 January 2017
IAS 12	-	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	-	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	-	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	-	Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

		IASB Effective date (accounting periods beginning on or after)
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	- Regulatory Deferral Accounts	01 January 2016
IFRS 15	- Revenue from Contracts with Customers	01 January 2018
IFRS 16	- Leases	01 January 2019
IFRS 17	- Insurance Contracts	01 January 2021

4.3 Fixed assets

4.3.1 Property, plant and equipment

Owned
These are stated at cost less accumulated depreciation and impairment.

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

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

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

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

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

4.3.2 Capital work-in-progress

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

4.4 Intangible assets

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

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortization expense on intangible assets with finite lives is recognized 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 recognized in profit and loss account when the asset is derecognized.

4.5 Investment in subsidiaries

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

4.6 Television program costs

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

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

4.7 Inventories

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

4.8 Trade debts

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

4.9 Loans, advances and other receivables

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

4.10 Taxation

Current

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

Deferred

Deferred tax is recognized 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.11 Cash and cash equivalents

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

4.12 Long term and short term borrowings

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

4.13 Trade and other payables

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

4.14 Provisions

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

4.15 Revenue

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

Production revenue is recognised when production work is completed.

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

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

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

Sale of magazine and DVD's is recognized on the receipt basis whereas advertisement published on magzines is accounted for on accrual basis.

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

4.16 Staff retirement benefits

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

4.17 Financial instruments

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

4.18 Offsetting of financial assets and liabilities

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

4.19 Foreign currency translations

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

4.20 Borrowing costs

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

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

4.21 Dividend and appropriation to reserves

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

4.22 Impairment

4.22.1 Financial assets

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

4.22.2 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 recognized, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

4.23 Functional and presentation currency

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Property, plant and equipment and intangible assets

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

Income taxes

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

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

Trade debts

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

Television program costs

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		----------- Rupees ----------	
Operating fixed assets	6.1	**262,435,796**	265,710,406
Capital work-in-progress	6.4	**4,077,524**	-
		266,513,320	265,710,406

6.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2016	Additions/ (deletions)	As at June 30, 2017	As at July 01, 2016	Charge for the year/ (deletions)	As at June 30, 2017	as at June 30, 2017	Rate % per annum
	---------- Rupees ----------							
Owned								
Leasehold land	63,257,901	-	63,257,901	12,384,678	1,327,720	13,712,398	49,545,503	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	30,846,305	2,203,038	33,049,343	771,536	10
Leasehold improvements	77,585,451	9,614,920	87,200,371	49,228,446	16,423,775	65,652,221	21,548,150	33
Furniture and fittings	17,986,979	11,121,035	29,108,014	8,002,557	1,930,315	9,932,872	19,175,142	10
Vehicles	29,647,563	2,053,623	29,093,877	19,680,464	3,668,511	21,306,302	7,787,575	33
		(2,607,309)			(2,042,673)			
Audio visual equipment	144,585,791	7,005,000	151,210,389	102,720,811	9,152,267	111,624,140	39,586,249	25
		(380,402)			(248,938)			
Uplinking equipment	43,801,076	-	43,801,076	31,252,540	2,300,026	33,552,566	10,248,510	10
Office equipment	56,776,818	15,303,482	69,870,888	31,719,900	6,773,828	36,329,552	33,541,336	15
		(2,209,412)			(2,164,176)			
Computers	90,948,296	9,093,997	99,730,293	65,635,423	15,117,320	80,531,901	19,198,392	33
		(312,000)			(220,842)			
	558,410,754	54,192,057	607,093,688	351,471,124	58,896,800	405,691,295	201,402,393	
		(5,509,123)			(4,676,629)			
Leased								
Vehicles	55,354,961	27,052,934	70,146,605	20,267,085	14,353,539	27,795,702	42,350,903	33
		(12,261,290)			(6,824,922)			
Audio visual equipment	19,440,000	-	19,440,000	4,475,250	4,131,000	8,606,250	10,833,750	25
Uplinking equipment	9,660,000	-	9,660,000	941,850	869,400	1,811,250	7,848,750	10
	84,454,961	27,052,934	99,246,605	25,684,185	19,353,939	38,213,202	61,033,403	
		(12,261,290)			(6,824,922)			
2017	**642,865,715**	81,244,991	**706,340,293**	**377,155,309**	**78,250,739**	**443,904,497**	**262,435,796**	
		(17,770,413)			**(11,501,551)**			

	Cost: As at July 01, 2015	Cost: Additions/ (deletions)	Cost: As at June 30, 2016	Accumulated depreciation: As at July 01, 2015	Accumulated depreciation: Charge for the year/ (deletions)	Accumulated depreciation: As at June 30, 2016	Book value as at June 30, 2016	Depreciation Rate % per annum
	---------- Rupees ----------							
Owned								
Leasehold land	63,257,901	-	63,257,901	11,056,958	1,327,720	12,384,678	50,873,223	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	27,464,217	3,382,088	30,846,305	2,974,574	10
Leasehold improvements	53,400,612	24,184,839	77,585,451	35,809,668	13,418,778	49,228,446	28,357,005	33
Furniture and fittings	17,176,579	810,400	17,986,979	6,536,543	1,466,014	8,002,557	9,984,422	10
Vehicles	28,782,792	2,467,241 (1,602,470)	29,647,563	17,368,521	3,412,888 (1,100,945)	19,680,464	9,967,099	33
Audio visual equipment	126,021,630	18,564,161	144,585,791	94,540,067	8,180,744	102,720,811	41,864,980	25
Uplinking equipment	43,801,076	-	43,801,076	27,600,123	3,652,417	31,252,540	12,548,536	10
Office equipment	37,126,044	19,650,774	56,776,818	27,097,167	4,622,733	31,719,900	25,056,918	15
Computers	71,949,488	19,065,475 (66,667)	90,948,296	51,471,852	14,180,071 (16,500)	65,635,423	25,312,873	33
	475,337,001	84,742,890 (1,669,137)	558,410,754	298,945,116	53,643,453 (1,117,445)	351,471,124	206,939,630	
Leased								
Vehicles	42,906,971	13,461,990 (1,014,000)	55,354,961	9,444,638	10,921,021 (98,574)	20,267,085	35,087,876	33
Audio visual equipment	19,440,000	-	19,440,000	55,080	4,420,170	4,475,250	14,964,750	25
Uplinking equipment	9,660,000	-	9,660,000	72,450	869,400	941,850	8,718,150	10
	72,006,971	13,461,990 (1,014,000)	84,454,961	9,572,168	16,210,591 (98,574)	25,684,185	58,770,776	
2016	**547,343,972**	**98,204,880 (2,683,137)**	**642,865,715**	**308,517,284**	**69,854,044 (1,216,019)**	**377,155,309**	**265,710,406**	

6.2 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of buyer
	---------- Rupees ----------						
Vehicles							
Suzuki Baleno	827,979	827,979	-	250,000	250,000	Negotiation	Mr. Asim Qureshi
Honda Civic	1,739,830	1,214,694	525,136	850,000	324,864	Negotiation	Mr. Danish Ikhlas
Motor Bike	39,500	-	39,500	31,850	(7,650)	Insurance claim	Adamjee Insurance Company Limited
Audio visual equipment	380,402	248,938	131,464	192,505	61,041	Insurance claim	Adamjee Insurance Company Limited
Office equipment	2,209,412	2,164,176	45,236	275,000	229,764	Negotiation	Various
Computers	312,000	220,842	91,158	134,727	43,569	Insurance claim	Adamjee Insurance Company Limited
Leased vehicles							
Toyota Tundra	4,249,000	3,139,522	1,109,478	5,192,980	4,083,502	Negotiation	Mr. Nasir Tehrani
Honda Civic	2,476,440	1,733,509	742,931	717,600	(25,331)	Negotiation	Mr. Ather Viqar Azeem
Honda Civic	1,860,000	630,058	1,229,942	719,500	(510,442)	Policy	Mr. Khalid Soorti – employee
Honda City	1,320,000	564,610	755,390	456,600	(298,790)	Policy	Mr. Nasir Jamal – employee
Honda City	1,320,000	615,938	704,062	456,600	(247,462)	Policy	Mr. Muhammad Shahid - employee
Suzuki Wagon R	1,035,850	141,285	894,565	940,000	45,435	Negotiation	Automative Brokerage Services
2017	17,770,413	11,501,551	6,268,862	10,217,362	3,948,500		
2016	2,683,137	1,216,019	1,467,118	1,879,850	412,732		

	Note	2017	2016
		---------- Rupees ----------	
6.3 Depreciation for the year has been allocated as follows:			
Cost of production	23	**40,886,964**	33,310,217
Distribution costs	24	**5,193,548**	4,817,244
Administrative expenses	25	**32,170,227**	31,726,583
		78,250,739	69,854,044

6.4 Capital work-in-progress

	Leasehold improvement	Furniture and Fittings	Office Equipment	Total
	------------------- Rupees ------------------			
Balance as at June 30, 2015	19,971,898	-	-	19,971,898
Capital expenditure incurred	1,185,044	-	-	1,185,044
Transferred to operating fixed assets	(21,156,942)	-	-	(21,156,942)
Balance as at June 30, 2016	-	-	-	-
Capital expenditure incurred	9,614,920	2,758,800	10,623,854	22,997,574
Transferred to operating fixed assets	(9,614,920)	(2,758,800)	(6,546,330)	(18,920,050)
Balance as at June 30, 2017	-	-	4,077,524	4,077,524

