



# ANNUAL REPORT 2018

HUM NETWORK LIMITED



HUM NETWORK LIMITED



**MASALA**  
TV FOOD MAG



**GLAM**  
Magazine



**NEWSLINE**  
Magazine

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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.

In 2018, HUM Network Limited is now in its 14th year of operation. Our success over the past 13 years has been full of obstacles and challenges but we continued to push forward courageously breaking barriers. Creativity remained our driving force and we continued to offer viewers with the best of Pakistani dramas thus indulging them into deep desire for more.

Hum News is the most ambitious project of Hum Network that has been launched to articulate dreams and aspirations of the 21st Century Pakistan. Since its launch in May 2018, Hum News has raised the bar of broadcast journalism by its factual, objective, balanced and fair coverage. Hum News is striving to shape up a new, dynamic and inclusive national narrative by focusing on strengths and positives of this nation of 220 million people, while at the same time highlighting the problems and contradictions, which need to be solved and resolved.

In line with the traditions of Hum Network – the market leader in the entertainment world since its establishment in February 2004 – Hum News also adheres to the best corporate and media practices. Hum News has set a new benchmark in delivering high-quality news, current affairs and infotainment content to the viewers. Headquartered in Islamabad, Hum News has established itself in a short-span of time as an independent, investigative and inspirational channel.

Our leadership has also anticipated the changes taking place in this digital era and ventured into the vast market of e-commerce operations. HUM Mart was launched during FY2017-18 to take advantage of the highly potential untapped market in Pakistan. As more people start using this online platform for a hassle-free shopping experience, HUM Mart will profitably grow.

Currently, Pakistan's economy is going through a challenging phase. Some economic parameters are declining while others remain somewhat stagnant. The resultant situation is worrisome as slow economic growth and increasing fiscal imbalance is preventing the advertisers to publicize their product and services on all accessible ad platforms thus we do not foresee a significant increase in ad revenue.

Despite these uncertain economic conditions, we did our best to maintain our position. Net revenues recorded for the year were Rs. 4,609 Million, profit before income tax amounts to Rs. 812 Million and profit after tax was Rs. 729 Million resulting in an EPS of Re. 0.77.

The economic conditions explained above may have impacted our revenues but not our viewers. The network continues to invest in strong content and events. We are confident that our business will thrive with the improvement of geopolitical and economic conditions of Pakistan.

We aim for growth with hard work, dedication and innovation. We are not afraid of a challenge, because we believe that innovation can bring unprecedented rewards. It is what compels us to break boundaries, to enter new markets and develop new ways of operating in existing ones.

I would like to thank all our shareholders and stakeholders for their continued support in the execution of our strategy to deliver on growth and profitability. I would also like to take this opportunity to thank our employees for their dedication and hard work that enables us to take this Company forward.



## Company Profile

HUM Network Limited was incorporated in 2004 in Pakistan as a public limited company having its shares listed on the Pakistan Stock Exchange. The company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. We cover a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society through our vast array of channels.

In our journey of 14 years, HUM became one of the finest entertainment providers in Pakistan. We have grown from owning the most popular drama channels to launching Pakistan's first 24-hour live cooking channel, becoming the most sought-after film distributors in the country and last but not the least launching our latest venture in the news genre.

Not only that, but HUM has been far sighted and has also ventured into diversified business of e-commerce operations by the name of HUM Mart.

HUM Network Limited takes immense pride in the fact that we are the only public listed broadcast media house in Pakistan. We have maintained our reputation of being one of the top three media houses. At HUM, we have created a strong culture based on values and our fearless attitude to take on new challenges has been our secret of innovation. Our vision gives us direction and destination. It captures our aspirations of being the best in everything we do.

At HUM we strive to shape Pakistan's entertainment industry by not only providing good entertainment but also educating the masses on social issues through constructive content which is getting global recognition.

# Journey of Success

Hum Network Limited was launched on January 17, 2005, with its flagship channel Hum TV in 2005 to revive the demand for quality content in Pakistan at a time when Indian serials were quite popular amongst the masses. Since then, Hum Network has proudly produced ground-breaking serials and dramas that are highly popular in the South Asian diaspora. We have not only provided the audience with quality entertainment but also educated them on social issues with dramas like Udaari and Sammi which are now gaining international praise and recognition. According to the surveys conducted by Aurora Magazine December 2017 edition, Hum TV earned the highest revenue in the industry of Rs. 4.3 billion during 2016-2017.

In 2006 Hum Network launched Pakistan's only successful 24-hour live cooking channel therefore enjoying its monopoly. Many competitors came but were unable to compete with Masala TV and were discontinued. With an excellent team of experienced and talented chefs and home cooks, Masala TV has a bright future. With the launch of Masala TV in the USA, Europe, Middle East, North Africa and South Asia, it became very popular with the South Asian diaspora and continues to top the charts. Every year, the channel's following is vindicated by Masala Film Festival which attracts thousands of followers in Karachi and Lahore. The event provides them with an opportunity to interact with their favorite chefs and enjoy a fun day with their families.

In 2013, Hum Sitaray was launched as a hybrid channel offering both narrative as well as format-based entertainment shows. It is now an archive channel airing content consisting of dramas, soaps, fashion lifestyle shows and celebrity talk shows.

We have further ventured into film distribution by launching Hum Films in 2014 which instantly became the first choice for local & international film producers and studios for distribution and marketing of movies in Pakistan. We have collaborated with EROS, Red Chilies Entertainment, YRS Films and Disney to distribute various successful films in Pakistan, uplifting the film industry.

Hum Network has always played a key role in supporting and developing the fashion industry in Pakistan. For the past few years we have regularly been holding events like Bridal Couture Week, Hum Style awards, Hum Showcase



and Miss Veet Pakistan contest which give a platform to the entertainment fraternity to showcase their talent and gain recognition.

It is with immense pride we say that Hum dramas, serials and morning shows are widely viewed all over the world with its extensive international foot print in North America, Europe, South Asia and MENA region. The first international beam of HUM was launched in the North American Region through its dedicated channel Hum World and later on Hum Masala and Hum Sitaray launched on Dish Network, the leading distribution platform in the USA.

HUM was also launched in the Middle East and North African region via its beam HUM MENA. Which has not only provided superior content but we also believe in showcasing the true essence of the region. Our localized programming and presence at local events prove Hum MENA to be a great platform for people from different countries and regions. The channel's high-quality programming and launch of specialized channels globally, marks the beginning of even better things to come.

To entertain the land of Kiwis, we launched Hum World and Hum Masala in Australia and New Zealand through the platform Fetch TV and later on were made available to 'Vision Asia' and 'Yupp TV'. The launch of Hum Europe and later on Hum Masala Europe are also big achievements of Hum Network, which is aimed towards establishing the brand as a household name and to serve the Pakistani community residing in Europe.

With an exciting mix of content Hum Europe is broadcasting the best of entertainment across Europe and within a short span our popularity has sky rocketed, reigning at the top leaving giants like Starplus behind in ratings. Hum Europe won the Best Urdu Channel Award at the Asian Viewers Television Awards 2015 and 2017. Hum Europe was also nominated in 2015 and 2016 as "TV channel of the year" in Asian Media Awards.

Hum Network has been constantly syndicating its dramas internationally. After syndicating the content to Zee in India, Colors & Rishtey in the UK and MBC in UAE, Hum Network has recently touched the Malaysian borders by syndicating blockbuster drama serial 'Zindagi Gulzar Hai' on mainstream Malaysian channel 'TV3'. Mauritius Broadcast Corporation (A Mauritius based



channel) and Sharjah TV (UAE based channel) are also acquiring content on regular basis.

HUM network has a well-established digital wing to entertain the ever-increasing number of broadband users within the country as well as the audience worldwide, who are increasingly turning to online sources for viewing and purchasing of content through video on demand platforms.

HUM Network has been the first Pakistani channel to have its content available on Netflix and Iflix, first to collaborate with ErosNow and first to have direct channels on Youtube&DailyMotion. Hum Network has strong footholds on social media platforms like Youtube with over 2 million subscribers and Facebook with 7 million followers respectively.

We are also the first media broadcasters to launch an exclusive web series "Chatkhara". Hum Network has a strong presence in print media as well where the network boasts of its own publications like Masala TV Food Magazine, GLAM fashion & lifestyle magazine, Newsline Magazine and BCW Catalogues.

Masala TV Food Magazine is a monthly magazine for all food lovers who want to collect their favourite recipes by their favourite Masala chefs. It is a home maker's guide to becoming a domestic expert. Newsline Magazine is also a monthly magazine that offers more than just news. It gives a complete and fresh look at the world of art and culture, fashion and sports while keeping the readers abreast on stories related to business, health, education and development. G.L.A.M is a monthly magazine too that focuses on glamour, lifestyle, the art and media and is a must have for today's informed women.

**2017-2018 has been quite special as Hum Network keeping up with its promise of innovation and expansion,** have launched Hum News, a news channel which went on air in May 2018. Dedicated to professional journalism, we aim to report the truth without sensationalism and become the audiences' preferred source of trusted information. Hum News has recently launched in the UK and has started to gain attention among Pakistanis residing there due to its unique, independent, investigative and inspirational approach.

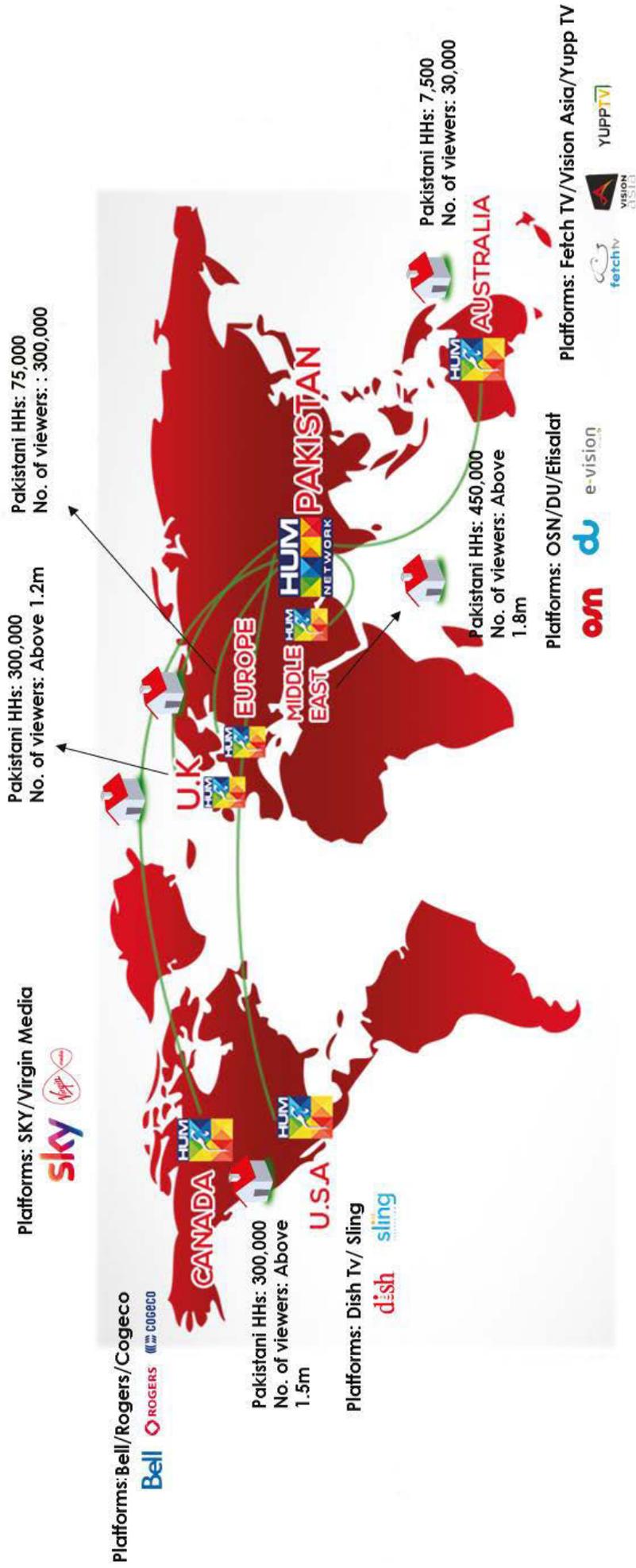
Hum Network has further ventured into a new business in an entirely new business field of e-commerce operations. Hum Mart is an online shopping platform which offers hassle free grocery shopping experience. With a well-designed website, app and express delivery, Hum Mart has created a niche for itself. Operative in Karachi only for the time being, it has a high potential of success in this busy metropolitan city.

A new mobile app by the name of HUM mobile app to watch live streaming of Hum TV, Hum Sitaray and Hum Masala as well as a vast library of all programs.

The name "HUM" in itself contains a strong message regarding the principles, beliefs and philosophy of the network. It has become a household name as it continues to delight its viewers and consumers with its unmatched content. We constantly evaluate the ever-changing consumer preferences and look forward to serve them.



# International Footprint



# 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 Mr. Duraid Qureshi Mr. Muhammad Abbas Hussain Mr. Mohsin Naeem Mr. Kamran Shamshad Ahmed
Chief Executive Officer	
Chief Financial Officer	
Company Secretary	
Head of Internal Audit	

## AUDIT COMMITTEE

Chairman	Mr. Sohail Ansar
Members	Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Lt. Gen. (R) Asif Yasin Malik

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

Chairperson	Mr. Sohail Ansar
Members	Ms. Sultana Siddiqui Mrs. Mahtab Akbar Rashdi Mr. Duraid Qureshi Mr. Hassan Jawed
Secretary	

## AUDITORS

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

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

	M/s. Ijaz Ahmed & Associates No.7, 11 <sup>th</sup> Zamzama Street Phase-V, D.H.A. Karachi.
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## 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 Metropolitan Bank MCB Bank Limited Boston Private Bank & Trust Barclays Bank PLC Habibsons Bank Limited Dubai Islamic Bank Wells Fargo Bank
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## REGISTERED & HEAD OFFICE

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

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

	<a href="http://www.humnetwork.tv">www.humnetwork.tv</a>
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## PAKISTAN STOCK EXCHANGE LIMITED

	HUMNL
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# Committees Of The Board

The Board is assisted by two (2) Committees, namely the Audit Committee and the Human Resource and Remuneration Committee to support its decisions making in their respective domains.

## Audit committee

The Audit Committee comprises of four (4) directors out of which three (3) members are non-executive directors and the Chairman of the Audit Committee is an independent director. The Chief Financial Officer and the Chief Internal Auditor attend the Audit Committee meetings, while the Chief Executive Officer is invited to attend the meetings. The Audit Committee also separately meets the internal and external auditors at least once in a year without the presence of the management. Meetings of the Audit Committee are held at least once every quarter, the recommendations of the Audit Committee are then submitted for approval of financial results of the company by the Board. During the year 2017-18, the Audit Committee held four (4) meetings. The Chief Internal Auditor is the Secretary of the Audit Committee. The minutes of the meetings of the Audit Committee are provided to all members, directors and the Chief Financial Officer. The Chief Internal Auditor meets the Audit Committee without the presence of the management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and corrective actions are then implemented.

## Terms of Reference of the Audit Committee

The Audit Committee is mainly responsible for reviewing the financial statements, ensuring proper internal controls to align operations in accordance with the mission, vision and business plans and monitoring compliance with all applicable laws and regulations and accounting and financial reporting standards.

The salient features of terms of reference of the Audit Committee are as follows:

- i) Recommending to the Board the appointment of internal and external auditors.
- ii) Consideration of questions regarding resignation or removal of external auditors, audit fees and provision by the external auditors of any services to the company in addition to the audit of financial statements.
- iii) Determination of appropriate measures to safeguard the company's assets.
- iv) Review of preliminary announcements of results prior to publication.
- v) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, any changes in accounting policies and practices, compliance with applicable accounting standards and compliance with listing regulations and other statutory and regulatory requirements.
- vi) Facilitating the external audit and discussion with external auditors on major observations arising from audit and any matter that the auditors may wish to highlight (without the presence of the management, where necessary).
- vii) Review of the Management Letter issued by external auditors and the management's response thereto.
- viii) Ensuring coordination between the internal and external auditors of the company.
- ix) Review of the scope and extent of internal audit and ensuring that the internal audit function is adequately resourced and placed within the organization.
- x) Consideration of major findings of internal investigations and the management's response thereto.
- xi) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- xii) Review of company's statement on internal control systems prior to endorsement by the Board.
- xiii) Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
- xiv) Determination of compliance with relevant statutory requirements review of periodic financial statements and preliminary announcements of results prior to the external communication and publication with a view to highlight.

- xv) Monitoring compliance together with the external auditors and internal audit with the best practices of corporate governance and identification of significant violations such as fraud, corruption, and abuse of power thereof.
- xvi) Consideration of any other issue or matter as may be assigned by the Board.

## Human Resource & Remuneration Committee

The Committee comprises of four (4) directors out of which two (2) members are non-executive directors and the Chairman of the Audit Committee is an independent director. Meetings are conducted at such frequency as the Chairman may determine. Head of Human Resources, is the Secretary of the Committee. The Committee held four (4) meetings during the year.

## Terms of Reference of Human Resource & Remuneration Committee

The Committee defines the HR policy framework and makes recommendations to the Board in the evaluation and approval of employee benefit plans and succession planning. The Committee defines the HR policy framework and makes recommendations to the Board in the evaluation and approval of employee benefit plans and succession planning.

The salient features of the Terms of Reference of HR&RC are as follows:

- i) Recommending human resource management policies to the Board;
- ii) Recommending to the Board the selection, evaluation, compensation, (including retirement benefits) and succession planning of the CEO;
- iii) Recommending to the Board the selection, evaluation, compensation, (including retirement benefits) of CEO, CFO, Company Secretary; and
- iv) Considering and approving on recommendation of CEO on such matters for key management positions who report directly to CEO; and
- v) Reviewing and making recommendations to the Board for the appointment of Senior Executives and for determining terms of employment of their services.
- vi) Reviewing succession planning and matters of compensation as well as such other matters the Committee may consider suitable with respect to compensation or as may be specifically directed by the Board of the Company from time to time.
- vii) Any additional matters delegated to the committee by the Board of Directors of the Company.

# Notice Of The 14<sup>th</sup> Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of HUM Network Limited will be held on Wednesday, October 24, 2018 at 05:30 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 13th Annual General Meeting held on October 26, 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, 2018 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2018.
- 3- To appoint Auditors' of the Company for the financial year ending June 30, 2019 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. EYFord Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2019.

## Any Other Business

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

By Order of the Board



**MOHSIN NAEEM**  
Company Secretary

Dated: October 03, 2018

Place: Karachi

## Notes:

### 1. Notice of Book Closure:

The Share Transfer Books of the Company will remain closed from October 18, 2018 to October 24, 2018 (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 17, 2018 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. Video-Link Facility for attending AGM

If members holding ten percent of the total paid up capital, are resident in any other city, the company shall provide the facility of video-link to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting.

### 4. 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.

### 5. Submission of Copies of Valid CNICs/NTN:

Members are requested to submit a copy of their valid CNICs/NTN Certificates along with the folio numbers to the Company's Share Registrar, if not already provided, otherwise payment of dividend would be withheld in terms of section 243 of the Companies Act, 2017 ('the Act') and clause 6 of the Companies (Distribution of Dividends) Regulations, 2017 (the Regulations").