7. INTANGIBLE ASSETS

	Cost			Accumulated amortization			Book value	
	As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016	For the year	As at June 30, 2017	as at June 30, 2017	Amorti-sation rate %
	---------- Rupees ----------							per annum
Computer softwares	27,222,067	-	27,222,067	14,052,337	3,314,472	17,366,809	9,855,258	20 – 33
License fee	10,500,000	-	10,500,000	6,808,830	700,350	7,509,180	2,990,820	6.67
Trade mark	14,321,500	5,607,000	19,928,500	5,120,705	3,156,775	8,277,480	11,651,020	20
2017	52,043,567	5,607,000	57,650,567	25,981,872	7,171,597	33,153,469	24,497,098	

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

	Note	2017	2016
		---------- Rupees	----------
7.1 Amortisation for the year has been allocated as follows:			
Cost of production	23	4,130,173	3,662,625
Administrative expenses	25	3,041,424	1,406,742
		7,171,597	5,069,367

		Note	2017 Rupees	2016 Rupees
8. LONG TERM INVESTMENTS – unquoted subsidiaries				
HUM TV, Inc	**Holding**			
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	95,923,590
			95,923,751	95,923,751
Sky Line Publication (Private) Limited				
1,999,997 Ordinary Shares of Rs. 10 each	100%		39,999,970	19,999,970
Advance for future issue of shares			-	8,592,600
			39,999,970	28,592,570
HUM Network FZ LLC				
2,400 Ordinary Shares of AED 1000 each	100%		69,802,371	69,802,371
Advance for future issue of shares			4,446,966	4,446,966
			74,249,337	74,249,337
HUMM CO. (Private) Limited				
4 ordinary shares of Rs. 10 each	100%		40	-
			228,898,451	217,491,011
9. LONG TERM DEPOSITS				
Security deposits				
- Lease			7,089,800	7,687,450
- Rent			7,576,816	2,388,540
- Trade			20,835,920	20,559,440
- Others			761,922	561,922
			36,264,458	31,197,352
10. TELEVISION PROGRAM COSTS				
Unreleased / released less amortisation			387,583,127	880,608,495
In production			86,240,166	80,456,290
			473,823,293	961,064,785
Less: Current portion			220,168,115	485,809,664
			253,655,178	475,255,121
11. DEFERRED TAX ASSET				
Deductible temporary differences				
Provisions			718,654	8,187,890
Accelerated tax depreciation / amortisation			38,735	(3,603,955)
Subscription income			109,879,451	91,341,890
			110,636,840	95,925,825
Taxable temporary differences				
Finance lease			(533,887)	(2,667,990)
			110,102,953	93,257,835

	Note	2017	2016
		---------- Rupees ----------	

12. TRADE DEBTS – unsecured

	Note	2017	2016
Considered good	12.1	1,745,549,232	1,482,438,054
Considered doubtful		47,026,912	26,412,547
		1,792,576,144	1,508,850,601
Less: Provision for doubtful debts	12.2	47,026,912	26,412,547
		1,745,549,232	1,482,438,054

12.1 Include amount receivable from the following related parties:

	2017	2016
HUM TV Inc.	132,215,676	75,297,005
HUM Network UK Limited	104,218,457	115,396,791
	236,434,133	190,693,796

12.2 Provision for doubtful debts

	2017	2016
Opening balance	26,412,547	26,412,547
Charge for the year	20,614,365	-
Closing balance	47,026,912	26,412,547

12.3 The aging of trade debts from other than related parties is as follows:

	2017	2016
Neither past due nor impaired	675,547,055	784,692,338
Past due but not impaired		
- 60 to 90 days	444,125,885	208,749,280
- over 90 days	389,442,159	298,302,640
	1,509,115,099	1,291,744,258

12.4 The aging of trade debts from related parties is as follows:

	2017	2016
Neither past due nor impaired	11,905,309	56,531,076
Past due but not impaired		
- 60 to 90 days	4,304,731	63,986,140
- over 90 days	220,224,093	70,176,580
	236,434,133	190,693,796

13. ADVANCES - unsecured, considered good

	2017	2016
Interest free advances to:		
- Producers	220,481,555	115,359,395
- Suppliers	8,597,223	23,001,937
- Employees	1,386,745	1,956,497
- Executives	451,181	168,960
	230,916,704	140,486,789

	Note	2017	2016
		---------- Rupees	----------
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Rent		514,500	514,500
- Trade		1,972,207	1,972,207
- Others		1,683,974	2,068,974
		4,170,681	4,555,681
Prepayments			
- Insurance		8,078,854	6,013,775
- Rent		8,378,961	2,089,000
- Others		2,850,030	4,640,145
		19,307,845	12,742,920
		23,478,526	17,298,601
15. OTHER RECEIVABLES – considered good			
Sales tax receivable		8,069,402	17,347,951
Due from related parties	15.1	26,727,341	4,240,996
Others		180,000	1,142,537
		34,976,743	22,731,484

15.1 Due from related parties

	2017	2016
HUM TV, Inc.	8,446,143	4,240,996
Sky Line Publication (Private) Limited	18,281,198	-
	26,727,341	4,240,996

	Note	2017	2016
16. CASH AND BANK BALANCES			
Cash in hand		194,005	113,417
Cash at banks			
- in current accounts		4,068,311	3,571,677
- in deposit accounts	16.1	369,957,172	8,575,316
		374,025,483	12,146,993
		374,219,488	12,260,410

16.1 These carry profit at the rates ranging from 5% to 5.5% (2016: 5.25% to 5.5%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(Number of shares)			---------- Rupees	----------
		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

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017		2016	
	Minimum lease payment	Present value	Minimum Lease payment	Present value
	---------- Rupees ----------			
Not later than one year	**31,079,005**	**29,178,958**	27,155,945	23,097,780
Later than one year and not later than five years	**12,786,501**	**12,068,950**	27,380,984	27,066,577
Total minimum lease payments	**43,865,506**	**41,247,908**	54,536,929	50,164,357
Less: Financial charges allocated to future periods	**2,617,598**	-	4,372,572	-
Present value of minimum lease payments	**41,247,908**	**41,247,908**	50,164,357	50,164,357
Less: Current portion shown under current liabilities	**29,178,958**	**29,178,958**	23,097,780	23,097,780
	12,068,950	**12,068,950**	27,066,577	27,066,577

18.1 Represent finance leases entered into by the Company with commercial banks for vehicles, audio visual equipment and up-linking equipment. Lease rentals are payable in monthly installments latest by 2019. 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 (2016: 6 months KIBOR plus 2 to 3) percent per annum.

	Note	2017	2016
		---------- Rupees ----------	
19. TRADE AND OTHER PAYABLES			
Creditors	19.1	**185,756,972**	333,755,601
Accrued liabilities		**253,819,783**	206,526,298
Withholding tax payable		**32,266,550**	34,656,873
Advances from customers		**10,848,088**	10,986,000
Payable to provident fund	19.2	**85,234**	4,491,706
Others		**10,350,055**	8,493,960
		493,126,682	598,910,438

19.1 Include Rs. 156,103,220/- (2016: Rs. 74,639,850/-) payable to M.D Production (Private) Limited, a related party.

	2017	2016
	---------- Rupees ----------	
	(Un-audited)	(Audited)
19.2 Payable to provident fund	85,234	4,491,706
19.2.1 General disclosures		
Size of the fund	145,888,703	121,343,238
Cost of the investment made	111,233,352	75,785,976
Fair value of the investment made	112,462,224	75,979,134
Percentage of the investment made	77%	63%

19.2.2 The breakup of investment is as follows:

	2017		2016	
	(Rupees)	%	(Rupees)	%
Treasury bills	9,711,000	8.63	9,969,800	12.76
Mutual funds	16,356,806	14.54	1,891,210	2.49
Term deposit certificate	11,055,574	9.83	10,000,000	13.16
Bank balance – deposit accounts	75,338,844	67.00	54,389,924	71.59
	112,462,224	100.00	76,250,934	100.00

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

20. SHORT TERM BORROWINGS

As of the balance sheet date, finance facilities from commercial banks amounted to Rs. 700,000,000 (2016: Rs. 550,000,000) which remained unutilized.

21. CONTINGENCIES AND COMMITMENTS

21.1 For the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001 wherein certain disallowances / addbacks were made to the taxable income of the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the aforesaid order who decided the case against the Company. The Company has challenged the aforesaid appellate order of the CIR(A) before the Appellate Tribunal Inland Revenue, which is pending adjudication. Further, the ACIR passed an appeal effect order creating a tax demand of Rs.182,961,339/-. However, the Company has obtained a stay from recovery of the above tax demand from the Sindh High Court (the Court). The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly, no provision has been made in this respect in these financial statements.

21.2 Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC - related parties as at June 30, 2017 amounted to Rs. 163,962,500/- (2016: Rs. 440,996,900/-) and Nil (2016: Rs. 45,728,172/-) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2017 amounted to Rs. 11,753,000/- (2016: Rs. 48,675,120/-).

22. REVENUE – net

	Note	2017	2016
		---------- Rupees	----------
Advertisement revenue		4,239,768,905	3,349,562,148
Production revenue		166,238,620	126,838,260
Digital revenue		26,357,293	34,696,082
Subscription income		152,869,851	189,101,171
Film distribution revenue		58,413,648	242,626,799
	22.1	4,643,648,317	3,942,824,460

22.1 Revenue is net off the following items:

	2017	2016
Sales tax	710,012,143	603,907,315
Discount to customers	330,531,819	239,155,101
	1,040,543,962	843,062,416

23. COST OF PRODUCTION

	Note	2017	2016
Cost of outsourced programs		1,306,388,309	1,551,697,594
Cost of in-house programs		273,301,630	221,862,135
Cost of inventory consumed		657,505	514,316
Salaries and benefits	23.1	399,307,348	412,456,984
Depreciation	6.3	40,886,964	33,310,217
Traveling and conveyance		25,632,082	25,243,125
Utilities		13,985,333	13,130,006
Rent, rates and taxes		13,066,408	11,405,631
Insurance		10,893,438	7,048,629
Repair and maintenance		22,418,036	17,387,834
Fee and subscription		7,734,585	5,693,986
Communication		9,418,275	8,161,502
Security charges		2,372,845	1,949,035
Amortisation	7.1	4,130,173	3,662,625
Consultancy		5,099,019	4,263,210
Printing and stationery		576,182	646,471
		2,135,868,132	2,318,433,300
In production television programs - opening		80,456,290	92,774,464
In production television programs - closing		(86,240,166)	(80,456,290)
		2,130,084,256	2,330,751,474
Released / unreleased programs - opening		880,608,495	863,517,050
Released / unreleased programs - closing		(387,583,127)	(880,608,495)
		2,623,109,624	2,313,660,029

23.1 Include Rs. 14,836,831/- (2016: Rs. 12,632,615/-) in respect of staff retirement benefits.

24. DISTRIBUTION COSTS

	Note	2017	2016
		---------- Rupees	----------
Advertisement and promotion		151,172,548	241,459,068
Salaries and benefits	24.1	133,895,729	124,904,759
Traveling and conveyance		11,146,579	11,764,007
Rent, rates and taxes		5,758,648	5,017,058
Utilities		2,260,652	2,836,398
Depreciation	6.3	5,193,548	4,817,244
Communication		1,691,280	3,434,890
Insurance		2,807,172	2,670,781
Repair and maintenance		3,659,969	3,515,520
Fees and subscription		1,493,323	1,607,228
Security charges		378,433	1,342,220
Printing and stationery		658,268	849,936
Ijarah rental		-	54,175
		320,116,149	404,273,284

24.1 Include Rs. 6,073,446/- (2016: Rs. 5,250,690/-) in respect of staff retirement benefits.

25. ADMINISTRATIVE EXPENSES

	Note	2017 Rupees	2016 Rupees
Salaries and benefits	25.1	370,882,314	258,637,374
Technical advisory fee	25.2	36,000,000	36,000,000
Depreciation	6.3	32,170,227	31,726,583
Amortisation	7.1	3,041,424	1,406,742
Repair and maintenance		14,952,049	15,052,843
Communication		3,885,549	4,386,538
Traveling and conveyance		20,882,393	19,401,002
Fee and subscription		11,100,522	7,005,007
Utilities		5,728,792	6,616,820
Legal and professional charges		32,190,705	12,202,634
Printing, stationery and periodicals		3,630,289	3,999,152
Rent, rates and taxes		12,681,257	28,542,254
Insurance		3,809,872	3,861,143
Auditors' remuneration	25.3	3,468,873	3,884,496
Ijarah rentals		-	390,842
Security charges		3,285,879	1,834,971
Donations	25.4	275,000	631,000
		557,985,145	435,579,401

25.1 Include Rs. 3,692,650/- (2016: Rs. 4,221,597/-) in respect of staff retirement benefits.

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

25.3 Auditors' remuneration

	2017 Rupees	2016 Rupees
Audit fee	935,000	850,000
Fee for consolidated financial statements	425,000	300,000
Fee for half yearly review	350,000	300,000
Tax and other services	1,458,873	2,148,506
Out of pocket expenses	300,000	285,990
	3,468,873	3,884,496

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

26. OTHER EXPENSES

	Note	2017 Rupees	2016 Rupees
Provision for doubtful debts	12.2	20,614,365	-
Exchange loss		3,258,027	12,852,677
		23,872,392	12,852,677

	Note	2017	2016
		---------- Rupees	----------
27. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		6,083,651	2,819,470
Income from non financial assets			
Gain on disposal of operating fixed assets		3,948,500	412,732
Sale of magazines and DVDs		64,098,909	74,968,369
Liabilities no longer payable written back		10,582,817	45,063,825
		78,630,226	120,444,926
		84,713,877	123,264,396

	2017	2016
28. FINANCE COSTS		
Mark-up on short term borrowings	14,812,392	33,195,669
Finance lease charges	4,303,627	4,982,812
Bank charges	1,834,751	1,841,826
	20,950,770	40,020,307

	Note	2017	2016
		---------- Rupees	----------
29. TAXATION			
Current		96,865,076	282,582,829
Deferred		(16,845,118)	(46,281,464)
	29.1	80,019,958	236,301,365

29.1 The Company has filed its return of income up to tax year 2016. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Company is subject to Final Tax Regime under Section 153((3)(e)) of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

		2017	2016
30. EARNINGS PER SHARE – basic and diluted			
Profit after taxation	Rupees	1,015,382,978	536,935,926
Weighted average number of ordinary shares outstanding during the year		945,000,000	945,000,000
Earnings per share	Rupee	1.07	0.57

	2017	2016
	---------- Rupees	----------
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,095,402,936	773,237,291
Adjustments for :		
Depreciation	78,250,739	69,854,044
Amortisation	7,171,597	5,069,367
Finance costs	20,950,770	40,020,307
Exchange loss	3,258,027	12,852,677
Profit on deposit accounts	(6,083,651)	(2,819,470)
Gain on disposal of operating fixed assets	(3,948,500)	(412,732)
Provision for doubtful debts	20,614,365	-
	120,213,347	124,564,193
(Increase) / decrease in current assets		
Inventories	(89,020)	2,253,153
Television program costs	265,641,549	35,645,800
Trade debts	(286,983,571)	(458,394,585)
Advances	(90,429,915)	100,119,879
Deposits and prepayments	(6,179,925)	1,779,318
Other receivables	(12,245,259)	10,662,003
	(130,286,141)	(307,934,432)
Decrease in current liabilities		
Trade and other payables	(105,783,757)	(50,246,083)
	979,546,385	539,620,969

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
	----------	----------	----------	---------- Rupees	----------	----------	----------	----------
Managerial remuneration	34,068,800	-	2,000,000	253,230,035	34,068,796	-	2,000,000	192,682,253
Bonus	98,055,986	98,055,986	-	-	47,664,096	47,664,096	-	9,760,338
Retirement benefits	-	-	-	17,243,583	-	-	-	14,516,754
House rent	12,193,548	-	-	85,974,924	12,193,548	-	-	74,767,560
Utilities	2,709,672	-	-	21,428,119	2,709,676	-	-	16,615,019
Technical advisory fee	-	36,000,000	-	-	-	36,000,000	-	-
Fuel and conveyance	142,245	717,095	-	11,693,367	142,502	700,980	-	9,556,972
	147,170,251	134,773,081	2,000,000	389,570,028	96,778,618	84,365,076	2,000,000	317,898,896
Number	1	1	1	155	1	1	1	112

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

32.2 Aggregate amount charged for fee to five non-executive directors was Rs. 240,000/- (2016: Rs. 540,000/-).

33. TRANSACTIONS WITH RELATED PARTIES

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

	2017	2016
	---------- Rupees ----------	
Subsidiaries		
Subscription income	13,843,000	135,746,250
Management fee	4,205,094	2,215,372
Investments made during the year	11,407,400	82,841,937
(Payments) / Receipts during the year - net	(6,194,588)	23,968,968
Associates		
Purchase of television programs	1,153,349,978	565,610,491
Receipts during the year	-	68,372,218
Retirement fund		
Contribution to provident fund	24,602,927	22,104,902

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

34.1 Capital risk

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

34.2 Credit risk

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

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

Credit quality of financial assets

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

	2017	2016
	---------- Rupees ----------	
Trade debts		
Customers with no defaults in the past one year	1,745,549,232	1,482,438,054
Customers with some defaults in past one year	47,026,912	26,412,547
	1,792,576,144	1,508,850,601

		2017	2016
		---------- Rupees ----------	
Bank balances			
	A1+	272,479,217	12,146,993
	A1	101,546,266	-
		374,025,483	12,146,993

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:

2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
Liabilities against assets subject to finance lease	-	5,838,474	23,340,484	12,068,950	41,247,908
Trade and other payables	2,434,341	168,961,728	289,464,063	-	460,860,132
Accrued mark-up	128,256	-	-	-	128,256
	2,562,597	174,800,202	312,804,547	12,068,950	502,236,296

2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
Liabilities against assets subject to finance lease	-	5,574,768	21,491,809	23,097,780	50,164,357
Trade and other payables	46,145,040	267,205,859	250,902,666	-	564,253,565
Short term borrowings	-	-	473,987,576	-	473,987,576
Accrued mark-up	8,764,103	-	-	-	8,764,103
	54,909,143	272,780,627	746,382,051	23,097,780	1,097,169,601

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:

	---------- 2017 ----------		---------- 2016 ----------	
	US Dollar	GBP	US Dollar	GBP
Trade debts	2,075,813	760,719	1,274,929	824,262
Other receivables	79,381	-	50,347	-
Trade and other payables	(7,229)	-	(67,764)	-

The following significant exchange rates have been applied at the reporting dates:

	---------- Rupees ---------		---------- Rupees ----------	
Closing exchange rates	106.40	137.00	104.93	140.35

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	Change in GBP rate (%)	Effect on profit before tax
		-- Rupees --		-- Rupees --
June 30, 2017	+10	22,538,597	+10	10,421,850
	-10	(22,538,597)	-10	(10,421,850)
June 30, 2016	+10	13,194,445	+10	11,568,517
	-10	(13,194,445)	-10	(11,568,517)

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
June 30, 2017	+100	(412,479)
	-100	412,479
June 30, 2016	+100	(5,241,519)
	-100	5,241,519

34.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

35. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 4, 2017 by the Board of Directors of the Company.