### 6. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2018 has been placed on the Company's website at the below link: [http://www.humnetwork.tv/Annual\\_Financial\\_Reports.html](http://www.humnetwork.tv/Annual_Financial_Reports.html)

### 7. Circulation of Annual Financial Statements for the year ended June 30, 2018 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, 2018, are being circulated to the members through CD/DVD/USB.

### 8. 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.hum-network.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.

## 9. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001

a) 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 17, 2018.

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			
		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 17, 2018; 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 24, 2018.

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 17, 2018.

## 10. 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. In terms of SRO No. 1145(I)/2017 dated 06 November 2017, it is mandatory for shareholders to provide their bank account details to receive their cash dividend directly into their bank accounts, failing which 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.

## 11. 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.

All valued members of the Company, who by any reason, could not claim their dividend/shares, if any, are requested to contact Company's Share Registrar, to file their claims with the for any unclaimed dividend or shares outstanding in their name.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

# Pattern of Shareholding

As on June 30, 2018

# Of Shareholders	Shareholdings'Slab			Total Shares Held
361	1	to	100	7,586
258	101	to	500	113,372
297	501	to	1000	291,377
584	1001	to	5000	1,730,332
249	5001	to	10000	2,142,284
86	10001	to	15000	1,120,821
73	15001	to	20000	1,390,701
54	20001	to	25000	1,298,200
18	25001	to	30000	507,200
15	30001	to	35000	495,450
14	35001	to	40000	533,950
10	40001	to	45000	432,650
34	45001	to	50000	1,684,680
5	50001	to	55000	266,003
12	55001	to	60000	695,065
3	60001	to	65000	191,000
8	65001	to	70000	543,800
8	70001	to	75000	594,000
3	75001	to	80000	234,250
1	80001	to	85000	80,350
1	85001	to	90000	90,000
8	90001	to	95000	746,650
23	95001	to	100000	2,297,200
3	100001	to	105000	313,500
3	105001	to	110000	323,000
3	110001	to	115000	341,000
1	115001	to	120000	118,000
1	120001	to	125000	125,000
2	125001	to	130000	256,500
2	130001	to	135000	269,600
1	135001	to	140000	137,000
6	145001	to	150000	894,500
1	150001	to	155000	151,000
1	155001	to	160000	160,000
1	160001	to	165000	161,000
1	165001	to	170000	170,000
1	170001	to	175000	174,000
1	175001	to	180000	177,000
2	180001	to	185000	367,050
5	185001	to	190000	944,950
4	195001	to	200000	800,000
2	200001	to	205000	401,500

# Of Shareholders	Shareholdings'Slab			Total Shares Held
2	215001	to	220000	436,850
3	220001	to	225000	675,000
6	245001	to	250000	1,500,000
2	250001	to	255000	501,500
1	255001	to	260000	257,500
2	280001	to	285000	567,000
1	290001	to	295000	291,000
5	295001	to	300000	1,496,000
1	305001	to	310000	310,000
1	310001	to	315000	312,000
1	330001	to	335000	332,000
1	335001	to	340000	337,800
5	345001	to	350000	1,750,000
1	355001	to	360000	357,750
2	395001	to	400000	797,500
2	495001	to	500000	1,000,000
1	520001	to	525000	524,900
1	530001	to	535000	531,500
1	545001	to	550000	550,000
1	550001	to	555000	555,000
1	570001	to	575000	574,500
1	580001	to	585000	583,000
1	595001	to	600000	600,000
1	625001	to	630000	625,500
1	630001	to	635000	633,150
1	635001	to	640000	640,000
1	660001	to	665000	661,500
1	675001	to	680000	677,130
3	695001	to	700000	2,097,500
1	705001	to	710000	710,000
1	710001	to	715000	713,000
1	790001	to	795000	794,500
1	820001	to	825000	825,000
1	895001	to	900000	900,000
1	915001	to	920000	915,500
1	920001	to	925000	925,000
1	970001	to	975000	975,000
4	995001	to	1000000	4,000,000
1	1015001	to	1020000	1,017,060
1	1210001	to	1215000	1,214,200
1	1230001	to	1235000	1,233,500
1	1245001	to	1250000	1,250,000

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	1320001	to	1325000	1,320,500
1	1345001	to	1350000	1,348,250
1	1535001	to	1540000	1,540,000
1	1575001	to	1580000	1,580,000
1	1595001	to	1600000	1,600,000
1	1650001	to	1655000	1,653,750
1	1795001	to	1800000	1,800,000
1	1895001	to	1900000	1,900,000
1	2330001	to	2335000	2,334,000
1	2475001	to	2480000	2,480,000
1	2520001	to	2525000	2,520,130
1	2695001	to	2700000	2,700,000
1	2870001	to	2875000	2,872,000
1	3055001	to	3060000	3,060,000
1	3650001	to	3655000	3,654,000
1	3995001	to	4000000	4,000,000
1	4120001	to	4125000	4,121,500
1	4295001	to	4300000	4,300,000
1	4835001	to	4840000	4,837,000
1	5445001	to	5450000	5,450,000
1	5725001	to	5730000	5,730,000
1	6200001	to	6205000	6,205,000
1	6995001	to	7000000	7,000,000
1	9745001	to	9750000	9,750,000
1	11595001	to	11600000	11,600,000
1	11910001	to	11915000	11,912,199
1	12905001	to	12910000	12,910,000
1	13050001	to	13055000	13,055,000
1	15095001	to	15100000	15,100,000
1	16835001	to	16840000	16,836,000
1	16995001	to	17000000	17,000,000
1	17935001	to	17940000	17,939,500
1	18995001	to	19000000	19,000,000
1	25195001	to	25200000	25,200,000
1	25995001	to	26000000	26,000,000
1	26405001	to	26410000	26,407,500
1	31995001	to	32000000	32,000,000
1	50865001	to	50870000	50,865,620
1	125025001	to	125030000	125,027,200
1	154005001	to	154010000	154,009,500
1	226960001	to	226965000	226,961,490
<b>2274</b>				<b>945,000,000</b>

# Additional Information

As of June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
DURAID QURESHI	2	226,961,500	24.02
SULTANA SIDDIQUE	2	219,860	0.02
MAZHAR UL HAQ SIDDIQUI	1	10	0.00
MAHTAB AKBAR RASHDI	1	10	0.00
SHUNAID QURESHI	1	50,865,620	5.38
HASAN REZAUR RAHIM	1	500	0.00
SOHAIL ANSAR	1	583,000	0.06
ASIF YASIN MALIK	1	10	0.00
MOMINA DURAID QURESHI	1	10	0.00

## Associated Companies, undertakings and related parties

AL-ABBAS SUGAR MILLS LTD.	1	4,500	0
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**Executives** 2 436,000 0.05

**Public Sector Companies and Corporations** 1 1,320,500 0.14

**Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds** 8 38,687,500 4.09

## Mutual Funds

CDC - TRUSTEE AKD INDEX TRACKER FUND	1	134,600	0.01
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	13,055,000	1.38
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	3,060,000	0.32
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	9,750,000	1.03
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	700,000	0.07

## General Public

a. Local	2182	86,266,120	9.12
b. Foreign	2	5,730,500	0.61

**Foreign Companies** 19 482,151,399 51.02

**Others** 43 25,073,361 2.65

**Totals** 2274 945,000,000 100

Share holders holding 5% or more	Share Held	Percentage
DURAID QURESHI	226,961,500	24.02
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	154,009,500	16.30
STICHTING GENERAL HOLDINGS	125,027,200	13.23
SHUNAID QURESHI	50,865,620	5.38

# Corporate Calendar

MEETINGS	DATE
Board of Directors Meeting to approve and fix the number of directors and fix the date, time and place for holding the Extra Ordinary General Meeting of the Company, for the Election of Directors	July 17, 2017
Board of Directors Meeting to consider and approve the feasibility of News Project by the name of HUM News	August 11, 2017
8th Extra Ordinary General Meeting to consider to Elect Eight (8) Directors of the Company as fixed by the Board of Directors in their meeting held on July 17, 2017	August 22, 2017
Board of Directors Meeting to Appoint the Members of the Audit Committee and Human Resource & Remuneration (HR & R) Committee	September 05, 2017
Human Resource & Remuneration (HR & R) Committee Meeting to recommend the terms of appointment of CEO	September 05, 2017
Board of Directors Meeting to Appoint Chief Executive Officer (CEO) of the Company for a Term of three (3) years and Approve the Terms of Reference (TOR) of the Chief Executive Officer and Ms. Sultana Siddiqui (Executive Director) for a term of three (3) years	September 05, 2017
Audit Committee Meeting to consider and approve the annual audited accounts of the Company for the year ended June 30, 2017	October 04, 2017
Board of Directors Meeting to consider the annual audited accounts of the Company for the year ended June 30, 2017	October 04, 2017
Audit Committee Meeting to consider accounts of the Company for the Quarter ended September 30, 2017	October 26, 2017
13th Annual General Meeting to consider accounts of the Company for the year ended June 30, 2017	October 26, 2017
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 2017-2018.	October 27, 2017
Board of Directors Meeting to consider accounts of the Company for the Quarter ended September 30, 2017	October 27, 2017
Dispatch of Final Dividend Warrants for Year Ended June 30, 2017	November 25, 2017
Board of Directors Meeting to consider accounts of the Company for the Quarter ended December 31, 2017	February 21, 2017
Audit Committee Meeting to consider accounts of the Company for the Quarter ended March 31, 2018	April 30, 2018
Board of Directors Meeting to consider accounts of the Company for the Quarter ended March 31, 2018	April 30, 2018

# Six Years at a Glance

## Key Financial Data

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>OPERATING DATA</b>						
Revenue-Net	2,292,663,220	2,886,587,171	3,721,047,096	3,942,824,460	4,643,648,317	4,609,478,886
Cost of production	(1,205,632,497)	(1,381,432,771)	(1,791,616,731)	(2,313,660,029)	(2,669,283,288)	(2,853,147,800)
Transmission cost	(89,989,623)	(107,161,845)	(84,201,837)	(86,465,867)	(86,925,178)	(177,878,025)
Gross Profit	997,041,100	1,397,992,555	1,845,228,528	1,542,698,564	1,887,439,851	1,578,453,061
<b>PROFIT AFTER TAXATION</b>						
Profit before taxation	565,238,231	806,823,677	1,032,669,083	773,237,291	1,095,402,936	812,155,067
Taxation	(177,441,038)	(215,088,701)	(285,418,132)	(236,301,365)	(80,019,958)	(82,661,579)
Profit after taxation	387,797,193	591,734,976	747,250,951	536,935,926	1,015,382,978	729,493,488

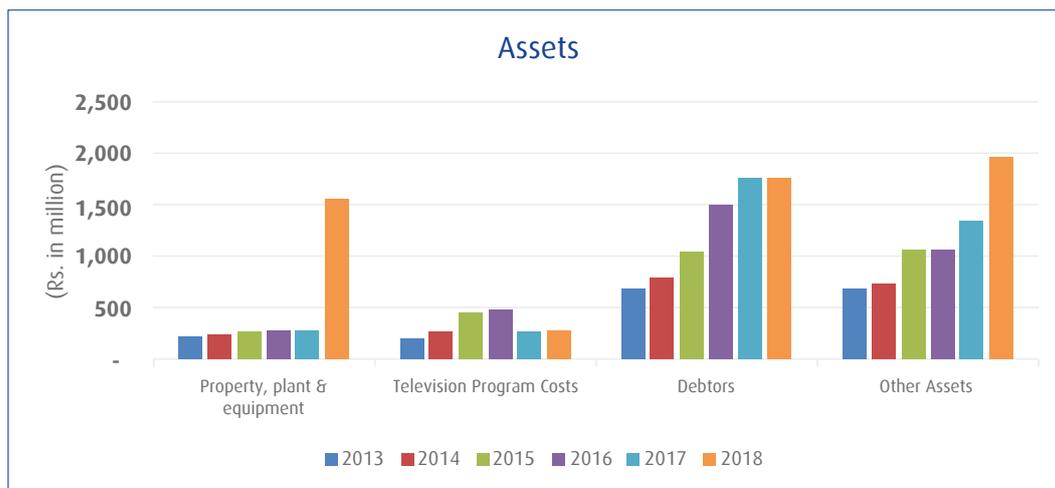
## Financial Ratio

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Current Ratios	4.39	2.46	1.73	1.80	5.07	4.68
Quick Ratio	3.30	1.89	1.25	1.39	5.06	4.65
Debt/ Equity Ratio	0.002	0.003	0.214	0.257	0.013	0.313
Cash Flow Per Share- Rs. (Re-stated)*	0.16	0.11	0.01	0.01	0.40	0.18
Return on Equity - %	20.40	42.38	44.72	26.29	33.20	19.75
Share Price Per Share - Rs. (Re-stated)*	3.80	10.68	16.09	10.28	11.74	8.09
Break-up Value Per Share - Rs. (Re-stated)*	1.54	1.48	1.77	2.16	3.24	3.91
Gross Profit to Sales - %	43.49	48.43	49.59	39.13	40.65	34.24
Net Profit to Sales - %	16.91	20.50	20.08	13.62	21.87	15.83
Interest Cover - number of times	80.80	109.89	44.88	20.32	58.30	28.38
Debtors Turnover (number of days)	92	92	89	117	127	138
Administrative Expenses to Sales - %	10.48	10.44	11.10	11.04	12.02	11.50
Cost of Production to Sales- %	52.59	47.86	48.15	58.68	57.48	61.90
Price Earning Ratio (Re-stated)*	9.26	17.06	20.35	18.09	10.93	10.48
Turn Over to Total Asset Ratio	1.31	1.48	1.36	1.24	1.33	0.86
Earnings per share Rs. (Re-stated)*	0.41	0.63	0.79	0.57	1.07	0.77

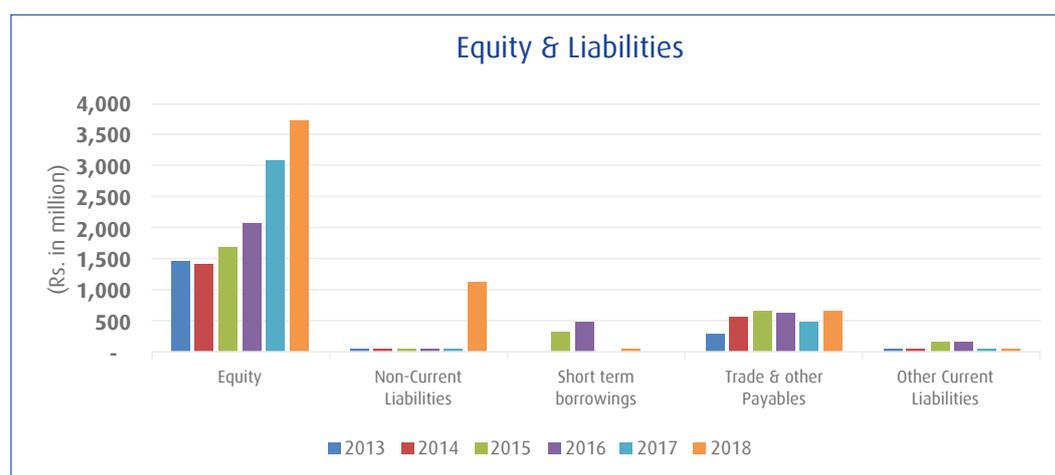
\*Calculated using 945,000,000 shares

# Graphical Presentation

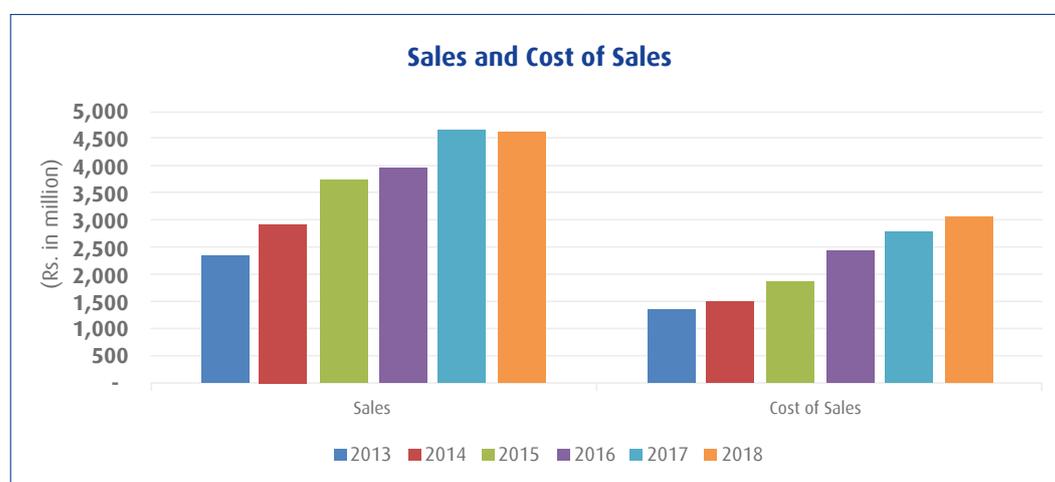
## Assets



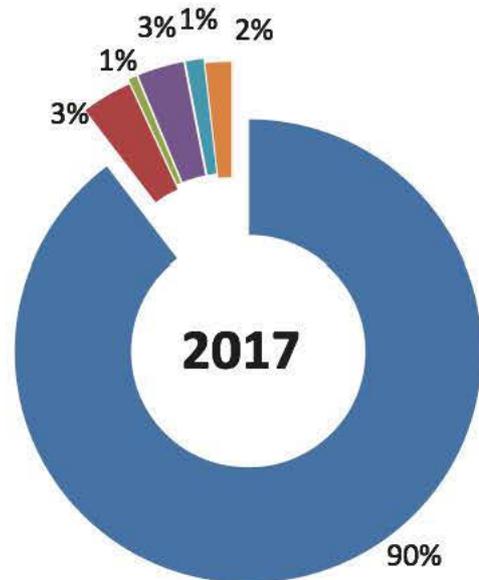
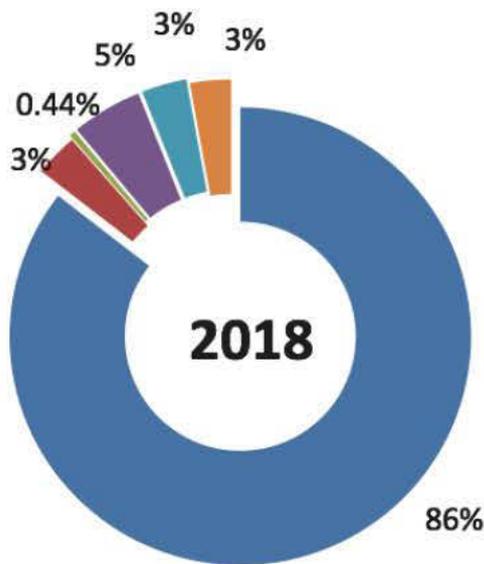
## Equity & Liabilities