36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the year ended June 30, 2017, the Board of Directors in its meeting held on October 4, 2017 has proposed final cash dividend @ Re. 0.10 per share amounting to Rs. 94,500,000 for approval of the members at the Annual General Meeting.

Under section 5A of the Income Tax Ordinance, 2001 every public company is obliged to pay tax at the rate 7.5% on its accounting profit before tax if it derives profit for a tax year, but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

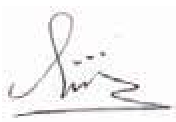
The Company field a Constitutional Petition (CP) before the Court on September 25, 2017 challenging the tax, and the Court accepted the CP and granted a stay against the above Section.

In case the Court's decision is not in favor of the Company, the Company will either be required to declare the dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.50% of the accounting profit before tax of the financial year ended June 30, 2017, As at the balance sheet date, no charge has been recorded by the Company in this respect.

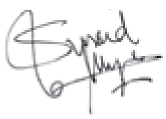
37. GENERAL

37.1 The number of employees as at June 30, 2017 was 447 (2016: 443) and average number of employees during the year was 444 (2016: 413).

37.2 Figures have been rounded off to the nearest Rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

Muhammad Abbas Hussain
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS

On behalf of the Board of Directors, I am pleased to submit the Annual Consolidated Financial Statements along with the Auditor's Report thereon for the year ended June 30, 2017.

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

The group recorded profit after tax of Rs. 1,023 million for the financial year ended 2017. During 2017, the Group's revenue has increased by Rs. 536 million as compared to last year, and we expect it to improve further in the coming years. The results translate into earning per share of Rs. 1.08.

The Directors' Report on HUM Network Limited for the year ended June 30, 2017 has been separately presented in the annual report

Place: Karachi

Date: October 04, 2017

DURAID QURESHI
Chief Executive

MAZHAR-UL-HAQ SIDDIQUI
Chairman

مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں مالیاتی سال ۳۰ جون ۲۰۱۷ء کے لئے سالانہ مجموعی مالیاتی حسابات بمع آڈیٹرز رپورٹ پیش کر رہا ہوں۔

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

مالیاتی سال ۲۰۱۷ء کے آخر میں گروپ میں بعد از ٹیکس منافع ۱،۰۲۳ ملین پاکستانی روپے حاصل کیا ہے۔ ۲۰۱۷ء کے دوران گروپ کی آمدنی میں ۵۳۶ ملین پاکستانی روپے کا اضافہ ہوا ہے جس کا موازنہ گزشتہ سال سے کیا جا سکتا ہے۔ ہمیں امید ہے کہ آنے والے سال میں اس میں مزید بہتری پیدا ہوگی۔ یہ نتائج آمدنی ۱۔۰۸ روپے فی شیئر کے تحت ترتیب دی گئی ہے۔

ہم نیٹ ورک لمیٹڈ پر مالیاتی سال ۳۰ جون ۲۰۱۷ء کی ڈائریکٹر رپورٹ سالانہ رپورٹ میں علیحدہ سے پیش کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مورخہ ۱۴ اکتوبر ۲۰۱۷ء

کراچی

دستخط:

درید قریشی

چیف ایگزیکیٹو آفیسر

دستخط:

مظہر الحق صدیقی

چیئرمین

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 namely HUM TV, Inc., HUM Network FZ LLC, HUM Network UK Limited, Skyline Publications (Private) Limited and HUMM Co. (Private) Limited as at 30 June 2017 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 HUMM Co. (Private) Limited were unaudited, whereas financial statements of other subsidiary companies 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. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2017 and the results of their operations for the year then ended.

Sd/-

Date: October 4, 2017
Place: Karachi

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Khurram Jameel

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017	2016
		---------- Rupees	----------
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	272,944,752	269,132,578
Intangible assets	7	83,609,083	58,144,964
Long term deposits	8	43,420,421	51,684,160
Television program costs	9	253,655,178	475,255,121
Deferred tax asset	10	157,320,050	94,782,461
		810,949,484	948,999,284
CURRENT ASSETS			
Inventories		2,314,986	2,225,966
Current portion of television program costs	9	220,168,115	485,809,664
Trade debts	11	1,755,839,800	1,530,579,492
Advances	12	242,770,231	186,571,745
Trade deposits and short-term prepayments	13	38,818,124	43,278,543
Other receivables	14	21,042,953	18,490,488
Taxation - net		48,610,716	-
Cash and bank balances	15	453,827,053	50,367,783
		2,783,391,978	2,317,323,681
TOTAL ASSETS		3,594,341,462	3,266,322,965
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 1,500,000,000 (2016: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	16	945,000,000	945,000,000
Reserves		2,011,816,774	992,992,037
		2,956,816,774	1,937,992,037
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	17	12,068,950	27,066,577
CURRENT LIABILITIES			
Trade and other payables	18	590,200,033	699,298,498
Accrued mark-up		128,257	8,764,103
Short term borrowings	19	-	473,987,576
Unclaimed dividend		5,948,490	5,955,603
Current portion of liabilities against assets subject to finance lease	17	29,178,958	23,097,780
Taxation - net		-	90,160,791
		625,455,738	1,301,264,351
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		3,594,341,462	3,266,322,965

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

Muhammad Abbas Hussain
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees ----------	
Revenue	21	5,105,347,388	4,229,262,636
Cost of production	22	(2,727,564,846)	(2,425,163,065)
Transmission cost		(189,595,076)	(234,793,351)
		(2,917,159,922)	(2,659,956,416)
Gross profit		2,188,187,466	1,569,306,220
Distribution costs	23	(359,288,210)	(416,061,314)
Administrative expenses	24	(666,597,956)	(492,714,460)
Other expenses	25	(169,811,134)	(18,714,328)
Other income	26	86,742,907	120,414,176
Finance costs	27	(21,636,712)	(40,202,997)
Profit before taxation		1,057,596,361	722,027,297
Taxation	28	(34,482,900)	(235,417,127)
Profit after taxation		1,023,113,461	486,610,170
Earnings per share – basic and diluted	29	1.08	0.51

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

Muhammad Abbas Hussain
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----------- Rupees ----------	
Profit after taxation	1,023,113,461	486,610,170
Other comprehensive income		
To be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in foreign subsidiary companies	(4,288,724)	523,158
Total comprehensive income for the year	1,018,824,737	487,133,328

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

Muhammad Abbas Hussain
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	1,028,435,078	501,319,759
Taxes paid		(235,791,998)	(290,899,816)
Finance costs paid		(30,272,556)	(37,527,366)
Profit received on deposit accounts		6,148,352	2,837,369
Long term deposits		8,263,739	(20,108,468)
Television program costs		221,599,944	(40,419,071)
Net cash generated from operating activities		998,382,559	115,202,407
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(89,451,089)	(78,232,982)
Addition to intangible assets		(32,778,424)	(16,366,279)
Proceeds from the disposal of operating fixed assets		10,217,361	1,879,850
Net cash used in investing activities		(112,012,152)	(92,719,411)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject tofinance lease		(8,916,449)	(8,438,867)
Dividends paid		(7,112)	(164,576,320)
Net cash used in financing activities		(8,923,561)	(173,015,187)
Net increase/ (decrease) in cash and cash equivalents		877,446,846	(150,532,191)
Cash and cash equivalents at the beginning of the year		(423,619,793)	(273,087,602)
Cash and cash equivalents at the end of the year		453,827,053	(423,619,793)
Cash and cash equivalents			
Cash and bank balances		453,827,053	50,367,783
Short term borrowings		-	(473,987,576)
		453,827,053	(423,619,793)

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

Muhammad Abbas Hussain
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid- up capital	Reserves			Total
		Foreign exchange translation reserve	Unapprop-riated profit	Sub-total	
		------------------------Rupees-------------------------			
Balance as at June 30, 2015	945,000,000	(4,360,306)	675,594,015	671,233,709	1,616,233,709
Final cash dividend for the year ended June 30, 2015 @ 17.5%	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Net profit for the year	-	-	486,610,170	486,610,170	486,610,170
Other comprehensive income	-	523,158	-	523,158	523,158
Total comprehensive income for the year	-	523,158	486,610,170	487,133,328	487,133,328
Balance as at June 30, 2016	945,000,000	(3,837,148)	996,829,185	992,992,037	1,937,992,037
Net profit for the year	-	-	1,023,113,461	1,023,113,461	1,023,113,461
Other comprehensive loss	-	(4,288,724)	-	(4,288,724)	(4,288,724)
Total comprehensive income for the year	-	(4,288,724)	1,023,113,461	1,018,824,737	1,018,824,737
Balance as at June 30, 2017	945,000,000	(8,125,872)	2,019,942,646	2,011,816,774	2,956,816,774

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

Muhammad Abbas Hussain
Chief Financial Officer

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Holding Company are quoted on Pakistan Stock Exchange. The registered office of the Holding Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.

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

The 'Group' consists of

Holding Company

HUM Network Limited

Subsidiary Companies

	2017	2016
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK LTD	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (Private) Limmited	100%	-

1.2 **Nature of operations of subsidiaries**

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

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

During the year ended June 30, 2017, a HUMM Co. (Private) Limited was incorporated as a consequence of a sceme of arrangement with M.D Production (Private) Limited which will be engaged undertaking, developing and producing contents, shows and programs to be aired on the Holding Company's Network of Chennals.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Ordinance. Accordingly, these consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Ordinance and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

3. BASIS OF PREPARATION

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New and amended standards

The Company has adopted the following accounting standards which became effective for the current year:

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)

IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

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

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

The following standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (accounting periods Beginning on or after)
IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	- Statement of Cashflows	01 January 2017
IAS 12	- Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	- Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	- Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	- Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

		IASB Effective date (accounting periods beginning on or after)
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	- Regulatory Deferral Accounts	01 January 2016
IFRS 15	- Revenue from Contracts with Customers	01 January 2018
IFRS 16	- Leases	01 January 2019
IFRS 17	- Insurance Contracts	01 January 2021

4.3 Basis of consolidation

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

- The financial statements of the subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Holding Company and subsidiary companies are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

- Non-controlling interest are the part of the results of the operations and net assets of the subsidiary companies attributable to interests which are not owned by the Group. Interest in the equity of subsidiary companies not attributable to the Holding Company is reported in the consolidated statement of changes in equity as non-controlling interest. Profit or loss attributable to non-controlling interest is reported in the consolidated profit and loss account as profit or loss attributable to non-controlling interest.

4.4 Fixed assets and depreciation

4.4.1 Property, plant and equipment

Owned

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

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

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

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

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

Leased

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

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

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

4.4.2 Capital work-in-progress

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

4.5 Business combination and goodwill

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

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

4.6 Intangible assets

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

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

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

4.7 Television program costs

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

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

4.8 Inventories

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

4.9 Trade debts

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

4.10 Loans, advances and other receivables

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

4.11 Taxation

Current

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

Deferred

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

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

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

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

4.12 Cash and cash equivalents

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

4.13 Long term and short term borrowings

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

4.14 Trade and other payables

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

4.15 Provisions

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

4.16 Revenue

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

Production revenue is recognised when production work is completed.

Digital revenue is recognised whenthe campaignbecomes onlineon the website of the company.

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

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

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

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

4.17 Staff retirement benefits

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

4.18 Financial instruments

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

4.19 Off setting of financial assets and liabilities

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

4.20 Foreign currency translations

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

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

4.21 Borrowing costs

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

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

4.22 Dividend and appropriation to reserves

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

4.23 Impairment

4.23.1 Financial assets

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

4.23.2 Non-financial assets

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

4.24 Functional and presentation currency

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

Property, plant and equipment and intangible assets

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

Income taxes

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

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

Trade debts

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

Television program costs

Television program costs represent unamortised cost of completed television programs and television programs in production. In order to determine the amount to be charged to profit and loss account, the management estimates future revenues from each program. Estimates of future revenues can change significantly due to a variety of factors, including advertising rates and the level of market acceptance of the productionin 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		----------- Rupees ----------	
Operating fixed assets	6.1	268,867,228	269,132,578
Capital work-in-progress	6.4	4,077,524	-
		272,944,752	269,132,578

6.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2016	Additions / (Deletions)	As at June 30, 2017	As at July 01, 2016	Charge for the year	As at June 30, 2017	as at June 30, 2017	rate % per annum
	----------	----------	----------	Rupees	----------	----------	----------	
Owned								
Leasehold land	63,257,901	-	63,257,901	12,384,678	1,327,720	13,712,398	49,545,503	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	30,846,305	2,203,039	33,049,344	771,535	10
Leasehold improvements	79,471,420	9,614,920	89,086,340	51,242,469	16,423,775	67,666,244	21,420,096	33
Furniture and fittings	18,950,791	14,919,737	33,870,528	8,319,415	2,225,523	10,544,938	23,325,590	10
Vehicles	32,833,980	2,053,623 (2,607,309)	32,280,294	22,741,446	3,668,511 (2,042,673)	24,367,284	7,913,010	33
Audio visual equipment	144,975,058	7,005,000 (380,402)	151,599,656	102,755,582	9,152,267 (248,938)	111,658,911	39,940,745	25
Uplinking equipment	43,801,076	-	43,801,076	31,257,119	2,300,026	33,557,145	10,243,931	10
Office equipment	59,396,328	15,633,354 (2,209,412)	72,820,270	32,284,746	7,158,843 (2,164,176)	37,279,413	35,540,857	15
Computers	92,068,935	9,093,997 (312,000)	100,850,932	66,316,910	15,556,409 (220,842)	81,652,477	19,198,455	33
	568,576,368	58,320,631 (5,509,123)	621,387,876	358,148,670	60,016,113 (4,676,629)	413,488,154	207,899,722	
Leased								
Vehicles	55,354,961	27,052,934 (12,261,290)	70,146,604	20,332,981	14,353,539 (6,824,922)	27,861,598	42,285,006	33
Audio visual equipment	19,440,000	-	19,440,000	4,475,250	4,131,000	8,606,250	10,833,750	25
Uplinking equipment	9,660,000	-	9,660,000	941,850	869,400	1,811,250	7,848,750	10
	84,454,961	27,052,934 (12,261,290)	99,246,604	25,750,081	19,353,939 (6,824,922)	38,279,098	60,967,506	
2017	653,031,329	85,373,565 (17,770,413)	720,634,480	383,898,751	79,370,052 (11,501,551)	451,767,252	268,867,228	

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2015	Additions / (Deletions)	As at June 30, 2016	As at July 01, 2015	Charge for the year	As at June 30, 2016	as at June 30, 2016	rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	11,056,958	1,327,720	12,384,678	50,873,223	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	27,464,217	3,382,088	30,846,305	2,974,574	10
Leasehold improvements	55,286,581	24,184,839	79,471,420	37,823,691	13,418,778	51,242,469	28,228,951	33
Furniture and fittings	18,140,391	810,400	18,950,791	6,744,312	1,575,103	8,319,415	10,631,376	10
Vehicles	31,969,209	2,467,241 (1,602,470)	32,833,980	19,413,291	4,429,100 (1,100,945)	22,741,446	10,092,534	33
Audio visual equipment	126,410,897	18,564,161	144,975,058	94,574,838	8,180,744	102,755,582	42,219,476	25
Uplinking equipment	43,801,076	-	43,801,076	27,604,702	3,652,417	31,257,119	12,543,957	10
Office equipment	39,745,554	19,650,774	59,396,328	27,354,922	4,929,824	32,284,746	27,111,582	15
Computers	73,070,127	19,065,475 (66,667)	92,068,935	51,727,163	14,606,247 (16,500)	66,316,910	25,752,025	33
	485,502,615	84,742,890 (1,669,137)	568,576,368	303,764,094	55,502,021 (1,117,445)	358,148,670	210,427,698	
Leased								
Vehicles	42,906,971	13,461,990 (1,014,000)	55,354,961	9,510,534	10,921,021 (98,574)	20,332,981	35,021,980	33
Audio visual equipment	19,440,000	-	19,440,000	55,080	4,420,170	4,475,250	14,964,750	25
Uplinking equipment	9,660,000	-	9,660,000	72,450	869,400	941,850	8,718,150	10
	72,006,971	13,461,990 (1,014,000)	84,454,961	9,638,064	16,210,591 (98,574)	25,750,081	58,704,880	
2016	557,509,586	98,204,880 (2,683,137)	653,031,329	313,402,158	71,712,612 (1,216,019)	383,898,751	269,132,578	

6.2 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of buyer
	Rupees						
Vehicles							
Suzuki Baleno	827,979	827,979	-	250,000	250,000	Negotiation	Mr. Asim Qureshi
Honda Civic	1,739,830	1,214,694	525,136	850,000	324,864	Negotiation	Mr. Danish Ikhlas
Motor Bike	39,500	-	39,500	31,850	(7,650)	Insurance claim	Adamjee Insurance Company Limited
Audio visual equipment	380,402	248,938	131,464	192,505	61,041	Insurance claim	Adamjee Insurance Company Limited
Office equipment	2,209,412	2,164,176	45,236	275,000	229,764	Negotiation	Various
Computers	312,000	220,842	91,158	134,727	43,569	Insurance claim	Adamjee Insurance Company Limited
Leased vehicles							
Toyota Tundra	4,249,000	3,139,522	1,109,478	5,192,980	4,083,502	Negotiation	Mr. Nasir Tehrani
Honda Civic	2,476,440	1,733,509	742,931	717,600	(25,331)	Negotiation	Mr. Ather Viqar Azeem
Honda Civic	1,860,000	630,058	1,229,942	719,500	(510,442)	Policy	Mr. Khalid Soorti – employee
Honda City	1,320,000	564,610	755,390	456,600	(298,790)	Policy	Mr. Nasir Jamal – employee
Honda City	1,320,000	615,938	704,062	456,600	(247,462)	Policy	Mr. Muhammad Shahid - employee
Suzuki Wagon R	1,035,850	141,285	894,565	940,000	45,435	Negotiation	Automative Brokerage Services
2017	17,770,413	11,501,551	6,268,862	10,217,362	3,948,500		
2016	2,683,137	1,216,019	1,467,118	1,879,850	412,732		