## Sales and Cost of Sales

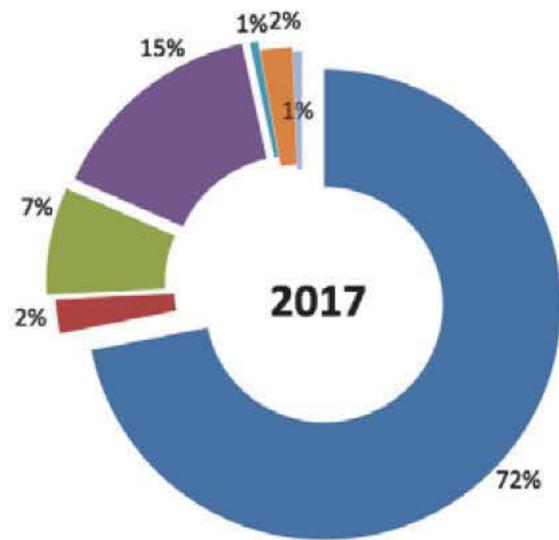
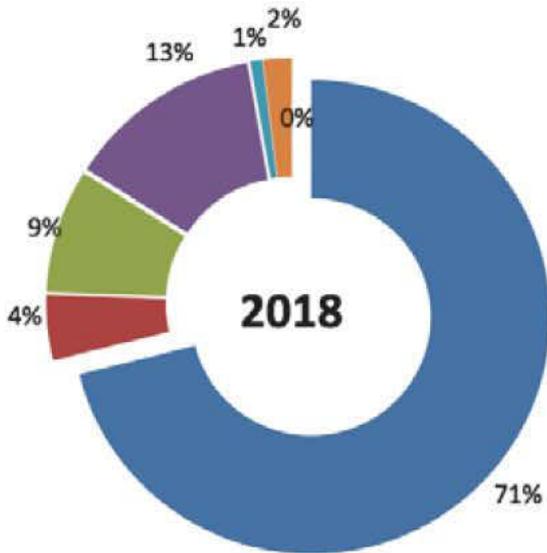


## Break-up of Revenue Streams

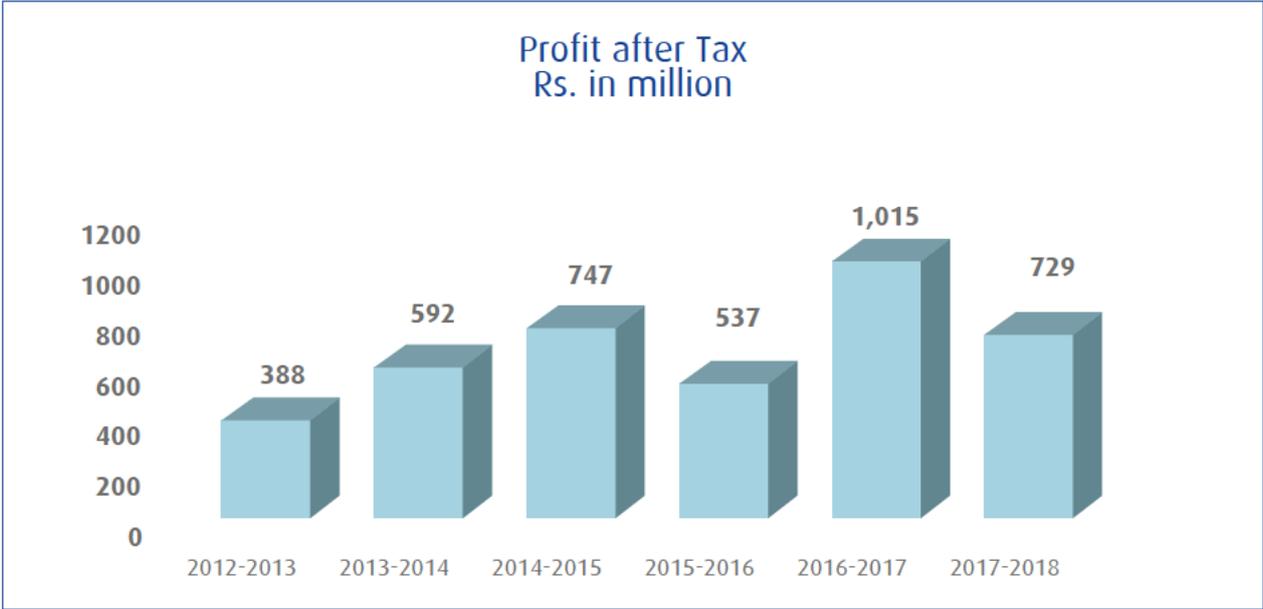


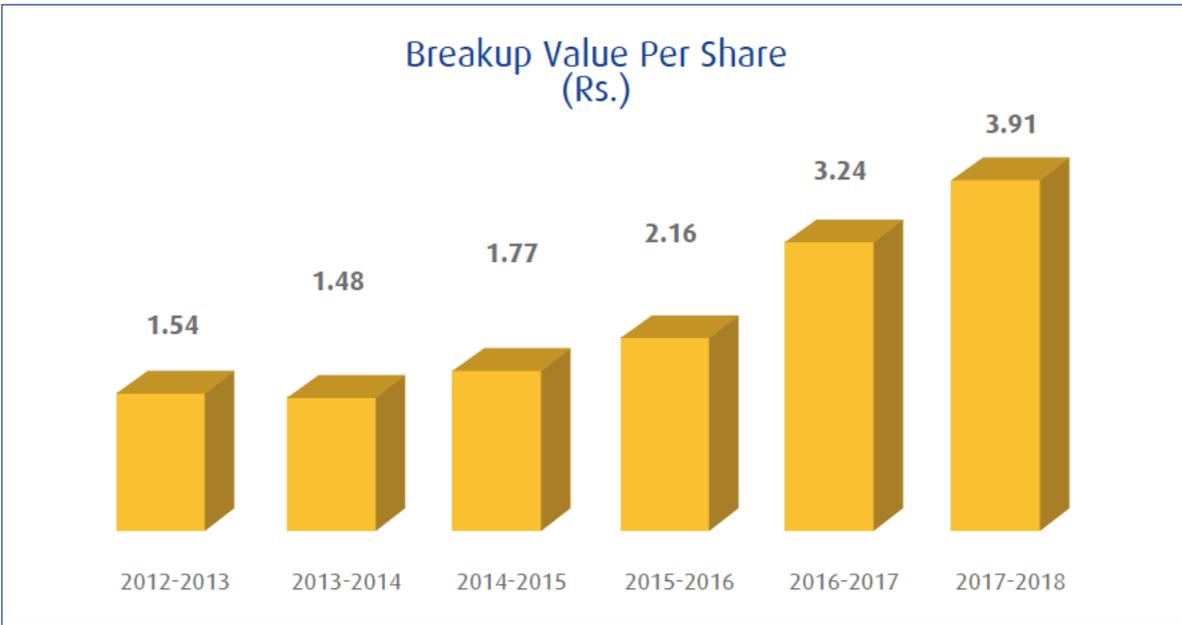
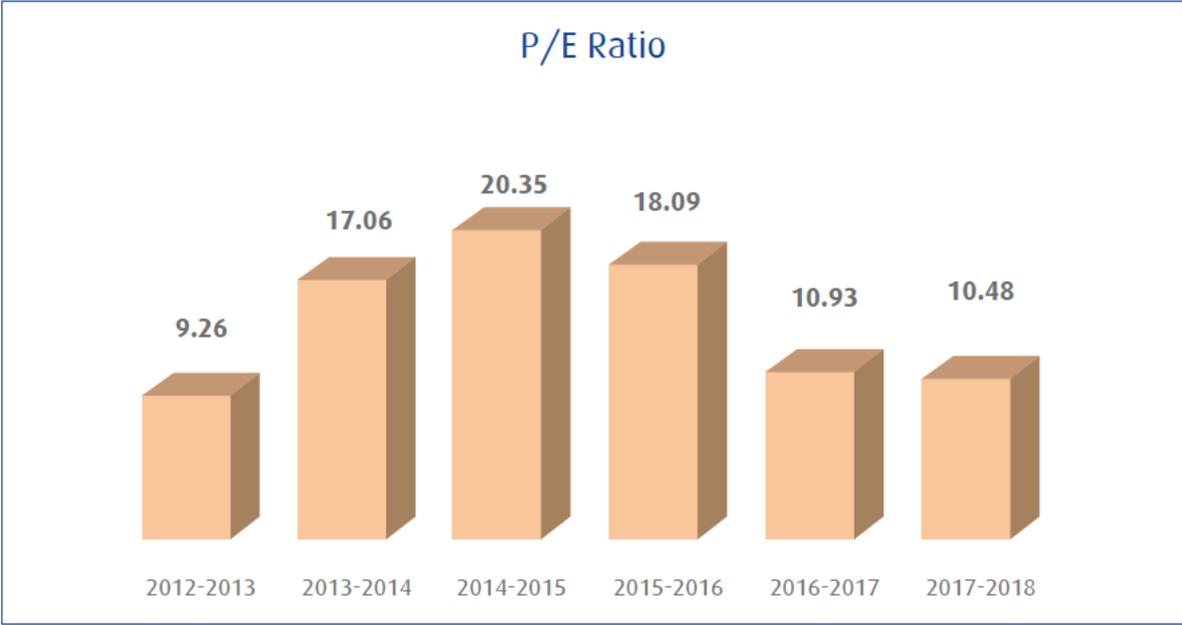
- Advertisement revenue - net
- Production revenue - net
- Subscription income - net
- Digital revenue - net
- Film distribution revenue - net
- Other Income

## Break-up of Cost



- Cost of Production
- Transmission cost
- Distribution costs
- Finance costs
- Administrative expenses
- Taxation
- Other Expense







## Independent Auditors' Report To the members of Hum Network Limited

### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Hum Network Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review 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 Regulations.

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 Regulations 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to access and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Sd/-

**EY Ford Rhodes**

**Chartered Accountants**

**Date: October 2, 2018**

**Place: Karachi**

# “Statement Of Compliance With The Listed Companies (Code Of Corporate Governance) Regulations, 2017”

## HUM NETWORK LIMITED FOR THE YEAR ENDED JUNE 30, 2018

HUM Network Limited (“the Company”) has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (“the regulations”) in the following manner:

1. The total of number of directors of the Company are 09 as per the following

<b>Male</b>	<b>Six (6)</b>
<b>Female</b>	<b>Three (3)</b>

2. The composition of the board is as follows:

<b>Category</b>	<b>Name</b>
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 Ms. Momina Duraid Mr. Hassan Reza-ur-Rahim

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

3. The directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (“the Act”) and the Regulations.
7. 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 has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. The Company arranges orientations courses for its directors as and when needed to apprise 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. All the Directors are either exempt or have acquired the certification under the training program.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
  - a. Audit Committee
    - Mr. Sohail Ansar – Chairman (Independent)
    - Mr. Shunaid Qureshi (Non-Executive)
    - Mrs. Mahtab Akbar Rashdi (Non-Executive)
    - Lt. Gen. (R) Asif Yasin Malik (Executive)
  - b. Human Resource and Remuneration Committee
    - Mr. Sohail Ansar – Chairman (Independent)
    - Ms. Sultana Siddiqui (Executive)
    - Mrs. Mahtab Akbar Rashdi (Non-Executive)
    - Mr. Duraid Qureshi (Executive)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meetings of the committees was as under –
  - a. Audit Committee – Four (4) quarterly meetings during the financial year ended June 30, 2018.
  - b. Human Resource and Remuneration Committee – Two (2) meetings during the financial year ended June 30, 2018.
15. The Board has set up an effective internal audit function and has also 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.
16. 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.
17. 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.
18. We confirm that all other requirements of the Regulations have been complied with.

For & on behalf of Board of Directors



**Duraid Qureshi**  
Chief Executive Officer

**Date:** October 02, 2018  
**Place:** Karachi



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman & Director

# Chairman's Report on Board's Overall Performance (Under Section 192 of the Companies Act, 2017)

A Board of Directors (BOD) forms the highest level of authority in the governance of a company and includes elected individuals who represent the interest of the shareholders. They ensure that the strategic decisions of the Chief Executive Officer (CEO) best protect and benefit every stakeholder of the Company. Under the guidance and scrutiny of a BOD, the CEO strategically aligns resources to achieve the company objectives in the most efficient way.

## Accountability

The BOD becomes fiscally accountable. It sets the dividends paid to the shareholders and how much fund is reinvested into the company from the undistributed reserves of the Company. Furthermore, BOD members ensure that the financial disclosures are accurate and truly represent the affairs of the company. This accountability is enforced by the International Financial Reporting Standard (IFRS), Companies Act, 2017, Listing Regulations and others relevant laws and regulations.

## Responsibilities

The BOD reviews the programs selected by the CEO that are most likely to achieve the financial objectives set for the company. This scrutiny includes the investment decisions made by the company's executive team, and the expenditures required to support the efforts. This power extends to choosing the Chief Executive Officer who can best perform the duties and set the compensation level for this position.

## Legal Duties

A Board member is trusted with fiduciary responsibilities which encompass three legal duties: care, loyalty and obedience. He / she must act in good faith and for the interest of the shareholders and the organization. He must also keep the good of the organization in mind and not base the decision on personal interests, and finally, he must obey the policies stated in the articles of association of the Company and the regulation of the industry.

## Risk Management

In light of the accountability to the shareholders, the BOD frequently weighs company's risks of missing the corporate objectives and the consequences that this would have on dividend distribution, or financial return to the company. Mitigation measures developed by the CEO enter the portfolio of strategic decisions that the company pursues and are reviewed by the BOD.

## Qualifications

In the election of Directors, members who have been elected are well known business professionals who add real value to the Board through their expertise, experience and strong value systems.

Further, an annual evaluation of the Board of Director's overall performance is conducted to in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017.

The immediate objective of evaluation is continuous governance improvement – identifying board performance improvement opportunities and governance framework gaps.

Specific and/or long-term objectives may include developing team work, better decision making, improving the effectiveness of meetings, gaining greater clarity of roles. The overall assessment was based on an evaluation of the following integral components:

- How well has the Board done its job?
- How well has the Board conducted itself?
- Board's relationship with Executive Director?
- Performance of Individual Board members.
- Feedback to the Chair of the Board.

For the financial year ended 30 June 2018, the Board's overall performance and effectiveness has been assessed as 'Satisfactory' in achieving Company's objectives. It's also important to highlight the key role played by the Committees (Audit Committee, Human Resource and Remuneration Committee) in underscoring and directing towards areas of improvements and recommending practical solutions

On an overall basis, I believe that the strategic direction of the organization for the long term is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organization's objectives are commendable which are truly reflected by the current financial results and performance of the organization.



**Mr. Mazhar-ul-Haq Siddiqui**  
**Chairman of the Board**  
**Date: October 2, 2018**

## بورڈ کی مجموعی کارکردگی پر چیئر مین کی رپورٹ (کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۱۹۲ کے تحت)

بورڈ آف ڈائریکٹرز نے کمپنی کی گورننس کے لئے اعلیٰ سطحی اتھارٹی قائم کی ہے جس میں منتخب افراد شامل ہیں جو شیئر ہولڈرز کے مفادات کی نمائندگی کریں گے۔ وہ اس بات کو یقینی بناتے ہیں کہ چیف ایگزیکٹو آفیسر کے اسٹریٹجک فیصلے کمپنی اور شیئر ہولڈرز کے لئے سود مند ثابت ہوں۔ بی او ڈی کی رہنمائی اور جانچ پڑتال کے ذریعے سی ای او حکمت عملی کے تحت وسائل کو کمپنی کے مقاصد کی تکمیل میں موثر انداز میں استعمال کریں گے۔

### احتساب:

بورڈ آف ڈائریکٹرز مالیاتی امور پر جوابدہ ہیں۔ یہ حصص یافتگان کو ادا کئے جانے والے ڈیوڈنڈ متعین کرتا ہے اور کمپنی کے غیر تقسیم فنڈز میں سے کمپنی میں واپس سرمایہ کاری کے لئے رقم وضع کرتا ہے۔ مزید برآں بورڈ آف ڈائریکٹرز کے اراکین درست مالی گوشوارے اور کمپنی کے معاملات کی صحیح عکس بندی یقینی بناتے ہیں۔ یہ خود احتسابی عمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس) کمپنیز ایکٹ ۲۰۱۷ء، لسٹنگ ریگولیشنز اور دیگر قابل اطلاق قوانین کی جانب سے نافذ کیا گیا ہے۔

### ذمہ داریاں:

بورڈ آف ڈائریکٹرز کمپنی کے مالی مقاصد کی تکمیل کے لئے سی ای او کی جانب سے منتخب کردہ پروگرامز کا بخوبی جائزہ لیتا ہے۔ اس جانچ پڑتال میں کمپنی کی ایگزیکٹو ٹیم کے مالیاتی فیصلے اور آنے والے اخراجات و لاگت کا جائزہ لینا ہے۔ بورڈ کو ایسے چیف ایگزیکٹو آفیسر کو منتخب کرنے کا بھی اختیار ہے جو اپنی ذمہ داریاں احسن انداز میں ادا کرے اور سی ای او کے لئے معاوضے کی سطح مقرر کرنے کا بھی اختیار ہے۔

### قانونی فرائض:

بورڈ کے ہر رکن کے ذمے تین قانونی فرائض ہیں: احساس ذمہ داری، وفاداری اور اطاعت۔ رکن بورڈ کو خلوص نیت سے شیئر ہولڈرز اور ادارے کے مفادات کی حفاظت کرنی ہے۔ رکن بورڈ کو تمام فیصلے ادارے کے مفادات کی بنیاد پر لینے ہیں تاکہ اپنے ذاتی مفادات کی بنیاد پر اور کمپنی کے آرٹیکل آف ایسوسی ایشن اور صنعت پر نافذ العمل ریگولیشنز میں درج پالیسیوں کی ہر حالت میں اطاعت کرنی ہے۔

### رسک مینجمنٹ:

شیئر ہولڈرز کے لئے خود احتسابی کی روشنی میں بورڈ آف ڈائریکٹرز ڈیوڈنڈز کی تقسیم اور کمپنی کو ملنے والے فنانشل ریٹرن کو لاحق رسک کو کم کرنے کے لئے باقاعدگی سے کارپوریٹ مقاصد کا احاطہ کرتا ہے۔ رسک کو کم یا ختم کرنے کے لئے سی ای او کے تیار کردہ اقدامات حکمت عملی کے فیصلوں کے پورٹ فولیو میں درج ہوتے ہیں جن کا بورڈ بغور جائزہ لیتا ہے کیونکہ انہی پر کمپنی نے آگے عمل کرنا ہوتا ہے۔

### اہلیت:

ڈائریکٹران کے انتخابات میں منتخب ہونے والے اراکین کا ردباری پروفیشنل ہیں جو بورڈ کی قدر میں اپنی مہارت، تجربے اور مضبوط اقدار سے اضافہ کرتے ہیں۔

اس کے علاوہ کوڈ آف کارپوریٹ گورننس اوپینیز ایکٹ ۲۰۱۷ء کے تحت بورڈ اراکین کی مجموعی کارکردگی جانچنے کے لئے سالانہ بنیادوں پر تشخیص کی جاتی ہے۔

تشخیص کے عمل کا مقصد کارپوریٹ گورننس کو بہتر بنانا، بورڈ کی کارکردگی کو مزید بہتر بنانے کے مواقعوں کا ادراک کرنا اور گورننس فریم ورک میں ممکنہ خامیوں اور کمزوریوں کا احاطہ کرنا ہوتا ہے۔

مخصوص اور طویل مدتی مقاصد میں تنظیم سازی، موثر فیصلہ سازی، بورڈ میٹنگز موثر بنانا اور اپنی اپنی ذمہ داریوں کا درست تعین شامل ہیں۔ مجموعی تشخیص مندرجہ ذیل اجزاء پر مشتمل ہے:

کتنے احسن انداز میں بورڈ نے اپنے فرائض انجام دیئے ہیں؟

بورڈ کا کردار کیسا رہا؟

ایگزیکٹو ڈائریکٹر کے ساتھ بورڈ کے تعلقات کیسے ہیں؟

انفرادی سطح پر بورڈ اراکین کی کارکردگی

بورڈ کے چیئر کو فیڈ بیک

مالی سال ۲۰۱۸ء کے اختتام تک کمپنی کے مقاصد کی تکمیل میں بورڈ کی مجموعی کارکردگی تسلی بخش رہی۔ یہ ذیلی کمیٹیوں کے کلیدی کردار کا ذکر کرنا اہم ہے جیسا کہ آڈٹ کمیٹی، ہیومن ریسورس اور معاوضہ کمیٹی جنہوں نے عملی حل تجویز کئے اور کئی شعبوں میں کمی اور اصلاحات کی نشاندہی کی۔

مجموعی طور پر میں سمجھتا ہوں کہ کمپنی کی طویل مدتی اسٹریٹجک سمت واضح اور مناسب ہے۔ مزید برآں کمپنی کے کارپوریٹ مقاصد کو حاصل کرنے میں ترقی اور جائزے کے لئے اختیار کئے گئے عمل قابل اطمینان ہیں جن کی موجودہ مالیاتی نتائج اور ادارے کی کارکردگی حقیقی بنیادوں پر عکاسی کر رہے ہیں۔



جناب مظہر الحق صدیقی

چیئر مین بورڈ

مورخہ ۲ اکتوبر ۲۰۱۸ء

# Directors' Report

**The Board of Directors and the Company's Management promise that we will continue to conduct business with integrity, transparency, and adherence to good corporate governance and sustainable development principles**

The Directors of Hum Network Limited (HNL) present the Annual Report together with the Company's audited financial statement for the year ended 30 June 2018.