6.3 Depreciation for the year has been allocated as follows:

	Note	2017	2016
		Rupees	
Cost of production	22	41,443,011	33,866,265
Distribution costs	23	5,232,106	4,825,328
Administrative expenses	24	32,694,935	33,021,019
		79,370,052	71,712,612

6.4 Capital work-in-progress

	Leasehold improvement	Furniture and Fittings	Office Equipment	Total
	-------------------- Rupees		-------------------	
Balance as at June 30, 2015	19,971,898	-	-	19,971,898
Capital expenditure incurred	1,185,044	-	-	1,185,044
Transferred to operating fixed assets	(21,156,942)	-	-	(21,156,942)
Balance as at June 30, 2016	-	-	-	-
Capital expenditure incurred	9,614,920	2,758,800	10,623,854	22,997,574
Transferred to operating fixed assets	(9,614,920)	(2,758,800)	(6,546,330)	(18,920,050)
Balance as at June 30, 2017	-	-	4,077,524	4,077,524

7. INTANGIBLE ASSETS

Description	Cost: As at July 01, 2016	Cost: Additions	Cost: As at June 30, 2017	Accumulated amortization: As at July 01, 2016	Accumulated amortization: For the year	Accumulated amortization: As at June 30, 2017	Book value as at June 30, 2017	Amorti-sation rate % per annum
	Rupees							
Goodwill	13,167,760	*21,425	13,189,185	-	-	-	13,189,185	
Computer softwares	27,967,521	-	27,967,521	14,536,281	3,457,181	17,993,462	9,974,059	20 – 33
License fee	31,882,673	27,150,000	59,032,673	9,537,503	700,350	10,237,853	48,794,820	6.67
Trade Mark	14,321,500	5,607,000	19,928,500	5,120,706	3,156,775	8,277,481	11,651,019	20
2017	87,339,454	32,778,425	120,117,879	29,194,490	7,314,306	36,508,796	83,609,083	

* Represent gain on revaluation of goodwill.

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

* Represent gain on revaluation of goodwill.

	Note	2017	2016
		---------- Rupees	----------
7.1 Amortisation for the year has been allocated as follows:			
Cost of production	22	4,130,173	3,774,700
Distribution cost	23	-	495,540
Administrative expenses	24	3,184,133	1,902,282
		7,314,306	6,172,522

8. LONG TERM DEPOSITS

	2017	2016
Security deposits		
- Lease	7,089,800	7,687,450
- Rent	7,726,816	2,388,540
- Trade	27,827,651	41,046,248
- Others	776,154	561,922
	43,420,421	51,684,160

	Note	2017	2016
		---------- Rupees	----------
9. TELEVISION PROGRAM COSTS			
Unreleased / released less amortisation		387,583,127	880,608,495
In production		86,240,166	80,456,290
		473,823,293	961,064,785
Less: Current portion		220,168,115	485,809,664
		253,655,178	475,255,121

	Note	2017	2016
		---------- Rupees	----------
10. DEFERRED TAX			
Deductible temporary differences			
Provisions		26,725,712	8,187,890
Unabsorbed Tax Losses		20,038,153	-
Accelerated tax depreciation / amortisation allowances		1,210,621	(2,079,329)
Subscription income		109,879,451	91,341,890
		157,853,937	97,450,451
Taxable temporary differences			
Finance lease		(533,887)	(2,667,990)
		157,320,050	94,782,461
11. TRADE DEBTS – unsecured			
Considered good		1,755,839,800	1,530,579,492
Considered doubtful		129,090,366	32,418,948
		1,884,930,166	1,562,998,440
Less: Provision for doubtful debts	11.1	129,090,366	32,418,948
		1,755,839,800	1,530,579,492
11.1 The movement in provision for doubtful debts is as follows:			
Balance as at the beginning of the year		32,418,948	26,557,297
Charge for the year	25	96,671,418	5,861,651
Balance as at the end of the year		129,090,366	32,418,948
11.2 The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired		785,992,008	934,692,338
Past due but not impaired			
- 60 to 90 days		546,735,871	263,749,280
- over 90 days		423,111,921	332,137,874
		1,755,839,800	1,530,579,492
12. ADVANCES - unsecured, considered good			
Interest free advances to:			
- Producers		220,481,555	115,359,395
- Suppliers		20,430,750	69,086,893
- Employees against salary		1,406,745	1,956,497
- Executives against salary		451,181	168,960
		242,770,231	186,571,745

	Note	2017	2016
		---------- Rupees	----------
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Rent		514,500	514,500
- Trade		1,972,207	6,504,058
- Others		1,683,974	10,250,747
		4,170,681	17,269,305
Prepayments			
- Insurance		8,078,854	6,013,775
- Rent		8,378,961	2,089,000
- Others		18,189,628	17,906,463
		34,647,443	26,009,238
		38,818,124	43,278,543
14. OTHER RECEIVABLES – considered good			
Sales tax receivable		8,069,402	17,347,951
Others		12,973,551	1,142,537
		21,042,953	18,490,488
15. CASH AND BANK BALANCES			
Cash in hand		194,005	113,417
Cash at banks– conventional banks			
- in current accounts		83,675,876	41,679,050
- in deposit accounts	15.1	369,957,172	8,575,316
		453,633,048	50,254,366
		453,827,053	50,367,783

15.1 These carry profit at the rates ranging from 5% to 5.5% (2016: 5.25% to 5.5%) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(Number of shares)			---------- Rupees	----------
		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

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017		2016	
	Minimum Lease Payment	Present value	Minimum Lease Payment	Present Value
	Rupees			
Not later than one year	**31,079,005**	**29,178,958**	27,155,945	23,097,780
Later than one year and not later than five years	**12,786,501**	**12,068,950**	27,380,984	27,066,577
Total minimum lease payments	**43,865,506**	**41,247,908**	54,536,929	50,164,357
Less: Financial charges allocated to future periods	**2,617,598**	**-**	4,372,572	-
Present value of minimum lease payments	**41,247,908**	**41,247,908**	50,164,357	50,164,357
Less: Current portion shown under current liabilities	**29,178,958**	**29,178,958**	23,097,780	23,097,780
	12,068,950	**12,068,950**	27,066,577	27,066,577

17.1 Represent finance leases entered into by the Holding Company with commercial banks for vehicles, audio visual equipment and up-linking equipment. Lease rentals are payable in monthly installments latest by 2019. 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 Holding 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 (2016: 6 months KIBOR plus 2 to 3) percent per annum.

18. TRADE AND OTHER PAYABLES

	Note	2017	2016
		Rupees	
Creditors	18.1	**245,454,124**	411,421,929
Accrued liabilities		**273,693,876**	209,653,939
Withholding tax payable		**32,266,550**	34,656,873
Advances from customers		**14,160,308**	14,060,831
Payable to provident fund	18.2	**85,234**	4,491,706
Others		**24,539,941**	25,013,220
		590,200,033	699,298,498

18.1 Include Rs. 156,103,220/- (2016: Rs. 74,639,850) payable to M.D Production (Private) Limited, a related party.

	2017	2016
	Rupees	
	(Un-audited)	(Audited)
18.2 Payable to provident fund	**85,234**	4,491,706

18.2.1 General disclosures

	2017	2016
Size of the fund	**145,888,703**	121,343,238
Cost of the investment made	**111,233,352**	75,785,976
Fair value of the investment made	**112,462,224**	75,979,134
Percentage of the investment made	**77%**	63%

18.2.2 The breakup of investment is as follows:

	2017		2016	
	(Rupees)	%	(Rupees)	%
Treasury bills	9,711,000	8.63	9,969,800	12.76
Mutual funds	16,356,806	14.54	1,891,210	2.49
Term deposit certificate	11,055,574	9.83	10,000,000	13.16
Bank balance – deposit accounts	75,338,844	67.00	54,389,924	71.59
	112,462,224	100.00	76,250,934	100.00

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

19. SHORT TERM BORROWINGS – secured

19.1 As of the balance sheet date, finance facilities from commercial banks amounted to Rs. 700,000,000 (2016: Rs. 550,000,000) which remained unutilized.

20. CONTINGENCIES AND COMMITMENTS

20.1 For the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001 wherein certain disallowances / addbacks were made to the taxable income of the Holding company. The Holding company filed an appeal before the Commissioner Inland Revenue (Appeals) against the aforesaid order. The CIR(A) has confirmed the additions made on account of agency commission and cost of outsourced programs. The Holding company has challenged the aforesaid appellate order of the CIR(A) before the Appellate Tribunal Inland Revenue, which is pending adjudication. Further, the ACIR passed an appeal effect order creating a tax demand of Rs.182,961,339/-. However The Holding company has obtained stay from recovery of the above tax demand from the Sindh High Court. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Holding Company and accordingly, no provision has been made in this respect in these financial statements.

20.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC - related parties as at June 30, 2017 amounted to Rs. 163,962,500/-(2016: Rs. 440,996,900/-) and Nil (2016: Rs. 45,728,172/-) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2017 amounted to Rs. 11,753,000/-(2016: Rs. 48,675,120/-).