Our ambition to achieve broad-based growth, creating wider entertainment canvas, fulfilling the expectations of our stakeholders, during the FY 2018 we heavily invested in existing and new businesses and pursuing diversification strategy, in the long run, with the vision of strengthening and leveraging future opportunities.

During the current year commercial airtime and production revenue has shrunk by Rs. 203 million owing to political and economic instability. However, the Company has witnessed an increase in emerging businesses of film distribution and subscription revenue by Rs. 175 million which has mitigated the impact of decline in core advertisement revenue earned during the year. However we are optimistic that the macroeconomic stability in the country will also have a positive effect on Company's profitability.

The gross profit for the year has decreased by 16% as compared to last year owing to decrease in revenue due to above mentioned reasons and increase in cost which is attributed to newly launched channel HUM NEWS. In FY 2018, the Company reported profit before tax of Rs. 812 million whereas profit after tax was Rs. 729 million resulting in earnings per share for the FY 2018 of Re. 0.77.

## Principal Activities

HNL, an entertainment content company, represents its content leadership and has consistently demonstrated its ability to be at the forefront of content innovation. Our content reaches consumers at multiple touch points through presence across television in domestic and international markets, films, digital, print media and live events. Broadcasting portfolio consists of satellite channels namely HUM TV, HUM Sitaray, HUM Masala and HUM World (including separate beams for North America, UK & Middles East) with a latest addition of HUM News to the bouquet. Apart from these satellite channels HNL has growing business units in Films, Digital as well as Print Media.

## The External Environment

The Company operates in highly competitive environment that is subject to innovations, changes and varying levels of resources available to each player in each segment of business.

The urge to compete and provide the best content to viewers, HNL incurred high expenditure to provide an impetus on its programming front from time to time and this increase in costs might not necessarily perk up its revenues in the same proportion.

However, HNL is well placed to deliver growth going forward backed by our well-defined business strategies, excellent infrastructure and robust brand.

## Company's Performance

Despite pricing challenges and overall downward trend in the industry, the network maintained and grew its dominance. As a result of pursuing the investment strategy, the cost witnessed a surge but we were able to maintain a healthy net margin of 16%.

## Launch Of Hum News

This year was a major milestone in the evolution of HNL as we successfully launched the biggest business initiative till date, HUM News. Strategy behind the launch is to effectively target the news segment which is the second biggest genre within the Pakistani media industry.

HNL has established a strong brand loyalty over the years as a leading entertainment channel of Pakistan, hence; its reputation and goodwill as a quality and innovative channel can be utilized for its news channel.

With the moto "Agay ki Soch" the prime focus of Hum News is not just to highlight the current issues but also suggest solution to the key issues being faced by our youth. HNL is committed to professional journalism as the means to fulfill its mission. HUM News aims to model the elements of modern journalism – enterprising, investigative, events-driven, data-based, and audience-focused. Our objective is to help the youth in channelizing their energies towards building a better future for themselves as well as the country and wish to take high quality news experience to everyone across the country and its hinterland.

## Launch Of Hum Mart

During the year, HNL entered into a new business venture in entirely different field, rolling-out its e-commerce operations, with the brand name of Hum Mart, the online grocery company by the name of HUM Mart (Private) Limited. With the slogan "Karay Life Aasaan!", HumMart aims at saving users from the hassle of going out and buying every day necessities.

## Launch Of Hum Mobile App

A new gateway to entertainment – HUM Mobile App was also launched during the year with the aim to provide entertainment on finger tips. This App has enabled the audience to watch live streaming of HUM TV, HUM Sitaray and HUM Masala, all in one app. Further the App has a vast library of HUM TV and HUM Sitaray's favourite drama serials, soap operas, morning shows and other programs.

## Hum Tv

HUM TV has always delivered one blockbuster drama after another. Whether its content or public awareness, the channel has always aced the top spot when it comes to quality entertainment. This year we continued to offer viewers with the best of the Pakistani Dramas. TRP-topping dramas like "O Rangreza", "Yaqeen Ka Safar", "Alif Allah AurInsaan", "Dar Jaati Hai Sila" were the most watched prime time dramas.

A new flavor on HUM TV during the period a suspense and horror series, "Bela Pur Ki Dayan" was thoroughly entertaining as well as frightening.

Ramzan special series "Suno Chanda" became a season hit. The series was enthralled and miraculously managed to maintain a crisp because of its addictive narrative. The comedy won hearts of millions of people all over the world.

A celebrity chat show titled "The Afternoon Show With Yasir Hussain" was launched with a big bang and has received overwhelming response from the audience.

## 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

The first 24 hours cooking channel HUM Masala has become an integral part of every household and became a cooking teacher for thousands of viewers.

During the year, HUM Masala presented a number of cooking and informative shows introducing many different recipes, cooking experts, professional chefs, health consultants that made the channel a favorite of millions.

## Hum Films

HUM Films was engaged in the distribution of various films including "Jab Harry Met Sajal", "Toilet – Ek Prem Katha",

“Mom”, “Secret Superstar”, “Golmaal Again”, “Yalghaar” and “Verna” which made impressive figures at the box office.

## Digital Media Division

The digital media division of HNL is performing extremely well and the Company has strong footholds on social media platforms like Facebook and Youtube. We are the premier Pakistani entertainment network to have its content available on NETFLIX and IFLIX. Further, HNL is the first media broadcaster to launch web exclusive series “Chattkhara” on digital platform.

## 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. Our on-ground events are now becoming more of a tradition which we celebrate on an annual basis, exceeding the expectations with more grandeur events every year.

### HUM Awards

HUM Awards has established itself as one of the Pakistan’s biggest awards show. Each year, HUM Awards sets new precedence for all other award shows in Pakistan.

The coveted Hum Awards 2018 was held in all their glory in Toronto. Honoring the best in Pakistan’s entertainment industry, the award gala aimed to portray the soft image of the nation to audience overseas. Boasting a night of glitz and glamour, extravagant performances and a star-studded list of attendees; Hum Awards 2018 was indeed a dazzling affair.

### Bridal Couture week (BCW)

The couture gala, BCW dazzled Lahore in December 2017, presenting the latest bridal trends by leading and burgeoning Pakistani and International fashion designers on the runway in its 15th installment. . This grand bridal show has now become the most eagerly awaited event of the fashion industry, and has continued to exceed expectations with each passing show.

### HUM Showcase

The second edition of HUM Showcase was held in March 2018, in which the audiences witnessed a myriad of new designs and trends. From fresh summer hues and unique silhouettes to statement pants and sprinkling of flowers motifs-Pakistan’s finest designers truly brought their A-game.

### Hum Style Awards

The second edition of HUM Style Awards took place in Karachi in October 2017 and boasted of a high celebrity quotient. The event was a night meant to honour the best and brightest in Pakistani fashion, music, sports, television and film industry.

### Miss Veet Pakistan

Miss Veet Pakistan 2017 marked the beginning of several journeys and perhaps the conclusion of a few. The action packed and glittering Miss Veet Pakistan 2017 wrapped up with a huge grand finale in January 2018, where the winner was crowned. Miss Veet Pakistan has served as a life-changing platform for the girls, transforming them from shy and hesitant to confident and daring individuals.

## Masala Family Festival

Pakistan's biggest and much-anticipated festival, Masala Family Festival was organised twice in Lahore and Karachi. The festival invited all families to enjoy fun and festivities including musical performances, magic and comedy segments, live cooking demonstrations, dance and singing competitions and a chance to meet with their favourite celebrity chefs, with a thrilling mix of all.

## Masala Cooking Classes

After the huge success of Masala Cooking Classes over the years in different mega cities of Pakistan, HUM Masala arranged the 1st Masala Cooking Class in Islamabad during February 2018. The one-day event provided a platform to the participants to learn cooking from renowned Chefs of Pakistan.

## HUM Family Festival & HUM Premiere League

HUM Family Festival and HUM Premiere League were the main attractions of HUM's 13th Anniversary celebrations. HUM Family Festival 2018, a fun day for the employees and their families with a wide range of activities and refreshments, provided the opportunity to thank the employees for their continued dedication and support. It was followed by "HUM Premiere League", a friendly cricket tournament among the departments of HNL.

## Human Resource Management

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

## Core Values

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

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

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

We adhere to the above core values in all the initiatives that we undertake as this helps in promoting a culture of fairness, objectivity and teamwork.

## Risk Management

The Company has a robust Risk Management framework to identify, measure and mitigate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. This risk framework thus helps in managing market, credit and operations risks and quantifies exposure and potential impact at a Company level.

## Corporate Social Responsibility

Corporate Social Responsibility (CSR) has always been a priority for us at HNL. HNL and Reckitt Benckiser (RB) have announced collaboration on a national initiative "Hoga Saaf Pakistan". It's a 5-year ambitious commitment by RB and HNL towards making Pakistan clean, healthy and hygienic.

As a part its CSR activities, HNL also collaborated with Fatimid Foundation and conducted a blood donation drive. It proved to be a great success and HUM family members participated actively in the event.

Besides the campaigns mentioned above, the network has also made free airtime available to SIUT, LRBT and other charitable institutions to help promote their cause.

## 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.

HUM News has been successfully launched in UK in July 2018 as part of network's market expansion strategy, with the aim to provide high-quality news, current affairs and infotainment content to the viewers. HUM News is "investigative, innovative and inspirational" so that as a news channel, it is fulfilling its responsibility of guarding the public and national interest with courage, dedication and honesty.

In order to increase its footprint globally, HNL continued to expand its content syndication. The blockbuster drama serial 'Zindagi Gulzar Hai' has been syndicated on mainstream Malaysian channel 'TV3'. Mauritius Broadcast Corporation (A Mauritius based channel) and Sharjah TV (UAE based channel) are also acquiring content on regular basis.

## 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

Our business and financial strategies, and the operational decision that stem from the below initiatives are designed to move HNL from strength to strength, and to ensure that its independence is preserved in a sustainable way. As an enterprise we are well placed to deliver much better growth forward backed by our well-defined business strategies, excellent infrastructure and robust board.

### HUM News

We have expanded our market share by entering the news genre. Existing News channels are well established and recognized. However, by means of content differentiation and breaking the existing norms of the genre, we are confident that we would be able to challenge the existing players.

Hum news successfully aired the election transmission in July 2018, the coverage of such a mega event was a tough ask from a news channel which has been launched just a month before the elections. The transmission was well planned with the numbers coming from all around the country, the data was gathered, presented and updated in real-time without any glitches in the transmission.

### Film Distribution

The most awaited movie of the year "Parwaaz Hai Junoon" was launched at Eid-ul-Azha. The movie is a tribute to Pakistan Air Force with stories inspired from real life. The movie is expected to be a huge success at both local and international box offices.

## Acquisition of a Production House

The scheme of arrangement with M.D. Production for acquisition of majority of its share is now awaiting approval of the Court and completion of related formalities. This would enable to achieve its long-term objectives of growth and expansion in the Pakistani media industry and the same is expected to lead greater profitability in coming periods.

## Digital Division

With the ever increasing number of broadband users in Pakistan and a worldwide shift of audience to online sources for viewing / purchasing of content through Video on demand platforms a new digital market has started to emerge. HNL is well positioned to take advantage of aforesaid market trends having partnerships with all major international VOD platforms such as Netflix, iflix and ErosNow.

## 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.

## Board Composition & Remuneration

Composition of the Board and the names of members of Board Committees may be referred to Statement of Compliance with CCG at Page No.....

Furthermore, the Board of Directors has a formal policy and transparent procedures for remuneration of its directors in accordance with Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017.

## Election Of Directors

During the year, the term of the three (3) years of the directors expired and as a result of election of directors, eight (8) directors were elected by the shareholders of the Company for the period of next three (3) years commencing from August 22, 2017.

## Change Of Directors

During the year, casual vacancy occurred due to the resignation of director Mr. M. Ayub Younus Adhi. As per section 162 (2) of the Companies Act 2017, Mr. Hasan Reza-ur-Rahim was appointed as director with effect from May 30, 2018.

## Pattern Of Shareholding

Pattern of share-holding as on June 30, 2018 is annexed with the annual report.

## Meeting Of The Directors

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

Name of Director	Board of Directors Attendance	Audit Committee Attendance	HR & R Committe
Mr. Mazhar-ul-Haq Siddiqui	6	-	-
Ms. Sultana Siddiqui	6	-	2
Mr. Sohail Ansar	6	4	2
Mrs. Mahtab Akbar Rashdi	6	-	2
Mr. Shunaid Qureshi	4	3	-
Ms. Momina Duraid	3	-	-
Lt. Gen. (R) Asif Yasin Malik	6	4	-
Mr. Duraid Qureshi	6	-	-
Mr. M. Ayub Younus Adhi*	6	4	2

\*Mr. Hasan Reza-ur-Rahim has been appointed in place of Mr. M. Ayub Younus Adhi and no Board meeting has been held after his appointment.

## Auditors

The present auditors Messer EY Ford Rhodes Chartered Accountants shall retire and may be considered for re-appointment for the year 2018-19.

## 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
C.E.O	-	-
Director	-	-
CFO & Company Secretary	-	-
Spouses & Minor Children	-	-

## Dividend And Appropriations

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

October 02, 2018  
Karachi



**Duraid Qureshi**  
Chief Executive Officer



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman & Director

# ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ وعدہ کرتی ہے کہ ہم پوری دیانتداری، صاف و شفاف اور بہترین کارپوریٹ گورننس کی کارکردگی کیلئے پائیدار ترقی کے اصولوں پر عمل کریں گے۔

ہم نیٹ ورک لمیٹڈ (ایچ این ایل) کے ڈائریکٹرز ۳۰ جون ۲۰۱۸ء کو ختم ہونے والے مالیاتی سال کے لئے سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

مالیاتی سال ۲۰۱۸ء کے دوران ہم نے اپنے ناظرین کے تجربات کو وسیع پیمانے پر بہتر بنانے کیلئے ترقی، وسیع تفریحی پروگرام، منافع بخش کاروبار کی تعمیر اور حکمت عملی کی تکمیل کرنے میں بہت زیادہ سرمایہ کاری کی۔ موجودہ عمل کو مضبوط بنانے اور مستقبل کے ذرائع کو مزید بہتر بنانے اور بہتر نقطہ نظر کے حصول کیلئے جدوجہد کریں گے۔

موجودہ سال کے دوران تجارتی اور اقتصادی عدم استحکام کے واقعات پر اشتہارات کے اخراجات کی وجہ سے تجارتی امور اور پیداواری آمدنی ۲۰۳ روپے میں کسی حد تک کم ہوئی جو کہ سیاسی اور اقتصادی عدم استحکام کی وجہ سے ہوئی۔ کمپنی اس بات کی شاہد ہے کہ فلم ڈسٹری بیوٹن اور دیگر آمدنیوں اور کاروبار میں مبلغ ۱۷۵ ملین روپے کا اضافہ ہوا جو کہ دوران سال ایڈورٹائزمنٹ کی آمدنی میں اضافہ ہوا۔ ملک میں مائیکرو اکنامک کے استحکام سے کمپنی کے منافع میں مثبت اثرات مرتب ہونگے۔

گزشتہ سال کے مقابلے میں سال کے مجموعی منافع میں ۱۶ فیصد کمی ہوئی ہے۔ جو کہ مذکورہ بالا وجوہات کی بناء پر ہے اور اخراجات میں اضافے کے باوجود ہم نیوز کا نیا چینل شروع کیا۔ مالیاتی سال ۲۰۱۸ء میں کمپنی کا قبل از ٹیکس منافع ۸۱۲ ملین روپے رہا جبکہ بعد از ٹیکس منافع ۲۹۷ ملین روپے رہا جو کہ مالیاتی سال ۲۰۱۸ء میں فی شیئر آمدنی ۷۷۔۷۰ روپے کے نتیجے میں ہوئی۔

## اہم سرگرمیاں:

ایچ این ایل ایک تفریحی نظریاتی کمپنی ہے، اپنے نظریات کے تحت قیادت کی نمائندگی کرتی ہے اور مستقل طور پر اپنی صلاحیت کو فروغ دینے کے قابل بناتی ہے۔ ہمارے نظریات کو گھریلو اور بین الاقوامی مارکیٹوں، فلموں، ڈیجیٹل، پرنٹ میڈیا اور براہ راست تقریبات میں ٹیلی ویژن کے ذریعے متعدد دل چھولینے والے پروگرام صارفین تک پہنچاتی ہے۔ براڈ کاسٹنگ پورٹ فولیو سیٹلائٹ چینل، نام ہم ٹی وی، ہم ستارے، ہم مصالحوں اور ہم ورلڈ (بشمول شمالی امریکہ، یو کے اور مشرق وسطیٰ) پر مشتمل ہیں جس میں ہم نیوز کا اضافہ بھی

شامل ہے۔ اس سٹیٹلائٹ چینل ایچ این ایل نے فلمز، ڈیجیٹل میڈیا اور پرنٹ میڈیا میں بھی کامیابی حاصل کی ہے۔

### بیرونی ماحول:

یہ کمپنی سخت ترین حالات میں کام کر رہی ہے جس میں تمام تر انقلابی تبدیلیاں بھی شامل ہیں اور اس کاروبار میں شامل ہر شخص کو ذرائع بھی دستیاب ہیں۔ میڈیا سیکٹر میں تبدیلی کا طریقہ کار بھی ناظرین کی پسندیدگی کو ختم نہیں کر سکتا۔

اپنے ناظرین کو بہتر سے بہتر سروس فراہم کرنے کیلئے ایچ این ایل نے وقتاً فوقتاً اپنے پروگرامز میں دلچسپی کیلئے کافی اخراجات بھی برداشت کئے ہیں لیکن اس کا یہ مطلب نہیں کہ یہ اضافہ اور اس سے حاصل ہونے والی آمدنی سے زیادہ ہے۔

اس وقت ایچ این ایل اپنی کاروباری حکمت عملی شاندار انفراسٹرکچر کے تحت کامیابی کی جانب گامزن ہے۔

### کمپنی کی کارکردگی:

انڈسٹری میں قیمتوں کے زوال کے باوجود نیٹ ورک نے اپنی اہمیت کو برقرار رکھا ہے جس کے نتیجے میں سرمایہ کاری کی حکمت عملی اور دیگر اخراجات نے صحت مندانہ صافی تناسب ۱۶ فیصد فراہم کیا ہے۔

### ہم نیوز کا آغاز:

اس سال ایچ این ایل نے ایک بڑا سنگ میل عبور کرتے ہوئے کامیابی سے ہم نیوز کا آغاز کیا ہے جو کہ نیوز کے حوالے سے پاکستان کی میڈیا انڈسٹری میں ایک دوسرا بڑا ہدف حاصل کیا ہے۔

ایچ این ایل نے کئی سالوں سے اپنی مضبوط برانڈ کو قائم رکھا ہوا ہے اور پورے پاکستان میں ایک مشہور و معروف تفریحی چینل ہے۔ اس چینل کی شہرت کے سبب خبروں سے بھی باخبر رہا جا سکتا ہے۔

ہم نیوز نے پروگرام ”آگے کی سوچ“ کے حوالے سے نہ صرف موجودہ امور کو اجاگر کیا ہے بلکہ اُن اہم مسائل کی نشاندہی بھی کی ہے جس کا شکار ہمارے نوجوان نسل ہے۔ ایچ این ایل کا یہ وعدہ ہے کہ وہ اپنے اس پیشہ ورانہ صحافت کے مشن کو مکمل کرے گی۔ ہم نیوز کا مقصد جدید صحافت، تفتیش و تحقیق کیلئے اپنا کردار ادا کرنا ہے اور ضروری امور پر اپنے ناظرین کی رائے حاصل کرنا ہے۔ اس کے علاوہ ہمارا یہ بھی مقصد ہے کہ اپنے نوجوانوں کو بہتر مستقبل کی جانب بڑھنے میں تعاون کریں اور پورے ملک میں نیوز کے حوالے سے اعلیٰ

کوالٹی کی صحافت کو برقرار رکھیں۔

### ہم مارٹ کا آغاز:

دوران سال ایچ این ایل مختلف فیلڈ کے توسط سے ایک نئے کاروبار میں داخل ہوا ہے جس کے برانڈ کا نام ”ہم مارٹ“ ہے اور آن لائن بنیاد پر اس کا نام ہم مارٹ (پرائیویٹ) لمیٹڈ ہے جس کا نعرہ ”کرے لائف آسان“ ہے۔ ہم مارٹ کا مقصد ناظرین کو روزانہ ضروری چیزوں کی خریداری کیلئے باہر جانے سے بچانا ہے۔

### ہم موبائل ایپ کا آغاز:

انٹرنیٹ میں ایک نیا آغاز۔ ہم موبائل ایپ کا آغاز دوران سال کیا گیا تھا تاکہ انگلیوں کے ذریعے تفریح فراہم کی جاسکے۔ اس ایپ کے ذریعے ناظرین براہ راست ایم ٹی وی، ہم ستارے اور ہم مصالحہ یہ تمام پروگرام ایک ہی ایپ میں دیکھ سکتے ہیں۔ مزید یہ کہ ایپ میں ہم ٹی وی کی لائبریری اور ہم ستارے کے پسندیدہ ڈرامہ سیریل، سوپ اوپیراز، مارنگ شو اور دیگر پروگرامز بھی ہیں۔

### ہم ٹی وی:

ہم ٹی وی نے ہمیشہ ایک کے بعد دوسرا بلاک بسٹ ڈرامہ پیش کیا ہے۔ اس کا مقصد لوگوں کو آگاہی فراہم کرنا ہے۔ اس سال ہم نے ناظرین کی فرمائش پر بہترین پاکستانی ڈرامے پیش کئے۔ ٹی آر پی ٹو پنگ ڈرامے جیسا کہ ”اورنگ ریزہ“، ”یقین کا سفر“، ”الف اللہ اور انسان“، ”ڈرجاتی ہے صلہ“ جیسے ڈراموں کو بے حد پسند کیا گیا۔

دوران مدت ہم ٹی وی پر ایک نئی کوشش کے طور پر تجسس بھری اور ڈراونی سیریز ”بیلاپور کی ڈائن“ مکمل طور پر تفریحی اور خوفناک ڈرامہ تھا۔

اس سیزن میں رمضان کی خصوصی نشریات ”سنو چنڈا“ کافی مشہور ہوا۔ یہ سیریز بے حد دلچسپ رہی کیونکہ اس میں حقیقت کا رنگ بھرا گیا تھا۔ اس کی کامیڈی نے دنیا بھر میں لاکھوں لوگوں کا دل جیتا۔

چاٹ شو ”دی آفزنون شو ودھ یا سر حسین“ کامیابی سے پیش کیا گیا تھا جسے ناظرین کی جانب سے بے حد پذیرائی حاصل ہوئی۔

### 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:

پہلا 24 گھنٹے کا کوکنگ چینل ہم مصالحہ جسے ہر خواتین نے پسند کیا اور اس نے ہزاروں ناظرین کیلئے کوکنگ ٹیچر کی حیثیت حاصل کی۔

اس مدت کے دوران ہم مصالحہ نے مزید سیریز کا اضافہ کیا جس میں کوکنگ اور معلوماتی پروگرامز کے علاوہ کئی مصالحہ جات، کوکنگ ایکسپریٹ، پیشہ ورانہ شیف اور صحت سے متعلق کنسلٹنٹ کو متعارف کروایا ہے۔

ہم فلمز:

دوران سال ہم فلمز مختلف فلموں کی ڈسٹری بیوشن میں شامل رہا جس میں ”جب ہیرو میٹ“، ”ٹو املیٹ ایک پریم کتھا“، ”موم“، ”سیکریٹ سپرائز“، ”گول مال اگین“، ”یلغاز“ اور ”ورنہ“ شامل ہیں جنہوں نے باکس آفس پر کافی پذیرائی حاصل کی۔

ڈیجیٹل میڈیا ڈویژن:

ایچ این ایل کے ڈیجیٹل میڈیا ڈویژن نے سوشل میڈیا پلیٹ فارم پر مثبت اثر قائم کیا ہوا ہے جس میں فیس بک اور یوٹیوب دیکھنے والوں کی بڑی تعداد شامل ہے۔ ہم ایک مشہور و معروف پاکستانی تفریحی نیٹ ورک کے حوالے سے نیٹ فلکس اور فلکس پیش کرتے ہیں۔ مزید یہ کہ ایچ این ایل پہلا میڈیا براڈ کاسٹر ہے جس نے ڈیجیٹل پلیٹ فارم پر منفرد سیریز ”چٹکارہ“ پیش کی۔

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۔ ہماری آن گراؤنڈ منعقد ہونے والی تقاریب جو کہ اس وقت کافی روایتی ہیں اور اس کا انعقاد سالانہ کیا جاتا ہے۔

ہم ایوارڈز:

ہم ایوارڈ نے از خود پاکستان کا بڑا ایوارڈ شو پیش کیا۔ ہر سال ہم ایوارڈ پاکستان میں تمام دیگر ایوارڈ شو کیلئے ایک نیا طرز ثابت ہوا ہے۔ ہم ایوارڈ ۲۰۱۸ء کامیابی کے ساتھ ٹورنٹو میں منعقد کیا گیا تھا جو کہ پاکستان کی تفریحی انڈسٹری میں ایک بڑا اعزاز ہے۔ اس ایوارڈ کا

مقصد ناظرین کو حقائق سے آگاہ کرنا ہے، جس میں دلفریب اور اعلیٰ کارکردگی کا مظاہرہ کیا۔ ہم ایوارڈ ۲۰۱۸ء بلاشبہ ایک بہترین تفریح تھی۔

### برائڈل کوچ ویک (بی سی ڈبلیو)

دسمبر ۲۰۱۷ء میں لاہور میں کوچر گالا (بی سی ڈبلیو) نے تیزی سے بڑھنے والے پاکستانی اور عالمی فیشن ڈیزائنرز کے برائڈل ٹرینڈز کو پیش کیا۔ اس گرینڈ برائڈل شو کو فیشن انڈسٹری کی تقریبات میں بے حد سراہا گیا اور ہرگزرنے والے شو میں امیدوں میں مزید اضافہ ہو رہا ہے۔

### ہم شوکیس:

ہم شوکیس کا دوسرا ایڈیشن مارچ ۲۰۱۸ء میں منعقد کیا گیا تھا جس میں ناظرین نے نئے ڈیزائن اور ٹرینڈز کو بے حد پسند کیا۔ گرمی کے موسم میں تازہ اور منفرد اور پھولوں کی بہار جسے پاکستان کے بہترین ڈیزائنرز نے اے گیم کے طور پر پیش کیا ہے۔

### ہم اسٹائل ایوارڈز:

ہم اسٹائل ایوارڈز کا دوسرا ایڈیشن اکتوبر ۲۰۱۷ء کو کراچی میں منعقد کیا گیا تھا اور یہ اس بات کی تصدیق تھی کہ پاکستان کے اسٹائلش ایوارڈز کو منظم طور پر منعقد کیا گیا تھا تاکہ ملک میں انٹرنیشنل 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 ۲۰۱۷ء نے اس دوران مختلف پروگرام شروع کئے جس میں مس ویٹ پاکستان ۲۰۱۷ء کے گرینڈ فنانلے کا انعقاد جنوری ۲۰۱۸ء میں کیا گیا تھا جس میں جیتنے والوں کی کثیر تعداد موجود تھی۔ شوان تمام ماڈلز کو ایک پلیٹ فارم فراہم کرتا ہے جو انٹرنیشنل کی صنعت میں آنا چاہتی ہیں۔

### مصالحہ فیملی فیسٹیول

پاکستان کا ایک بڑا اور کامیاب فیسٹیول مصالحہ فیملی فیسٹیول ہے جس کا انعقاد لاہور اور کراچی میں کیا گیا۔ اس فیسٹیول میں تمام فیملیز کو مدعو کیا گیا تاکہ وہ فیسٹیول کے پروگرام، میوزیکل پرفارمنس، جادو اور کامیڈی، براہ راست کوئنگ کا مظاہرہ، ڈانس اور گانوں کا مقابلہ اور اپنے پسندیدہ شیف کے ساتھ ملاقات کر سکیں۔

## مصالحہ کوکنگ کلاسز

مصالحہ کوکنگ کلاسز پاکستان کے مختلف بڑے شہروں میں منعقد کی گئیں۔ اس کی کامیابی کے بعد ہم مصالحہ نے فروری ۲۰۱۸ء میں اسلام آباد میں پہلی مصالحہ کوکنگ کلاس شروع کی۔ اس ایک دن کی تقریب نے شرکاء کو ایک پلیٹ فارم فراہم کیا تاکہ وہ پاکستان کے مشہور و معروف شیف سے کوکنگ سیکھ سکیں۔

## ہم فیملی فیسٹیول اور ہم پریمیئر لیگ:

ہم فیملی فیسٹیول اور ہم پریمیئر لیگ ہم کی تیرہویں سالگرہ کی تقریب میں بے حد اہم رہی۔ ہم فیملی فیسٹیول ۲۰۱۸ء میں ملازمین اور ان کی فیملیز کیلئے سرگرمیوں اور ریفریشمنٹ کیلئے ایک وسیع رینج فراہم کی اس کے ساتھ ہم پریمیئر لیگ کے نام سے ایچ این ایل کے ڈپارٹمنٹ کے مابین دوستانہ کرکٹ ٹورنامنٹ کھیلا گیا اور ملازمین کا ان کی سپورٹ اور مسلسل محنت پر شکریہ بھی ادا کیا گیا۔

## ہیومن ریسورس مینجمنٹ:

نیٹ ورک کی رائے کے مطابق اس کے ہیومن ریسورس جو کہ مینجمنٹ کیلئے قابل قدر اثاثہ ہیں اسی لئے ان کی ترقی کی جانب خصوصی توجہ دی جاتی ہے تاکہ وہ اعلیٰ کارکردگی کا مظاہرہ کریں اور ادارے کے اقدار اور کاروباری اصولوں کو اپنائیں۔

## کور و پیلووز:

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

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

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

ہم ان تمام اقدامات میں اپنے مذکورہ بالا اہم اقدار کو شامل کرنا چاہتے ہیں جو کہ ہمارے مقاصد، ہماری ثقافت اور ہماری ٹیم ورک کیلئے بے حد مددگار ہیں۔

### رسک مینجمنٹ:

کمپنی میں رسک مینجمنٹ فریم ورک موجود ہے تاکہ کاروبار سے متعلق خطرات اور موقعوں کی شناخت کر سکے۔ یہ فریم ورک چاہتا ہے کہ کاروباری امور میں شفافیت پیدا کی جائے اور کمپنی کے اقدار کو بڑھایا جائے۔ یہ رسک فریم ورک مارکیٹ کے نظم و نسق میں بھی مددگار ہے اور کمپنی کی سطح پر ان خطرات کو دور کرنے میں بھی مددگار ہے۔

### کارپوریٹ معاشرتی ذمہ داری:

کارپوریٹ معاشرتی ذمہ داری جو کہ ایچ این ایل کیلئے ہمیشہ ترجیح رہی ہے۔ ایچ این ایل اور ریکٹ بینکسر (آر بی) نے ملکی سطح پر اپنی شراکت داری بنام ”ہوگا 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۔

سی ایس آر سرگرمیوں کے حوالے سے ایچ این ایل نے ہمیشہ فائونڈیشن کے ساتھ تعاون کیا اور خون کے عطیات فراہم کئے۔ یہ عمل ان ہم فیملی ممبران کے لئے بے حد کامیابی کا ثمر ہے جو کہ تقریبات میں شرکت کرتے ہیں۔

مذکورہ بالا عمل کے علاوہ اس نیٹ ورک نے ایس آئی یوٹی، ایل آر بی ٹی اور دیگر خیراتی اداروں کیلئے بھی وقت نکالا اور ان کے ساتھ تعاون کیا۔

### ملازمین کی تربیت اور ترقی:

ہماری سالانہ امور کے تحت ہر ملازم کی انفرادی طور پر تشخیص کی جاتی ہے اور ان ضروریات کی بناء پر تربیت کے سیشن منعقد کئے جاتے ہیں جو کہ ملازمین کو آگاہی فراہم کرتے ہیں اور تربیت دیتے ہیں۔

### 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۔

ہم نیوز نے جولائی ۲۰۱۸ء میں یو کے میں نیٹ ورک مارکیٹ کے طور پر حکمت عملی کامیابی سے شروع کی جس کا مقصد اعلیٰ معیاری خبریں، موجودہ حالات اور ناظرین کی رائے کے تحت اغراض و مقاصد پیش کرنا ہے۔ ہم نیوز میڈیا کا انقلابی حصہ ہے، نیوز چینل کے تحت ہم نیوز عوامی اور ملکی مفادات کو ترجیح دیتے ہوئے اپنی ذمہ داریاں پوری کر رہا ہے۔

عالمی طور پر اس کارکردگی میں اضافہ کیلئے ایچ این ایل مستقل طور پر پیش قدمی کر رہا ہے۔ بلاک بسٹرز رامہ سیریل ”زندگی گلزار ہے“ جسے ملائشین چینل ”ٹی وی ۳“، موریشیز براڈ کاسٹ کارپوریشن (موریشیز چینل) پر نشر کیا گیا۔ اس کے علاوہ شارجہ ٹی وی (یو اے ای چینل) بھی باقاعدگی سے اس پر عمل پیرا 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:

ہمارا کاروبار اور مالیاتی حکمت عملی اور کارکردگی کے بارے میں فیصلے نے ایچ این ایل کو متحرک کیا اور بھرپور حوصلہ افزائی کی اور اس بات کی یقین دہانی کرائی کہ بطور انٹرنیشنل ہم اپنی کاروباری حکمت عملی کو مزید بہتر طریقہ سے ڈیور کر رہے ہیں جو کہ شاندار انفراسٹرکچر اور بورڈ کے تعاون کی وجہ سے ہے۔

### ہم نیوز:

ہم نے نیوز چینل کے شروع ہونے پر اپنی مارکیٹ شیئرز میں اضافہ کیا ہے۔ موجودہ نیوز چینلز بہتر طریقہ سے چل رہے ہیں اور بغیر کسی توقف کے بنائے گئے اصولوں کے مطابق رواں دواں ہیں۔ ہمیں یقین ہے کہ ہم ان تمام چیلنجز کا مقابلہ کر سکیں گے۔

ہم نیوز نے جولائی ۲۰۱۸ء میں ایکشن ٹرانسمیشن کو کامیابی سے شروع کیا اور نیوز چینل سے مختلف واقعات اور بات چیت کو کوکر کیا اور یہ چینل ایکشن سے ایک ماہ قبل شروع کیا گیا تھا۔ اس کی ٹرانسمیشن کی منصوبہ بندی بہتر طریقہ سے کی گئی جس میں ملک کے تمام حصوں

سے آنے والے لوگ شرکت کرتے تھے اور ان کے بارے میں تمام تفصیلات حاصل کی جاتی تھیں اور اس ٹرانسمیشن میں بغیر کسی رکاوٹ کے تمام اصل حقائق پیش کئے جاتے تھے۔

### فلم ڈسٹری بیوشن:

اس سال کی بہترین فلم ”پرواز ہے جنون“ جسے عیدالاضحیٰ پر ریلیز کیا گیا تھا اور یہ فلم پاکستان ایئر فورس کے جوانوں کی حقیقی زندگی سے متاثر ہو کر پیش کی گئی تھی اور اس فلم نے ملکی اور غیر ملکی باکس آفسز پر زبردست کامیابی حاصل کی۔

### پروڈکشن ہاؤس کا حصول:

اس سال کے دوران کمپنی کے شیئر ہولڈرز نے اپنی منعقدہ میٹنگ میں ایک ایم ڈی پروڈکشن (پرائیویٹ) لمیٹڈ کے ساتھ انتظام کی اسکیم کی منظوری دی تاکہ 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 ہو سکے۔

### ڈیجیٹل ڈویژن

پاکستان میں براڈ بینڈ کے استعمال کنندگان کا اضافہ ہوا ہے اور ڈیمانڈ پروویڈیو کے ذریعے خرید و فروخت کے ذرائع آن لائن سے شروع کیئے گئے۔ یہ ایک نئی ڈیجیٹل مارکیٹ نے اپنا کام شروع کیا ہے۔ ایچ این ایل اس وقت بہترین پوزیشن میں ہے کہ وہ مذکورہ مارکیٹ کے ٹریڈ کے ساتھ شراکت داری کر کے تمام اہم عالمی وی او ڈی پلیٹ فارم نیٹ فلکس، افلیکس کے ساتھ کام کر سکتے ہیں۔

### کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پاکرا) نے طویل مدتی اور مختصر مدتی ریٹنگ برائے ایچ این ایل اے+ اور اے1 مرتب کی ہے، یہ درجہ بندیاں کریڈٹ کے خطرے کی کم توقع اور مارکیٹ میں نیٹ ورک کی مضبوط پوزیشن کو ظاہر کرتی ہیں۔

## بورڈ کی تشکیل اور معاوضہ:

بورڈ کی تشکیل اور بورڈ کمیٹی کے ممبران کے نام کا حوالہ سی جی پرائیویٹ لیمیٹڈ آف کمپلائنس صفحہ نمبر --- پر دیا گیا ہے۔

مزید یہ کہ بورڈ آف ڈائریکٹرز نے اپنے ڈائریکٹرز کے معاوضوں کے لئے کمپنیز ایکٹ ۲۰۱۷ء اور لسٹ میں شامل کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۷ء کے مطابق واضح پالیسی اور طریقہ کار مرتب کیا ہے۔

## ڈائریکٹرز کے انتخابات:

دوران سال ڈائریکٹرز کی تین سال کی مدت کے ختم ہونے پر اور ڈائریکٹرز کے انتخاب کے نتیجے میں کمپنی کے شیئر ہولڈرز نے اگلے تین سالوں کے لئے یعنی ۲۲ اگست ۲۰۱۷ء سے ۸ ڈائریکٹرز کا انتخاب کیا ہے۔

## ڈائریکٹرز کی تبدیلی:

دوران سال ڈائریکٹرز جناب ایم ایوب یونس ادھی کے استعفیٰ کی وجہ سے آسامی خالی ہوئی کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۱۶۲ (۲) کے تحت جناب حسن رضاء الرحیم کو ۳۰ مئی ۲۰۱۸ء سے بطور ڈائریکٹر تقرر کیا تھا۔

## شیئر ہولڈنگ کا پیٹرن:

شیئر ہولڈنگ کا پیٹرن ۳۰ جون ۲۰۱۸ء سالانہ رپورٹ کے ساتھ منسلک ہے۔

## ڈائریکٹرز کی میٹنگ:

دوران سال بورڈ آف ڈائریکٹرز کی چھ، آڈٹ کمیٹی کی چار اور دو ہیومن ریسورس اور اجرتی کمیٹی (ایچ آر اور آر) 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	۶	-	-
مس سلطانہ صدیقی	۶	-	۲
جناب سہیل انصار	۶	۳	۲

۲	-	۶	مسز مہتاب اکبر راشدی
-	۳	۴	جناب شنید قریشی
-	-	۳	مس مومنہ درید
-	۴	۶	لیفٹیننٹ جنرل (ریٹائرڈ) آصف یاسین ملک
-	-	۶	جناب درید قریشی
۲	۴	۶	جناب ایم ایوب یونس آدھی*

\*جناب حسن رضا الرحیم کا تقرر جناب ایم ایوب یونس آدھی کی جگہ کیا گیا ہے اور ان کی تقرری کے بعد بورڈ کی کوئی میٹنگ منعقد نہیں ہوئی۔

### آڈیٹرز:

موجودہ آڈیٹرز میسرز ای وائی فور ڈی رھوڈز چارٹرڈ اکاؤنٹینٹس جو کہ ریٹائر ہوئے ہیں ممکن ہے کہ اس سال ۲۰۱۸-۲۰۱۹ء کے لئے ان کا دوبارہ تقرر کیا جائے۔

### نظم و ضبط 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 فلوا اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ☆ کمپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- ☆ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- ☆ انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ☆ آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ نظم و نسق کے حوالے سے کمپنی میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا ہے جو کہ لسٹنگ ریگولیشن میں درج ہے اور اس سے

کوئی انحراف نہیں کیا گیا ہے۔

- ☆ ٹرانسفر کی قیمت بہتر طریقے سے اور کمپنی کے مفاد میں مرتب کی ہے۔
- ☆ واجب الادا ڈائیکسز اور دیگر واجبات مالیاتی حسابات کے نوٹس میں دیئے گئے ہیں۔
- ☆ چیف ایگزیکٹو آفیسرز، ڈائریکٹرز، چیف فنانشل آفیسر اور کمپنی سیکریٹری، ان کی بیگمات اور بچے تجارتی شیئرز میں اہل نہیں ہونگے۔

منقول

حصول

-

-

چیف ایگزیکٹو آفیسر

-

-

ڈائریکٹر

-

-

سی ایف او اور کمپنی سیکریٹری

-

-

بیگمات اور نابالغ بچے

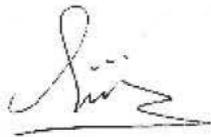
ڈویڈنٹ اور مناسبت:

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

بورڈ آف ڈائریکٹرز کی جانب سے

مورخہ ۲ اکتوبر ۲۰۱۸ء

کراچی



دستخط:

مظہر الحق صدیقی

چیئر مین و ڈائریکٹر



دستخط:

درید قریشی

چیف ایگزیکٹو آفیسر

# Report Of The Directors On Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to submit the Annual Consolidated Financial Statements along with the Auditor's Report thereon for the year ended June 30, 2018.

During the year, a new local wholly owned subsidiary by the name of HUM Mart (Private) Limited was incorporated. It is a new business venture in an entirely different field i.e. an e-commerce operations by the brand name of HumMart.

In addition to the above, the Group consists of another 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 revenue of Rs. 5,130 million and profit after tax of Rs. 844 million for the financial year ended 2018. The results translate into earning per share of Re. 0.89.

The Directors' Report on HUM Network Limited for the year ended June 30, 2018 has been separately presented in the annual report

**Date:** October 02, 2018

**Place:** Karachi



**Duraid Qureshi**  
Chief Executive Officer



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman & Director

# مجموعی مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں مالیاتی سال ۳۰ جون ۲۰۱۸ء کے لئے سالانہ مجموعی مالیاتی گوشوارے بمع آڈیٹرز رپورٹ پیش کر رہا ہوں۔

دوران سال ہم مارٹ (پرائیویٹ) لمیٹڈ کے نام سے ایک نئی مکمل ذیلی کمپنی کا آغاز ہوا تھا۔ یہ مکمل طور پر ایک نئی اور مختلف فیلڈ ہے جو کہ ہم مارٹ کے برانڈ نیم ای کامرس آپریشن ہے۔

مندرجہ بالا کمپنی کے علاوہ ایک اور اندرون ملک مکمل ذیلی کمپنی 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 ڈیڈ۔ ایل ایل سی ہیں۔

مالیاتی سال ۲۰۱۸ء میں گروپ نے منافع ۱۳۰،۵۰۰ ملین روپے اور بعد از ٹیکس منافع مبلغ ۸۴۴ ملین روپے حاصل کیا ہے۔ یہ نتائج آمدنی ۸۹۔۰ روپے فی شیئر کے تحت ترتیب دی گئی ہے۔

ہم نیٹ ورک لمیٹڈ پر مالیاتی سال ۳۰ جون ۲۰۱۸ء کی ڈائریکٹرز رپورٹ سالانہ رپورٹ میں علیحدہ سے پیش کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مورخہ ۲ اکتوبر ۲۰۱۸ء

کراچی



دستخط:

مظہر الحق صدیقی  
چیرمین و ڈائریکٹر



دستخط:

درید قریشی  
چیف ایگزیکٹو آفیسر

# Code of Conduct

## 1. Introduction

The provisions of this code as set forth in sections 1 to 15 are mandatory, and full compliance is expected under all circumstances.

Every director and every employee is responsible for complying with this code. Directors/Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their supervisor or to the Board, who, if necessary, should seek appropriate legal advice.

Failure to comply with the code could result in severe consequences for both the individual and the company. The company will impose appropriate discipline which may include discharge for violation of the code. Furthermore, conduct that violates the code may also violate federal or provincial law and could subject both the company and the individual to prosecutions and legal sanctions.

## 2. Conflicts of Interest:

The Company expects that directors/employees will perform their duties conscientiously, honestly, and in accordance with the best interests of the Company. Directors/Employees must not use their positions or the knowledge gained as a result of their positions for private or personal advantage. Regardless of the circumstances, if directors/employees sense that a course of action they have pursued, or are presently pursuing, or are contemplating pursuing may involve them in a conflict of interest with their employer, they should immediately communicate all the facts to their supervisor or to the Board.

## 3. Gifts and Entertainment

Employees shall not on behalf of the company, furnish directly or indirectly, expensive gifts or provide excessive entertainment or benefits to other persons.

Employees whose duties permit them to do so, may furnish modest gifts, favors and entertainment to persons other than public officials, provided all of the following criteria are met:

- i. The gifts are not in form of cash, bonds or other negotiable securities and are of limited value so as not to be capable of being interpreted as a bribe, payoff or other improper payment;
- ii. they are made as a matter of general and accepted business practice;
- iii. they do not contravene any laws and are made in accordance with generally accepted ethical practices; and
- iv. if subsequently disclosed to the public, their provision would not in any way embarrass the company or the recipients.

For example, reasonable expenses of the entertainment of current or prospective business associates or customers are permissible by employees whose duties embrace the providing of such entertainment, provided prior approval from the supervisor is obtained and proper accounting is made.

## 4. Relationships With Clients and Suppliers

Employees should avoid investing in or acquiring a financial interest for their own accounts in any business organization that has a contractual relationship with the Company, or that provides goods or services, or both, to the Company

if such investment or interest could influence or create the impression of influencing their decisions in the performance of their duties on behalf of the Company.

## 5. Public Officials

All dealings between employees or directors of the company and public officials should be transparent. Even the appearance of impropriety in dealing with public officials is improper and unacceptable. Any participation directly or indirectly, in any bribes, kickbacks, illegal gratuities indirect contributions or similar payments is expressly forbidden, whether or not they might further the business interest of the company. Maintenance of a high standard of integrity is of the utmost importance to the company.

Since the furnishing, on behalf of the company, of even an inexpensive gift or a modest entertainment or benefit to a public official may be open to the interpretation that it was furnished illegally to secure the use of his/her influence as public official, no such gift, entertainment or benefit may be furnished by an employee or director.

## 6. Political Contributions

The use of the company's funds, goods or services as contributions to political parties, candidates or campaigns is specifically forbidden.

Contributions include money or anything having value, such as loans, services, entertainment, trips and the use of the company's facilities or assets.

## 7. Personal Gain

Employees and Directors shall not use their status to obtain personal gain from those doing or seeking to do business with the company.

Except as hereinafter provided, employees and directors should neither seek nor accept gifts, payments, services, fees, special valuable privileges, pleasure or vacation trips or accommodations or loans from any persons (except, in the case of loans, from persons in the business of lending and then only on conventional terms) or from any Company or group that does or is seeking to do business with the company or any of its affiliates, or from a competitor of the company or any of its affiliates. However, employees and directors may accept modest gifts, favors or entertainment up to the maximum limits prescribed by the Board of Directors of the Company from time to time provided that doing so is consistent with the tests relating to the furnishing of gifts set forth in Section 3.

## 8. Inside Information

Employees and Directors shall not use for their own financial gain or disclose for the use of others, inside information obtained as a result of their position within the company.

Employees and Directors may find themselves in violation of the applicable securities laws if they misuse information not generally known to the public and either trade or induce others to trade in the stock of the company or in the stock of another company. Specific confidential information would include financial information, information concerning acquisitions or dispositions of properties and proposed acquisition or mergers with other companies.

In furtherance of this policy, the company has adopted a statement of policy regarding insider trading, which each director, officer and employee who has access to material non-public information will be requested to sign.

## 9. Disclosure of Confidential Information

Certain records, reports, papers, processes, plans and methods of the company or to which the company has been

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permitted access are considered to be secret and confidential by the company or the party who has permitted access thereto, and employees and Directors are prohibited from revealing information concerning such matters without proper authorization.

Directors, individuals, clients, agencies, investors and the public should have information about the company as is necessary for them adequately to judge the company and its activities. The company believes that full and complete reporting to governmental agencies and the provision of information to the public as required constitutes a responsible and workable approach to disclosure. However, the company except as required by law, will not disclose information important to its competitive effectiveness or which might violate the private rights of individuals, enterprises or institutions. Employee and Directors are therefore prohibited from discussing or disclosing any secret or confidential information about the company or in the possession of the company unless such disclosure has been authorized by the Board of Directors.

Employees shall comply with departmental policies and procedures relating to the retention and orderly destruction of the company's documents.

## 10. Authorization and Recording of Transactions and safekeeping of Assets

The company's books and records must reflect, in an accurate, fair and timely manner, the transactions and disposition of assets of the company. Employees responsible for the company's books and records must ensure that this occurs.

All transactions must be authorized and executed in accordance with the instructions of management and the Board of Directors. They must be recorded so as to permit the accurate preparation of financial statements in conformity with generally accepted accounting principles and other generally accepted laws applicable to such statements and to maintain accountability for assets.

Access to assets is permitted only in accordance with the authorization of management.

The use of company funds or assets for any unlawful or improper purpose is strictly prohibited and those responsible for the accounting and record keeping functions are expected to be vigilant in ensuring enforcement of this prohibition. The recorded accountability for assets will be compared with the existing assets at reasonable intervals and appropriate action will be taken with respect to any differences.

## 11. Discrimination-Free Work Environment

The policy of the company is to provide a working environment free of discrimination and harassment in which individuals are accorded equality of employment opportunity based upon merit and ability.

Discriminatory practices based on race, sex, color, national or ethnic origin, religion, marital status, family status, age or disability will not be tolerated. Employees are entitled to freedom from sexual and all other forms of personal harassment in the work place.

It is not a discriminatory practice to make a distinction between persons based on bona fide occupational requirements. Since bona fide occupational requirements are narrowly defined, such distinctions should not be undertaken without first obtaining express authorization.

## 12. Protection of the Environment

The company and its directors and employees shall treat the protection of the environment as an integral factor in all decision making.

The company is committed to the protection of the environment. To comply with this commitment, the company's policy is to meet or exceed all applicable governmental requirements.

Employees must report to their superior all circumstances in which toxic substances are spilled or released into the environment. Violations of environmental laws, even if unintentional, can carry severe penalties, and could result in the prosecution of the company or the employees involved or both.

Failure to comply with the company's instructions for the protection of the environment may result in disciplinary actions.

### 13. Competition and Trade Practice Standards

The company shall compete vigorously and creatively in its business activities, but its efforts in the marketplace shall be conducted in a fair and ethical manner in strict compliance with applicable competition and trade practice laws and regulations.

Under no circumstances shall any employee or Director of the company be a party to any collusion or concerted effort of any type involving any competitor vendor, supplier, customer or other party, which is in restraint of trade or violation of laws and regulations designed to foster competition. Because laws relating to competition are complex, employees and Directors should refer matters about what they are in doubt to their superior or should seek the advice of the company's counsel.

### 14. Standards of Conduct

Although the various matters dealt with in this code do not cover the full spectrum of employee or Director activities, they are indicative of the company's commitment to the maintenance of high standards of conduct and are to be considered descriptive of the type of behavior expected from employees and Directors in all circumstances.

### 15. Distribution

Each director and each employee of the company who has executive, managerial or supervisory responsibilities, or deals with governmental officials or political parties or candidates on behalf of the company, or who has access to confidential information, will be provided with a copy of this code. To ensure proper understanding of the code, any questions as to its application to the area of responsibility and jurisdiction of the Director or employee will be explained fully by his / her superior or by the audit committee.

At commencement of employment and at least once a year thereafter each such employee shall sign the prescribed form of acknowledgement which will be retained by the Chief Financial Officer or the Chairman of the audit committee that each such individual under his / her jurisdiction has completed the required form acknowledging that he / she has read or reread, as the case may be, the current version of the code of ethics & business policies and has complied with its terms.

Each director shall sign such an acknowledgment to the audit committee at the commencement of his or her term.

# Whistle-Blowing Policy

## 1. Purpose

To encourage employees to disclose any malpractice or misconduct of which they become aware and to provide protection for employees who report allegations of such malpractice or misconduct. The main purpose of this whistle blowing policy is to give all employees an opportunity to disclose matters they feel need to be reported in the interest of fair-play and larger benefit of the organization; high standard of corporate governance; compliance with legal requirements and protection of the Company's interest.

## 2. Policy

The whistle blowing policy is designed to encourage employees to report alleged malpractice or misconduct, to ensure that all allegations are thoroughly investigated and suitable action taken where necessary. Any whistle-blowing employee is protected against adverse employment actions (discharge, demotion, suspension, harassment, or other forms of discrimination) for raising allegations of business misconduct. An employee is protected even if the allegations prove to be incorrect or unsubstantiated as long as there is no evidence of willful misreporting. Employees who participate or assist in an investigation will also be protected.

## 3. Requirement of policy

This document thus sets out a formal whistle-blowing policy, consisting of safe and effective procedures for misconduct disclosure or reporting so that appropriate remedial action can be taken. A written, formal policy is also a means of preventing and deterring misconduct that might be contemplated but has not yet taken place. It is also a transparent method of addressing issues relating to whistle blowing, such as answering standard questions, giving assurances, providing information and offering explanations.

## 4. On what should one blow the whistle

What is reportable misconduct?

Any serious concerns you may have about any aspect of the operations of the Hum Network Limited (the Company) and those who work in the Company can be reported under this policy. This may be a conduct that:

- Is against the governing rules, procedures, and policies, or established standards of practice of the Company. amounts to improper, unethical, or unlawful conduct;
- Amounts to waste of company's resources; makes you feel uncomfortable in terms of your experience with the standards you believe; or
- Amounts to an attempt to cover up any of these types of actions. Conduct becomes reportable when it happens or when it is reasonably likely to occur. Harm to the Company or to its integrity may occur when any of this conduct is unchecked or unaddressed. Importantly, in determining whether to report conduct, harm is not only measured in terms of monetary loss to the organization, or damage to a particular program or initiative, but the harm may also be done to the integrity and reputation of the Company itself, or its survival and/or growth.

**Reportable conduct falls into the following categories:**

### 4.1 Illegal or unlawful conduct

Conduct may be illegal or unlawful in terms of the Rules and Regulations of the Company and other applicable laws. We all have legal responsibilities, obligations or duties. Criminal offences - such as theft, fraud, corruption (for example, bribery), or money laundering - are in breach of legal duties and therefore constitute reportable misconduct.

Reportable conduct falls into the following categories:

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Conduct may be illegal or unlawful in terms of the Rules and Regulations of the Company and other applicable laws. We all have legal responsibilities, obligations or duties. Criminal offences - such as theft, fraud, corruption (for example, bribery), or money laundering - are in breach of legal duties and therefore constitute reportable misconduct.

#### 4.2 Un-procedural conduct

Conduct may be un-procedural since it violates clearly communicated procedures (in the form of policies, regulations, or rules) governing the operations of the Specific rules and processes, together with other best practice procedures, guide accounting practices and controls, financial reporting, auditing matters, the transfer of funds to recipients, approved recipient accounts, and the like. Such procedures are important for good governance and breaching them may expose the application of funds to risk of loss or real loss.