21. REVENUE – net

	Note	2017	2016
		---------- Rupees	----------
Advertisement revenue		4,700,512,438	3,771,746,574
Production revenue		166,238,620	126,838,260
Digital revenue		26,357,293	34,696,082
Subscription income		152,869,851	53,354,921
Film distribution revenue		59,369,186	242,626,799
	21.1	5,105,347,388	4,229,262,636

21.1 Revenue is net off the following items:

	2017	2016
Sales tax	710,012,143	603,907,315
Discount to customers	330,531,819	239,155,101
	1,040,543,962	843,062,416

22. COST OF PRODUCTION

	Note	2017	2016
		---------- Rupees	----------
Cost of outsourced programs		1,374,314,087	1,642,678,199
Cost of in-house programs		273,301,630	221,862,135
Cost of inventory consumed		4,068,268	4,026,736
Salaries and benefits	22.1	413,234,475	423,343,050
Depreciation	6.3	41,443,011	33,866,265
Amortisation	7.1	4,130,173	3,774,700
Traveling and conveyance		25,840,035	25,243,125
Utilities		14,296,685	13,418,047
Rent, rates and taxes		14,797,260	12,964,164
Insurance		11,011,954	7,057,901
Repair and maintenance		22,602,353	17,484,499
Fee and subscription		7,734,585	5,744,036
Communication		10,826,233	8,594,971
Security charges		2,372,845	1,949,034
Consultancy		5,099,019	4,263,210
Printing and stationery		15,250,741	3,666,264
		2,240,323,354	2,429,936,336
In production television programs - opening		80,456,290	92,774,464
In production television programs - closing		(86,240,166)	(80,456,290)
		2,234,539,478	2,442,254,510
Released / unreleased programs - opening		880,608,495	863,517,050
Released / unreleased programs - closing		(387,583,127)	(880,608,495)
		2,727,564,846	2,425,163,065

22.1 Include Rs. 14,836,831/- (2016: Rs. 12,632,615) in respect of staff retirement benefits.

23. DISTRIBUTION COSTS

	Note	2017	2016
		---------- Rupees	----------
Advertisement and promotion		153,209,718	245,715,116
Salaries and benefits	23.1	167,750,733	131,126,895
Traveling and conveyance		12,766,645	12,204,312
Rent, rates and taxes		6,268,121	5,017,058
Utilities		2,703,798	2,836,398
Depreciation	6.3	5,232,106	4,825,328
Amortization	7.1	-	495,540
Communication		1,741,185	3,484,804
Insurance		3,379,277	2,701,120
Repair and maintenance		3,677,837	3,761,697
Fees and subscription		1,493,323	1,607,228
Security charges		378,433	1,342,220
Printing and stationery		687,034	849,936
Training		-	39,487
Operating lease rental		-	54,175
		359,288,210	416,061,314

23.1 Include Rs. 6,073,446/- (2016: Rs. 5,250,690) in respect of staff retirement benefits.

	Note	2017	2016
		---------- Rupees	----------
24. ADMINISTRATIVE EXPENSES			
Salaries and benefits	24.1	429,847,519	297,391,322
Technical advisory fee	24.2	36,000,000	36,000,000
Depreciation	6.3	32,694,935	33,021,019
Amortisation	7.1	3,184,133	1,902,282
Repair and maintenance		15,206,557	15,249,062
Communication		4,893,546	5,389,196
Traveling and conveyance		29,146,154	20,750,986
Fee and subscription		17,629,692	9,544,390
Utilities		6,589,350	6,838,760
Legal and professional charges		57,053,745	14,709,565
Printing, stationery and periodicals		5,030,023	4,242,663
Rent, rates and taxes		15,180,354	34,865,241
Insurance		4,992,775	4,581,596
Auditors' remuneration	24.3	5,588,294	5,305,666
Operatiang lease rentals		-	390,842
Security charges		3,285,879	1,900,870
Donations	24.4	275,000	631,000
		666,597,956	492,714,460

24.1 Include Rs. 3,692,650/- (2016: Rs. 4,221,597) in respect of staff retirement benefits.

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

	2017	2016
	---------- Rupees	----------
24.3 Auditors' remuneration		
Audit fee	3,054,421	2,261,270
Fee for consolidated financial statements	425,000	300,000
Fee for half yearly review	350,000	300,000
Tax and other services	1,458,873	2,148,506
Out of pocket expenses	300,000	295,890
	5,588,294	5,305,666

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

	Note	2017	2016
		---------- Rupees	----------
25. OTHER EXPENSES			
Trade debts written off		69,881,689	-
Provision for doubtful debts	11.1	96,671,418	5,861,651
Exchange loss		3,258,027	12,852,677
		169,811,134	18,714,328

	Note	2017	2016
		---------- Rupees	----------
26. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		6,148,352	2,837,369
Income from non financial assets			
Gain on disposal of operating fixed assets		3,948,500	412,732
Magazine, DVD sale and others		65,677,212	72,100,250
Liabilities no longer payable written back		10,865,243	45,063,825
Others		103,600	-
		80,594,555	117,576,807
		86,742,907	120,414,176

27. FINANCE COSTS

	2017	2016
Mark-up on short term borrowings	14,812,392	33,195,669
Finance lease charges	4,303,627	4,982,812
Bank charges	2,520,693	2,024,516
	21,636,712	40,202,997

28. TAXATION

	2017	2016
Current	77,045,914	282,498,447
Deferred	(42,563,014)	(47,081,320)
	34,482,900	235,417,127

28.1 The Holding Company has filed its return of income up to tax year 2016. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Holding Company is subject to Final Tax Regime under Section 153((3)(e)) of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

29. EARNINGS PER SHARE – basic and diluted

		2017	2016
Profit after taxation	Rupees	1,023,113,461	486,610,170
Weighted average number of ordinary shares outstanding during the year		945,000,000	945,000,000
Earnings per share	Rupee	1.08	0.51

	2017	2016
	---------- Rupees	----------
30. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,057,596,361	722,027,297
Adjustments for :		
Depreciation	79,370,052	71,712,612
Amortisation	7,314,306	6,172,522
Finance costs	21,636,712	40,202,997
Exchange difference on translation of foreign subsidiaries	(4,288,724)	(523,158)
Exchange loss / (gain)	3,258,027	12,852,677
Profit on deposit accounts	(6,148,352)	(2,837,369)
Trade debts within of ft	69,881,689	
Provision for doubtful debts	96,671,418	5,861,651
Gain on disposals of operating fixed assets	(3,948,500)	(412,732)
	263,746,628	133,029,200
(Increase) / decrease in current assets		
Inventories	(89,020)	2,253,151
Television program costs	265,641,549	35,645,800
Trade debts	(395,071,443)	(449,569,013)
Advances	(56,198,487)	54,077,423
Deposits and prepayments	4,460,420	(8,472,232)
Other receivables	(2,552,465)	12,877,375
	(183,809,446)	(353,187,496)
(Decrease) / increase in current liabilities		
Trade and other payables	(109,098,465)	(549,242)
	1,028,435,078	501,319,759

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2017				2016			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
	----------	----------	----------	---------- Rupees	----------	----------	----------	
Managerial remuneration	80,464,525	-	2,000,000	306,598,719	56,948,952	-	2,000,000	221,692,636
Bonus	98,055,986	98,055,986	-	-	47,664,096	47,664,096	-	9,760,338
Retirement benefits	-	-	-	17,243,583	-	-	-	14,516,754
House rent	12,193,548	-	-	85,974,924	12,193,548	-	-	74,767,560
Utilities	2,709,672	-	-	21,428,119	2,709,676	-	-	16,615,019
Technical advisory fee	-	36,000,000	-	-	-	36,000,000	-	-
Fuel and conveyance	142,245	717,095	-	11,693,367	142,502	700,980	-	9,556,972
	193,565,976	134,773,081	2,000,000	442,938,712	119,658,774	84,365,076	2,000,000	346,909,279
Number	1	1	1	171	1	1	1	121

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

31.2 Aggregate amount charged in the consolidated financial statements for fee to five non-executive directors was Rs.240,000 (2016: Rs. 540,000).