#### 4.3 Unethical conduct

Conduct may be unethical since it undermines universal, core ethical values, such as integrity, respect, honesty, responsibility, accountability, fairness. For example one could exert undue pressure on a person in position of power in order to gain an advantage. That would be unfair to others and as such unethical, although neither unlawful nor un-procedural. But not all unethical conduct is reportable. For example, some kinds of conduct may be disrespectful and therefore undesirable, without harming any serious interests other than personal feelings. This would not be reportable misconduct.

#### 4.4 Wasteful conduct

Conduct constituting a gross waste of resources is a reportable category in its own right since responsible stewardship of resources is as crucial to the success of the Company as all employees have an obligation to ensure that all resources are used prudently and efficiently. If resources are spent in a wasteful manner, and in breach of the public trust under which they are provided, and an employee knows about this then this would be reportable under the whistle-blowing mechanism.

### 5. Whistle-blower protection

HNL shall take all necessary actions to safeguard the interests of the whistle-blower. Where an individual makes a report under this policy in good faith, reasonably believed to be true, there will be no retaliation (please read detail below) against the reporter should the disclosure turn out to be misguided. Retaliation means any direct or indirect detrimental action recommended, threatened or taken because an individual reported conduct described in Section 4 of this policy. When established, retaliation is by itself misconduct which may be pursued under the appropriate mechanisms - for example, through disciplinary action initiated through mechanisms of HR Policy or more broadly and as appropriate, through other mechanisms of the company's rules. Reporting under this policy, however, in no way immunizes or shields a whistle-blower against action following from his or her own misconduct, which includes willfully making allegations through the whistle-blowing mechanism that the individual knows to be false or makes with an intent to misinform.

### 6. Whistle-blowing procedures

HNL encourages all its employees to act responsibly at all times and protect themselves and the company against any illegal or immoral acts (see section 4) by immediately reporting any such actions to the Designated Person.

## Designated Persons (DPs)

The

- **Company secretary, and**
- **Head of Internal Audit**

Shall be the "Designated Persons" (DPs), and all information shall be directly conveyed to the DPs by the whistle-blower.

## Access to the Designated Person

The whistle-blower shall have direct access to the Designated Persons at all times. This right of the whistle-blower shall be upheld under all circumstances and respected by the management of the Company.

## Medium of Reporting

Reports to the Designated Persons can be made by: Official email address of the Designated Persons.

## Follow up Procedure

The DPs will initiate an investigation and take any consequent action as deemed appropriate and will record the same for information of the Board of Directors, keeping at all times, the confidentiality of the Whistle Blower's identity.

# **UNCONSOLIDATED FINANCIAL STATEMENTS**

## Independent Auditors' Report To the members of Hum Network Limited Report on the Audit of Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Hum Network Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Net realizable value of television programs cost	
<p>As of the year end, the balance of television program costs amounted to Rs. 475,534,872 which represents unamortized cost of completed television programs and television programs in production.</p> <p>As per the accounting policy of the Company, television program costs and acquired television program licenses and rights are charged to expense based on the ratio of the revenues earned till date to total revenues to be earned from the program including future estimated revenues, less cost expensed in prior years on an individual program basis.</p> <p>Allocation of television program costs over several accounting periods based on estimates of revenue involve significant judgement of the management which may have a significant impact on the financial statements. For this reason, we have identified this area as key audit matter.</p> <p>Refer notes 5.6, 11 and 26 to the financial statements.</p>	<p>Our audit procedures amongst others, comprised reviewing the appropriateness of the accounting policy of the company in accordance with the applicable financial reporting standards. Further, we obtained understanding of the revenue estimation and amortization process of the company.</p> <p>In this regard, we selected a sample of television programs and considered the factors used by the management for revenue estimation and amortization of television program cost including;</p> <ul style="list-style-type: none"> <li>• historic experience of revenue earned by similar programs;</li> <li>• ratings of the program from available evidences;</li> <li>• rates used by the company and its fluctuation based on the trend analysis; and</li> <li>• we also considered subsequent events which may have an impact on unamortized cost</li> </ul> <p>We also evaluated whether adequate disclosures have been made in the accompanying financial statements in accordance with the applicable financial reporting standards.</p>
2. Capital expenditure	
<p>As disclosed in notes 2 &amp; 7 to the financial statements, the Company incurred significant amount of capital expenditure, primarily for the new channel launched during the year.</p> <p>As it represents significant transaction for the year, we considered this area as a key audit matter.</p>	<p>Our audit procedures amongst others, comprised understanding of the process and controls in relation to capital expenditure incurred by the Company.</p> <p>We considered the various items of assets capitalized and assessed whether such items are eligible for capitalization in accordance with the applicable accounting standards.</p> <p>We also performed procedures through inspection of related internal and external documents supporting various components of the capitalized costs. We reviewed the asset registers to check the associated start date for depreciation against capitalized costs and recalculated depreciation charge and compared to the Company's depreciation charge for the year.</p> <p>We also evaluated whether adequate disclosures have been made in the accompanying financial statements in accordance with the applicable financial reporting standards.</p>

### 3. Long term financing

As disclosed in note 21 to the financial statements, the Company has obtained new long term loans amounting to Rs. 1,105,869,000 to finance the capital expenditures in respect of channel launched during the year.

As it represents significant transaction for the year, along with the sensitivity of the compliance with underlying loan covenants, we have considered this area as a key audit matter.

Our audit procedures, amongst others included obtaining and reviewing the financing agreements executed during the year. We inquired from the management with respect to the compliance of the covenants and tested controls related to such compliance.

We circularized confirmations to the financing banks and also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities.

We also evaluated whether adequate disclosures have been made in the accompanying financial statements in accordance with the applicable financial reporting standards.

### 4. Preparation of financial statements under the Companies Act, 2017

As referred to in note 2 to the accompanying financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 3 to the financial statements.

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.

We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Companies Act, 2017. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements

## **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Arif Nazeer.

**Sd/-**

**EY Ford Rhodes**  
**Chartered Accountants**  
**Date: October 2, 2018**  
**Place: Karachi**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

## ASSETS

### NON-CURRENT ASSETS

	Note	2018 ----- Rupees	2017 -----
Property, plant and equipment	7	1,541,442,429	266,513,320
Intangible assets	8	41,071,541	24,497,098
Long term investments	9	288,898,431	228,898,451
Long term deposits	10	25,153,606	36,264,458
Television program costs	11	256,170,162	253,655,178
Deferred tax asset	12	102,187,697	110,102,953
		<u>2,254,923,866</u>	<u>919,931,458</u>

### CURRENT ASSETS

Inventories		18,196,684	2,314,986
Current portion of television program costs	11	219,364,710	220,168,115
Trade debts	13	1,738,105,890	1,745,549,232
Short term investments	14	600,248,556	-
Advances	15	203,449,568	230,916,704
Trade deposits and short-term prepayments	16	23,332,017	23,478,526
Other receivables	17	173,222,841	34,976,743
Taxation - net		95,630,440	46,906,524
Cash and bank balances	18	165,743,041	374,219,488
		<u>3,237,293,747</u>	<u>2,678,530,318</u>

### TOTAL ASSETS

5,492,217,613      3,598,461,776

## EQUITY AND LIABILITIES

### SHARE CAPITAL AND RESERVES

Authorized capital 1,500,000,000 (2017: 1,500,000,000) Ordinary shares of Re.1/- each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital	19	945,000,000	945,000,000
Unappropriated profit		<u>2,748,003,928</u>	<u>2,113,010,440</u>
		<u>3,693,003,928</u>	<u>3,058,010,440</u>

### NON-CURRENT LIABILITIES

Liabilities against assets subject to finance lease	20	12,914,293	12,068,950
Long term financing	21	1,094,155,062	-
		<u>1,107,069,355</u>	<u>12,068,950</u>

### CURRENT LIABILITIES

Trade and other payables	22	635,316,268	493,126,682
Accrued mark-up		2,431,528	128,256
Short term borrowings	23	17,803,070	-
Unclaimed dividend		6,153,649	5,948,490
Current portion of long term financing	21	11,713,938	-
Current portion of liabilities against assets subject to finance lease	20	18,725,877	29,178,958
		<u>692,144,330</u>	<u>528,382,386</u>

### CONTINGENCIES AND COMMITMENTS

### TOTAL EQUITY AND LIABILITIES

5,492,217,613      3,598,461,776

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
DURAID QURESHI  
Chief Executive

  
MAZHAR-UL-HAQ SIDDIQUI  
Chairman

  
MUHAMMAD ABBAS HUSSAIN  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
Revenue	25	4,609,478,886	4,643,648,317
Cost of production	26	(2,853,147,800)	(2,669,283,288)
Transmission cost		(177,878,025)	(86,925,178)
		(3,031,025,825)	(2,756,208,466)
<b>Gross profit</b>		<b>1,578,453,061</b>	<b>1,887,439,851</b>
Distribution costs	27	(339,611,170)	(273,942,485)
Administrative expenses	28	(530,215,069)	(557,985,145)
Other expenses	29	-	(23,872,392)
Other income	30	136,671,857	84,713,877
<b>Operating profit</b>		<b>845,298,679</b>	<b>1,116,353,706</b>
Finance costs	31	(33,143,612)	(20,950,770)
<b>Profit before taxation</b>		<b>812,155,067</b>	<b>1,095,402,936</b>
Taxation	32	(82,661,579)	(80,019,958)
<b>Profit after taxation</b>		<b>729,493,488</b>	<b>1,015,382,978</b>
<b>Earnings per share – basic and diluted</b>	33	<b>0.77</b>	<b>1.07</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
DURAID QURESHI  
Chief Executive

  
MAZHAR-UL-HAQ SIDDIQUI  
Chairman

  
MUHAMMAD ABBAS HUSSAIN  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018 ----- Rupees -----	2017 -----
<b>Profit after taxation</b>	<b>729,493,488</b>	1,015,382,978
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>729,493,488</u></b>	<b><u>1,015,382,978</u></b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



**DURAID QURESHI**  
Chief Executive



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

# UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	979,253,144	979,546,385
Taxes paid		(123,470,239)	(235,586,449)
Finance costs paid		(30,840,340)	(29,586,613)
Profit received on deposit accounts		19,226,843	6,083,651
Long term deposits		11,110,852	(5,067,107)
Television program costs		(2,514,984)	221,599,943
<b>Net cash generated from operating activities</b>		<b>852,765,276</b>	<b>936,989,810</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,399,538,815)	(85,322,515)
Additions to intangible assets		(26,098,559)	(5,607,000)
Investments made during the year		(659,999,980)	(11,407,440)
Proceeds from disposal of operating fixed assets		4,626,140	10,217,362
<b>Net cash used in investing activities</b>		<b>(2,081,011,214)</b>	<b>(92,119,593)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained*		1,105,869,000	-
Liabilities against assets subject to finance lease*		(9,607,738)	(8,916,450)
Dividends paid		(94,294,841)	(7,113)
<b>Net cash used in financing activities</b>		<b>1,001,966,421</b>	<b>(8,923,563)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(226,279,517)</b>	<b>835,946,654</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>374,219,488</b>	<b>(461,727,166)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>147,939,971</b>	<b>374,219,488</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances	18	165,743,041	374,219,488
Short-term running finance	23	(17,803,070)	-
		<b>147,939,971</b>	<b>374,219,488</b>

\* No non-cash item is included in these activities.

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
DURAID QURESHI  
Chief Executive

  
MAZHAR-UL-HAQ SIDDIQUI  
Chairman

  
MUHAMMAD ABBAS HUSSAIN  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, Subscribed and paid-up Capital	Revenue Reserve	
		Unappropriated Profit	Total
	-----Rupees-----		
<b>Balance as at June 30, 2016</b>	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
<b>Balance as at June 30, 2017</b>	<b>945,000,000</b>	<b>2,113,010,440</b>	<b>3,058,010,440</b>
Final cash dividend for the year ended June 30, 2017 @ Rs. 0.1 per share	-	(94,500,000)	(94,500,000)
Net profit for the year	-	729,493,488	729,493,488
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	729,493,488	729,493,488
<b>Balance as at June 30, 2018</b>	<b>945,000,000</b>	<b>2,748,003,928</b>	<b>3,693,003,928</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
DURAIQ QURESHI  
Chief Executive

  
MAZHAR-UL-HAQ SIDDIQUI  
Chairman

  
MUHAMMAD ABBAS HUSSAIN  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## 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.

**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 Geographical location and address of business units

Registered office	Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
Head office – Karachi	B.R.R Tower, Hassan Ali Street, Off. I.I. Chundrigar Road
City offices – Karachi	Trade Center, I.I Chundrigar Road 33-B, Lalazar Queen Road, Mai Kolachi Studio Alfalah Court, I.I Chundrigar Road
City office – Islamabad	2A, I&T center, sector G-6/1
City office – Lahore	House # 58, R-24, Masson Road
City office – Sukkur	C-61, Block C, Millat Cooperative Housing Society Limited
City office – Peshawar	48 C, Sahibzada Abdul Qayum Road, University Town
City office – Quetta	House # 3, Phase II, Shahbaz Town
City office – Multan	Ghous-e-Azam Road, Bismillah Colony
City office – Faisalabad	Sitara Tower, Bilal Chowk, Civil Lines

**1.4** These are separate financial statements of the Company in which investments in subsidiaries are stated at cost less impairment, if any.

## 2. SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- The Company launched a new channel by the name of HUM News. In this respect capital expenditure amounting to Rs. 1,288 million were made including Rs. 693 million for land and Rs. 72 million for Building.
- The Company has incorporated a new subsidiary namely HUM Mart (Private) Limited.
- The Companies Act, 2017 (the Act) has been promulgated which requires additional disclosures to be included in these financial statements.

## 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act; and

Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in notes 1.3, 2, 7.2, 9.1, 13.1, 13.6, 17.2, 17.3, 32.3, 36.1, 36.3 and 36.4.

#### 4. BASIS OF PREPARATION

These unconsolidated financial statements have been prepared on the basis of historical cost convention except for certain investments that have been measured at fair value.

#### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 5.1 New and amended standards

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

IFRS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

IFRS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

##### 5.2 Standards not yet effective

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

		<b>Effective date (accounting periods Beginning on or after)</b>
IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9	- Financial Instruments	01 July 2018
IFRS 9	- Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10	- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15	- Revenue from Contracts with Customers	01 July 2018
IFRS 16	- Leases	01 January 2019
IAS 19	- Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28	- Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
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 except for IFRS 15 – Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 5.3 Property, plant and equipment

### 5.3.1 Operating fixed assets

#### Owned

These are stated at cost less accumulated depreciation and impairment.

Depreciation is charged to statement of profit or loss 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 statement of profit or loss 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 statement of profit or loss 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 statement of financial position 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.

### 5.3.2 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.

## 5.4 Intangible assets

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

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there

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

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

## **5.5 Investments**

### **Subsidiaries**

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

### **Designated through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to the statement of profit or loss and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

### **Held to maturity**

These are financial asset with fixed or determinable payments and fixed maturity and where management has the intention and ability to hold till maturity are classified as held to maturity. These are stated at amortised cost.

## **5.6 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.

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

## **5.7 Inventories**

These are valued on weighted average cost basis and are stated at the lower of cost and NRV.

## 5.8 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.

## 5.9 Advances, trade deposits, short-term prepayments and other receivables

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

## 5.10 Taxation

### Current

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

### Deferred

Deferred tax is recognised using the balance sheet liability method, on all major temporary differences arising at the statement of financial position 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 statement of financial position 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 statement of financial position date.

## 5.11 Cash and cash equivalents

These are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term running finance.

## 5.12 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 5.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

## 5.14 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 Company.

### 5.15 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 statement of financial position date and adjusted to reflect the current best estimate.

### 5.16 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 appears before public.

Digital revenue is recognised on the basis of number of impressions on the advertisement aired on website.

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.

### 5.17 Other income

Sale of magazine and DVD's is recognized on receipt basis.

Profit on bank deposits is accounted for on effective interest method.

Other revenues are accounted for on an accrual basis

### 5.18 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.

### 5.19 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.

### 5.20 Offsetting of financial assets and liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the statement of 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.

### 5.21 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 statement of financial position 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.

### 5.22 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.

### 5.23 Dividend and appropriation to reserves

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

### 5.24 Impairment

#### 5.24.1 Financial assets

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

#### 5.24.2 Non-financial assets

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

### 5.25 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 5.26 Functional and presentation currency

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

## 6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

#### Property, plant and equipment and intangible assets (note 7 & 8)

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.

### Investment in subsidiaries (note 9)

The Company value its investment in subsidiaries at cost less impairment, if any. The Company determines whether objective evidence of impairment exists for individual investments. The determination of fair value of unquoted subsidiaries involves inherent subjectivity, key assumptions (such as future cash flow forecasts, discount and growth rates and volatility), and estimation relation to valuation inputs and techniques. Any change in these assumptions and estimates may have significant impact on the fair value of investments with corresponding impact in profit or loss.

### Television program costs (note 11)

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.

### Income taxes (note 12)

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 (note 13)

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.

### Contingencies (note 24)

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

		2 0 1 8	2 0 1 7
	Note	----- Rupees -----	-----
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	1,501,592,770	262,435,796
Capital work-in-progress	7.5	39,849,659	4,077,524
		<u>1,541,442,429</u>	<u>266,513,320</u>

## 7.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value as at June 30, 2018	Depreciation Rate % per annum
	As at July 01, 2017	Additions/ (disposals)	As at June 30, 2018	As at July 01, 2017	Charge for the year/ (disposals)	As at June 30, 2018		
<b>Rupees</b>								
<b>Owned</b>								
Leasehold land	63,257,901	693,313,283*	756,571,184	13,712,398	6,042,252	19,754,650	736,816,534	2.04 - 2.13
Building on leasehold land	33,820,879	72,297,725*	106,118,604	33,049,343	2,860,777	35,910,120	70,208,484	10
Leasehold improvements	87,200,371	95,436,530	182,636,901	65,652,221	26,644,950	92,297,171	90,339,730	33
Furniture and fittings	29,108,014	8,538,638	37,646,652	9,932,872	2,926,490	12,859,362	24,787,290	10
Vehicles	29,093,877	81,440,780** (6,998,597)	103,536,060	21,306,302	26,790,154 (4,597,013)	43,499,443	60,036,617	33
Audio visual equipment	151,210,389	268,526,505	419,736,894	111,624,140	22,923,762	134,547,902	285,188,992	25
Uplinking equipment	43,801,076	21,478,851	65,279,927	33,552,566	2,613,269	36,165,835	29,114,092	10
Office equipment	69,870,888	56,653,892	126,524,780	36,329,552	10,474,720	46,804,272	79,720,508	15
Computers	99,730,293	61,230,630 (3,155,342)	157,805,581	80,531,901	19,568,766 (3,155,342)	96,945,325	60,860,256	33
	607,093,688	1,358,916,834 (10,153,939)	1,955,856,583	405,691,295	120,845,140 (7,752,355)	518,784,080	1,437,072,503	
<b>Leased</b>								
Vehicles	70,146,605	34,003,016 (29,153,170)	74,996,451	27,795,702	16,198,588 (19,836,006)	24,158,284	50,838,167	33
Audio visual equipment	19,440,000	-	19,440,000	8,606,250	4,131,000	12,737,250	6,702,750	25
Uplinking equipment	9,660,000	-	9,660,000	1,811,250	869,400	2,680,650	6,979,350	10
	99,246,605	34,003,016 (29,153,170)	104,096,451	38,213,202	21,198,988 (19,836,006)	39,576,184	64,520,267	
<b>2018</b>	<b>706,340,293</b>	<b>1,392,919,850 (39,307,109)</b>	<b>2,059,953,034</b>	<b>443,904,497</b>	<b>142,044,128 (27,588,361)</b>	<b>558,360,264</b>	<b>1,501,592,770</b>	

	Cost			Accumulated depreciation			Book value as at June 30, 2017	Depreciation Rate % per annum
	As at July 01, 2016	Additions/ (disposals)	As at June 30, 2017	As at July 01, 2016	Charge for the year/ (disposals)	As at June 30, 2017		
<b>Rupees</b>								
<b>Owned</b>								
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	
<b>Leased</b>								
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	
<b>2017</b>	<b>642,865,715</b>	<b>81,244,991 (17,770,413)</b>	<b>706,340,293</b>	<b>377,155,309</b>	<b>78,250,739 (11,501,551)</b>	<b>443,904,497</b>	<b>262,435,796</b>	

\* Represent asset under common ownership under Diminishing Musharaka arrangement.