32. TRANSACTIONS WITH RELATED PARTIES

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

	2017	2016
	---------- Rupees	----------
Associates		
Purchase of television programs	1,175,542,048	565,610,491
Receipts during the year	-	68,372,218
Retirementfund		
Contribution to provident fund	24,602,927	22,104,902

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

33.2 Credit risk

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

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

The Group is exposed to credit risk on trade debts, andbank 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:

	2017	2016
	---------- Rupees	----------
Trade debts		
Customers with no defaults in the past one year	1,755,839,800	1,530,579,492
Customers with some defaults in past one year	129,090,366	32,418,948
	1,884,930,166	1,562,998,440

		2017	2016
		---------- Rupees ----------	
Bank balances			
	A1+	272,479,217	12,146,993
	A+	79,607,565	38,107,373
	A1	101,546,266	-
		453,633,048	50,254,366

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 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
Liabilities against assets subject to finance lease	-	5,838,474	23,340,484	12,068,950	41,247,908
Trade and other payables	2,434,341	204,739,997	350,759,145	-	557,933,483
Accrued mark-up	128,256	-	-	-	128,256
	2,562,597	210,578,471	374,099,629	12,068,950	599,309,647

Year ended 30 June 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
Liabilities against assets subject to finance lease	-	5,574,768	21,491,809	23,097,780	50,164,357
Trade and other payables	46,145,041	367,593,918	250,902,666	-	664,641,625
Short term borrowing	-	-	473,987,576	-	473,987,576
Accrued mark-up	8,764,103	-	-	-	8,764,103
	54,909,144	373,168,686	746,382,051	23,097,780	1,197,557,661

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:

	----------2017----------			----------2016----------		
	US Dollar	GBP	AED	US Dollar	GBP	AED
Trade debts	254,957	1,201,855	1,615,746	864,653	824,262	-
Deposit and prepayment	65,627	111,369	152,503	178,111	-	-
Trade and other payables	(171,774)	435,755	107,889	(29,844)	-	-

The following significant exchange rates have been applied at the reporting dates:

	---------- Rupees ---------			---------- Rupees ----------		
Closing Exchange Rates	106.40	137.00	29.07	104.93	140.35	-

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and GBP e6xchange 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 --	Change in AED rate (%)	Effect on profit before tax -- Rupees --
30 June 2017	+10	1,583,338	+10	12,021,339	+10	4,826,667
	-10	(1,583,338)	-10	(12,021,339)	-10	(4,826,667)
30 June 2016	+10	10,628,570	+10	11,568,517	+10	-
	-10	(10,628,570)	-10	(11,568,517)	-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 2017	+100	(412,479)
	-100	412,479
30 June 2016	+100	(5,241,519)
	-100	5,241,519

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 arms-length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34. DATE OF AUTHORIZATION

These consolidated financial statements have been authorised for issue on October 4, 2017 by the Board of Directors of the Company.

35. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the year ended June 30, 2017, the Board of Directors in its meeting held on October 4, 2017 has proposed final cash dividend @ Re. 0.10 per share amounting to Rs. 94,500,000 for approval of the members at the Annual General Meeting.

Under section 5A of the Income Tax Ordinance, 2001 every public company is obliged to pay tax at the rate 7.5% on its accounting profit before tax if it derives profit for a tax year, but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Company field a Constitutional Petition (CP) before the Court on September 25, 2017 challenging the tax, and the Court accepted the CP and granted a stay against the above Section.

In case the Court's decision is not in favor of the Company, the Company will either be required to declare the dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.50% of the accounting profit before tax of the financial year ended June 30, 2017, As at the balance sheet date, no charge has been recorded by the Company in this respect.

36. GENERAL

36.1 The number of employees of the Holding Company as at June 30, 2017 was 447 (2016: 443) and average number of employees during the year was 444 (2016: 413).

36.2 Figures have been rounded off to the nearest Rupee.

MAZHAR-UL-HAQ SIDDIQUI **Chairman**	**DURAID QURESHI** **Chief Executive**	**Muhammad Abbas Hussain** **Chief Financial Officer**

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SECP

FORM OF PROXY

The Company Secretary,
HUM NETWORK LIMITED
13[TH] Annual GENERAL MEETING
Karachi

I, ________________ S/o.__________ , holder of CNIC No. _____________ Resident of _________________, being member of HUM NETWORK LIMITED, holding ___________ ordinary shares as per Registered Folio / CDS Account No. ___________ hereby appoint ____________, resident of ____ or failing him/ her Mr./Ms. ____of ____ (full address) who is/are also member(s) of the Company, as my / our proxy to attend, act and vote for me/ us and on my / our behalf at Annual General Meeting (AGM) of the Company to be held on Thursday , October 26 , 2017 at 02:00 pm at Auditorium Hall, Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi and / or any Adjournment thereof.

As witness my / our hand / seal this ______________ day of ________________________________2017.

Signed by ____ in the presence of;

Witness:

1. Name:

   Signature____

   Address: ____

   ____

   CNIC or Passport No.;

   ____

2. Name:

   Signature____

   Address: ____

   ____

   CNIC or Passport No.;

   ____

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

For CDC Account Holders/Corporate Entities:
In addition to above, the following requirements have to be met:
i) The proxy form shall be witnessed by two (2) persons whose names, addresses and CNIC numbers shall be mentioned on the form.
ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be subm itted (unless it has been provided earlier) alongwith proxy form to the Company.

پراکسی فارم

کمپنی سیکریٹری،
ہم نیٹ ورک لمیٹڈ
تیرہویں سالانہ جنرل میٹنگ،
کراچی۔

میں ________________ ولد ________________، شناختی کارڈ نمبر ________________، ساکن ________________________________، بطور ممبر ہم نیٹ ورک لمیٹڈ، حامل ________ عارضی شیئرز رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر ____________ جناب ________________، ساکن __________ ________________ کا تقرر کرتا ہوں جو کہ اس کمپنی کے ممبر بھی ہیں یہ میری جانب سے کمپنی کی سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز جمعرات ۲۶ اکتوبر ۲۰۱۷ء کو دوپہر ۲ بجے آڈیٹوریم ہال، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹ آف پاکستان کلفٹن کراچی میں ہوگا۔

بطور گواہ میں اپنے دستخط/مہر بتاریخ ________ ثبت کرتا ہوں۔

میں ______________ نے درج ذیل کی موجودگی میں دستخط کئے ہیں۔

گواہ:

۱۔ نام: ________________________
دستخط: ________________________
پتہ: ________________________
____
شناختی کارڈ/ پاسپورٹ نمبر: ________________

گواہ:

۲۔ نام: ________________________
دستخط: ________________________
پتہ: ________________________
____
شناختی کارڈ/ پاسپورٹ نمبر: ________________

نوٹ:

۱۔ پراکسی فارم کو مکمل اور دستخط کر کے کمپنی کے رجسٹرڈ آفس ہم نیٹ ورک لمیٹڈ، پلاٹ نمبر ۱۰/ ۱۱، حسن علی اسٹریٹ، آف آئی آئی چندریگر روڈ، کراچی میں وصول کئے جائیں گے۔
۲۔ تمام ممبران میٹنگ میں حاضر ہو کر ووٹ دینے کا حق رکھتے ہیں۔
۳۔ مجاز ممبر میٹنگ میں حاضر ہو کر ووٹ دے سکتا ہے اور اپنی جانب سے میٹنگ میں شرکت کرنے اور ووٹ دینے کیلئے کسی بھی دیگر ممبر کا پراکسی کے طور پر تقرر کر سکتا ہے۔
۴۔ پراکسی کی سادہ دستاویز میٹنگ میں قابل استعمال ہے جو کہ نوٹس کے ساتھ فراہم کی جا رہی ہے۔ پراکسی دستاویز کی مزید کاپیاں اوقات کار کے دوران کمپنی کے رجسٹرڈ آفس سے حاصل کی جا سکتی ہیں۔
۵۔ مکمل کردہ پراکسی دستاویز اور پاور آف اٹارنی یا دیگر اختیارات (اگر کوئی ہوں) جس کے تحت اس پر دستخط کر کے نوٹری سے تصدیق شدہ کاپی بابت پاور یا اتھارٹی قابل قبول ہوگی جسے میٹنگ کے وقت سے ۴۸ گھنٹے قبل رجسٹرڈ آفس میں داخل کیا جائے گا۔ ممبر کے شناختی کارڈ یا پاسپورٹ اور پراکسی کی کاپیاں پراکسی فارم کے ساتھ فراہم کی جائیں گی۔
۶۔ اگر کوئی ممبر ایک سے زائد پراکسی کا تقرر کرتا ہے اور ایک سے زائد دستاویزات کمپنی میں داخل کرتا ہے تو ایسی دستاویزات کو غیر موثر تصور کیا جائے گا۔
۷۔ ممبران سے درخواست ہے کہ وہ اپنے پتہ میں کسی بھی تبدیلی کی صورت میں فوری طور پر مطلع کریں۔
۸۔ سی ڈی سی اکاؤنٹ ہولڈرز کو ہدایت کی جاتی ہے کہ وہ سرکلر 1 میں دی گئی ہدایات پر عمل کریں جو کہ ۲۶ جنوری ۲۰۰۰ء کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان۔

سی ڈی سی اکاؤنٹ ہولڈر/ کارپوریٹ کیلئے:

مذکورہ بالا کے علاوہ درج ذیل پر بھی عمل کرنا ہوگا:

۱۔ پراکسی فارم پر دو افراد گواہ ہونگے جن کے نام، پتے اور شناختی کارڈ نمبرز فارم پر درج کئے جائیں گے۔
۲۔ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ منسلک کی جائیں گی۔
۳۔ پراکسی اصل شناختی کارڈ یا اصل پاسپورٹ کے ساتھ میٹنگ کے وقت پیش کرنا ہوگا۔
۴۔ کارپوریٹ کی موجودگی میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونے کے دستخط کے ساتھ پراکسی فارم کمپنی میں جمع کرائے جائیں گے۔

HUM NETWORK LIMITED

Karachi Office
Building No. 10/11, Hassan Ali Street,
Off I.I. Chundrigar Road Karachi-74000.
UAN: 111-486-111
Fax : +92 21-3262 8840

Lahore Office
Siddique Trade Center,105,1st Floor,
Main Boulevard, Gulberg, Lahore.
Ph : +92 42-358 17155
Fax : +92 42-358 17159

Islamabad Office
House No. 45, Street # 20,
F - 7/2, Islamabad.
Ph : +92 51-260 9256-58
Fax : +92 51-260 9259

www.humnetwork.tv