\*\* Include transfers from leased to owned.

## 7.2 Particular of Immovable Asset in the name of the Company are as follows:

Location	Addresses	Total Area (sq.yards)
Karachi	Plot No. 10/11 hassan ali street, off I.I. Chundrigar road.	2,070
Karachi	Plot no. 125, national highway, phase 1 Pakistan Defence Officers Housing Authority.	1,451
Islamabad	Plot No.2A, I&T centre sector G-6/1.	30,609.66

### 7.3 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of buyer
	Rupees						
<b>Vehicles</b>							
Honda City	1,755,230	1,228,661	526,569	1,475,040	948,471	Policy	Mr. Arif Hussain – Employee
Toyota Corolla	2,444,000	1,710,800	733,200	795,750	62,550	Policy	Mr. Naufil Aftab – Employee
Suzuki Mehran	600,000	384,962	215,038	180,000	(35,038)	Policy	Mr. Sanaullah Gaad – Employee
Honda Civic	2,162,478	1,261,319	901,159	2,100,000	1,198,841	Policy	Mr. Abbas Hussain – CFO
Motor Bike	36,889	11,271	25,618	31,850	6,232	Insurance claim	damjee Insurance Company Limited
<b>Computers</b>	3,155,342	3,155,342	-	43,500	43,500	Negotiation	Chand Scrap Dealers
<b>2018</b>	<b>10,153,939</b>	<b>7,752,355</b>	<b>2,401,584</b>	<b>4,626,140</b>	<b>2,224,556</b>		
<b>2017</b>	<b>17,770,413</b>	<b>11,501,551</b>	<b>6,268,862</b>	<b>10,217,362</b>	<b>3,948,500</b>		

7.3.1 None of the directors or the Company has any relationship with the purchaser or employee.

	Note	2018 Rupees	2017 Rupees
<b>7.4 Depreciation for the year has been allocated as follows:</b>			
Cost of production	26	82,762,911	40,886,964
Distribution costs	27	4,098,165	5,193,548
Administrative expenses	28	35,347,046	32,170,227
		<b>122,208,122</b>	<b>78,250,739</b>

### 7.5 Capital work-in-progress

Description	Leasehold land	Leasehold building	Leasehold improvements	Furniture and fittings	Vehicles	Audio visual equipment	Uplinking equipment	Office equipment	Computers	Total
	Rupees									
<b>Balance as at June 30, 2016</b>	-	-	-	-	-	-	-	-	-	-
Capital expenditure incurred / advances made during the year	-	-	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)
<b>Balance as at June 30, 2017</b>	-	-	-	-	-	-	-	4,077,524	-	4,077,524
Capital expenditure incurred / advances made during the year	693,313,283	72,297,725	95,436,530	3,280,413	34,410,276	307,798,164	20,771,351	22,815,420	38,501,731	1,288,624,893
Transferred to operating fixed assets	(693,313,283)	(72,297,725)	(95,436,530)	(3,280,413)	(34,410,276)	(267,948,505)	(20,771,351)	(26,892,944)	(38,501,731)	(1,252,852,758)
<b>Balance as at June 30, 2018</b>	-	-	-	-	-	39,849,659	-	-	-	39,849,659

## 8. INTANGIBLE ASSETS

	Cost		Accumulated amortization			Book value as at June 30, 2018	Amortisation rate % per annum	
	As at July 01, 2017	Additions	As at June 30, 2018	As at July 01, 2017	For the year			As at June 30, 2018
Computer softwares	27,222,067	18,430,559	45,652,626	17,366,809	4,444,916	21,811,725	23,840,901	20 – 33
License fee	10,500,000	-	10,500,000	7,509,180	700,350	8,209,530	2,290,470	6.67
Trade mark	19,928,500	7,668,000	27,596,500	8,277,480	4,378,850	12,656,330	14,940,170	20
<b>2018</b>	<b>57,650,567</b>	<b>26,098,559</b>	<b>83,749,126</b>	<b>33,153,469</b>	<b>9,524,116</b>	<b>42,677,585</b>	<b>41,071,541</b>	
	Cost		Accumulated amortization			Book value as at June 30, 2017	Amortisation rate % per annum	
	As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016	For the year			As at June 30, 2017
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
<b>2017</b>	<b>52,043,567</b>	<b>5,607,000</b>	<b>57,650,567</b>	<b>25,981,872</b>	<b>7,171,597</b>	<b>33,153,469</b>	<b>24,497,098</b>	

	Note	2018 ----- Rupees	2017 -----
<b>8.1 Amortisation for the year has been allocated as follows:</b>			
Cost of production	26	6,295,492	4,130,173
Administrative expenses	28	3,228,624	3,041,424
		<u>9,524,116</u>	<u>7,171,597</u>

## 9. LONG TERM INVESTMENTS – unquoted subsidiaries

	Holding		
<b>HUM TV, Inc</b>			
10,000 Common stock at \$ 0.01 advance for future issue of shares	100%	8,603 <u>18,716,750</u>	8,603 <u>18,716,750</u>
<b>HUM Network UK Ltd</b>			
553,677 Ordinary Share of 1 GBP	100%	95,923,751	95,923,751
<b>Sky Line Publication (Private) Limited</b>			
3,999,997 Ordinary Shares of Rs. 10 each	100%	39,999,970	39,999,970
<b>HUM Network FZ LLC</b>			
2,400 Ordinary Shares of AED 1000 each advance for future issue of shares	100%	69,802,371 4,446,966 <u>74,249,337</u>	69,802,371 4,446,966 <u>74,249,337</u>
<b>HUMM Co. (Private) Limited</b>			
4 ordinary shares of Rs. 10 each	100%	40	40
<b>HUM Mart (Private) Limited</b>			
5,999,998 ordinary share of Rs. 10 each	100%	59,999,980	-
		<u>288,898,431</u>	<u>228,898,451</u>

### 9.1 Particulars of investment in foreign companies or undertakings

Name & Address	Beneficial Owner	Amount of Investment (Foreign currency)	Term and period of investment	Amount of return	Jurisdiction and country of incorporation
HUM TV, INC. 6201 Bonhomme Road 180N, Houston, Texas 77036-4371	HUM Network Limited	USD 105,600	-	-	United States of America
HUM Network UK Limited - 38-P Alum Rock Road Birmingham, England, B8 1J	HUM Network Limited	GBP 553,677	-	-	United Kingdom
Hum Network FZ LLC Office G-01, Boutique Studio BS-17, Dubai Studio City Dubai, U E	HUM Network Limited	USD 700,000	-	-	United Arab Emirates

	2 0 1 8	2 0 1 7
	----- Rupees -----	----- Rupees -----
<b>10. LONG TERM DEPOSITS</b>		
Security deposits		
- Lease	1,435,700	7,089,800
- Rent	7,806,916	7,576,816
- Trade	13,402,934	20,835,920
- Others	2,508,056	761,922
	<u>25,153,606</u>	<u>36,264,458</u>

**11. TELEVISION PROGRAM COSTS**

Unreleased / released less amortisation	384,062,756	387,583,127
In production	91,472,116	86,240,166
	<u>475,534,872</u>	<u>473,823,293</u>
Less: Current portion	219,364,710	220,168,115
	<u>256,170,162</u>	<u>253,655,178</u>

**12. DEFERRED TAX ASSET**

Represents deductible temporary difference in respect of unused tax credit on subscription income amounting to Rs. 102,187,697/- (2017: Rs. 110,102,953/-).

	2 0 1 8	2 0 1 7
	----- Rupees -----	----- Rupees -----
<b>13. TRADE DEBTS – unsecured</b>		
Considered good	1,738,105,890	1,745,549,232
Considered doubtful	47,026,912	47,026,912
	<u>1,785,132,802</u>	<u>1,792,576,144</u>
Less: Provision for doubtful debts	13.3 47,026,912	47,026,912
	<u>1,738,105,890</u>	<u>1,745,549,232</u>

**13.1 Particulars of receivable from foreign customers**

United Arab Emirates	99,718,690	88,803,720
United Kingdom	123,759,750	104,218,457
United States of America	210,479,330	132,215,676
	<u>433,957,770</u>	<u>325,237,853</u>

These receivable are on contract basis and there are no defaulting parties as of 30 June 2018.

	2 0 1 8	2 0 1 7
	----- Rupees -----	----- Rupees -----
<b>13.2 Include amount receivable from the following related parties:</b>		
HUM TV Inc.	194,422,407	132,215,676
HUM Network UK Limited	123,759,750	104,218,457
	<u>318,182,157</u>	<u>236,434,133</u>
<b>13.3 Provision for doubtful debts</b>		
Opening balance	47,026,912	26,412,547
Charge for the year	-	20,614,365
Closing balance	<u>47,026,912</u>	<u>47,026,912</u>

	2 0 1 8	2 0 1 7
	----- Rupees -----	-----
<b>13.4</b> The aging of trade debts from other than related parties is as follows:		
Neither past due nor impaired	638,482,802	675,547,055
Past due but not impaired		
- 60 to 90 days	300,158,164	444,125,885
- over 90 days	481,282,767	389,442,159
	<u>1,419,923,733</u>	<u>1,509,115,099</u>
<b>13.5</b> The aging of trade debts from related parties is as follows:		
Neither past due nor impaired	-	11,905,309
Past due but not impaired		
- 60 to 90 days	-	4,304,731
- over 90 days	318,182,157	220,224,093
	<u>318,182,157</u>	<u>236,434,133</u>
<b>13.6</b> The maximum amount outstanding from related parties at any time during the year calculated by reference to month end balances are as follows:		

	2 0 1 8	2 0 1 7
	----- Rupees -----	-----
<b>Note</b>		
HUM TV Inc.	194,422,407	132,215,676
HUM Network UK Limited	123,759,750	104,218,457
	<u>318,182,157</u>	<u>236,434,133</u>

#### 14. SHORT TERM INVESTMENTS

##### Designated at fair value through profit or loss

BMA Asset Management Company Limited 28,912,096 units having net asset value (NAV) of Rs. 8.667 each		250,578,242	-
Ifalah Investments Limited 1,496,096 units having NAV of Rs. 100.041 each		149,670,314	-
		<u>400,248,556</u>	<u>-</u>
<b>Held to maturity</b>			
Term deposit receipt	14.1	200,000,000	-
		<u>600,248,556</u>	<u>-</u>

**14.1** These carry interest at the rate of 8.02% per annum having maturity upto December 2018.

	2 0 1 8	2 0 1 7	
	----- Rupees -----	-----	
<b>15. ADVANCES - unsecured, considered good</b>			
Interest free advances to:			
- Producers	15.1	133,139,795	220,481,555
- Suppliers		67,221,963	8,597,223
- Employees		2,636,629	1,386,745
- Executives		451,181	451,181
		<u>203,449,568</u>	<u>230,916,704</u>

**15.1** Include Rs. 22,883,925/- (2017: Nil) receivable from Momina & Duraid Films (Private) Limited, a related party.

**HUM NETWORK LIMITED**

	Note	2 0 1 8 ----- Rupees	2 0 1 7 -----
<b>16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Deposits</b>			
- Rent		664,500	514,500
- Trade		1,982,207	1,972,207
- Others		933,974	1,683,974
		<u>3,580,681</u>	<u>4,170,681</u>
<b>Prepayments</b>			
- Insurance		10,799,371	8,078,854
- Rent		3,260,600	8,378,961
- Others		5,691,365	2,850,030
		<u>19,751,336</u>	<u>19,307,845</u>
		<u>23,332,017</u>	<u>23,478,526</u>
<b>17. OTHER RECEIVABLES – considered good</b>			
Sales tax receivable		90,706,200	8,069,402
Due from related parties	17.1	80,454,731	26,727,341
Others		2,061,910	180,000
		<u>173,222,841</u>	<u>34,976,743</u>
<b>17.1 Due from related parties</b>			
HUM TV, Inc.		11,936,268	8,446,143
HUM Mart (Private) Limited		27,799,177	-
Sky Line Publication (Private) Limited		40,700,286	18,281,198
Newsline publication (Private) Limited		19,000	-
		<u>80,454,731</u>	<u>26,727,341</u>
<b>17.2 The aging of receivables from related parties is as follows:</b>			
Neither past due nor impaired		8,778,006	6,747,248
Past due but not impaired			
- 60 to 90 days		8,833,026	-
- over 90 days		62,843,699	19,980,093
		<u>80,454,731</u>	<u>26,727,341</u>
<b>17.3 The maximum amount outstanding from related parties at any time during the year calculated by reference to month end balances are as follows:</b>			
	Note	2 0 1 8 ----- Rupees	2 0 1 7 -----
HUM TV, Inc.		11,936,268	8,446,143
HUM Mart (Private) Limited		27,799,177	-
Skyline Publications (Private) Limited		40,700,286	18,281,198
Newsline Publications (Private) Limited		19,000	-
		<u>80,454,731</u>	<u>26,727,341</u>
<b>18. CASH AND BANK BALANCES</b>			
Cash in hand		1,204,749	194,005
<b>Cash at banks</b>			
- in current accounts		31,144,694	4,068,311
- in deposit accounts	18.1	133,393,598	369,957,172
		<u>164,538,292</u>	<u>374,025,483</u>
		<u>165,743,041</u>	<u>374,219,488</u>
<b>18.1</b> These carry profit at the rates ranging from 5% to 5.5% (2017: 5% to 5.5%) per annum.			

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

2018 (Number of shares)	2017		2018 ----- Rupees	2017 ----- 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
<b>945,000,000</b>	<b>945,000,000</b>		<b>945,000,000</b>	<b>945,000,000</b>

19.1 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

## 20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2018		2017	
	Minimum lease payment	Present value	Minimum Lease payment	Present value
	----- Rupees -----			
Not later than one year	20,402,516	18,725,877	31,079,005	29,178,958
Later than one year and not later than five years	13,878,079	12,914,293	12,786,501	12,068,950
Total minimum lease payments	34,280,595	31,640,170	43,865,506	41,247,908
Less: Financial charges allocated to future periods	2,640,425	-	2,617,598	-
Present value of minimum lease payments	31,640,170	31,640,170	41,247,908	41,247,908
Less: Current portion shown under current liabilities	18,725,877	18,725,877	29,178,958	29,178,958
	<b>12,914,293</b>	<b>12,914,293</b>	<b>12,068,950</b>	<b>12,068,950</b>

20.1 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 2022. 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 (2017: 6 months KIBOR plus 2 to 3) percent per annum.

	Note	2018	2017
		----- Rupees	----- Rupees
<b>21. LONG TERM FINANCING – secured</b>			
<b>Islamic banks</b>			
Diminishing Musharaka – I	21.1	562,269,000	-
Diminishing Musharaka – II	21.2	250,220,000	-
		812,489,000	-
Less: current maturity		(11,713,938)	-
		<b>800,775,062</b>	<b>-</b>
<b>Conventional bank</b>			
Term Finance Loan	21.2	293,380,000	-
		<b>1,094,155,062</b>	<b>-</b>

21.1 Represent Diminishing Musharaka facility carrying profit at the rate of 6 months KIBOR plus 1% per annum. The financing is repayable in 48 equal monthly instalments commencing after a grace period of 12 months from the date of first disbursement i.e. from June 2018. The loan is secured by way of registered mortgage over the building.

- 21.2 Represent Diminishing Musharaka and Term Finance Loan carrying profit at the rate of 6 months KIBOR plus 1% per annum. The financing is repayable in 48 equal monthly instalments commencing after a grace period of 18 months from the date of first disbursement i.e. December 2017. Financing is secured by way of Equitable Mortgage over registered office, First pari passu constructive mortgage charge over land and first hypothecation charge over plant, machinery & equipment.

	Note	2018 ----- Rupees	2017 ----- Rupees
<b>22. TRADE AND OTHER PAYABLES</b>			
Creditors	22.1	322,591,592	185,756,972
Accrued liabilities		240,810,527	253,819,783
Due to related party – HUM Network FZ LLC		17,761,108	-
Withholding tax payable		16,921,697	32,266,550
Advances from customers		10,946,263	10,848,088
Payable to provident fund	22.2	8,764,239	85,234
Others		17,520,842	10,350,055
		<u>635,316,268</u>	<u>493,126,682</u>

- 22.1 Include Rs. 272,941,727/- (2017: Rs. 156,103,220/-) payable to M.D Production (Private) Limited, a related party.

	2018 ----- Rupees (Un-audited)	2017 ----- Rupees (Audited)
<b>22.2 Payable to provident fund</b>	<u>8,764,239</u>	<u>85,234</u>

**22.2.1 General disclosures**

Size of the fund	<u>199,968,714</u>	<u>165,070,991</u>
Cost of the investment made	<u>130,111,383</u>	<u>132,096,785</u>
Fair value of the investment made	<u>129,866,837</u>	<u>132,335,484</u>
Percentage of the investment made	<u>65%</u>	<u>80%</u>

- 22.2.2 The breakup of investment is as follows:

	2018		2017	
	(Rupees)	%	(Rupees)	%
Treasury bills	-	-	9,711,000	7.35
Mutual funds	52,941,759	40.77	16,118,106	12.20
Term deposit certificate	10,171,412	7.83	10,171,412	7.70
Bank balance – deposit accounts	66,753,666	51.40	96,096,267	72.75
	<u>129,866,837</u>	<u>100.00</u>	<u>132,096,785</u>	<u>100.00</u>

- 22.2.3 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

**23. SHORT TERM BORROWINGS – secured**

	Note	2018 ----- Rupees	2017 ----- Rupees
Short-term running finance– conventional banks	23.1	<u>17,803,070</u>	<u>-</u>

**23.1** Represent facilities obtained from various conventional banks amounting to Rs. 475,000,000 (2017: Rs. 475,000,000) out of which Rs. 457,196,930 (2017: Rs. 475,000,000) remains unutilized at year end. These facilities carrying markup ranging from 3 month KIBOR + 0.75% to 1.25%. (2017: 3 month KIBOR + 0.75% to 1.25%). These facilities are secured by way of pari passu charge and first hypothecation charge on all current assets of the Company.

**23.2** The Company has local bill discounting facilities amounting to Rs. 225,000,000 (2017: Rs. 225,000,000) which remain unutilized at the year end. These facilities carrying mark-up rates ranging from 3 months KIBOR + 0.9% to 1.5% (2017: 3 months KIBOR + 0.9% to 1.5%) and will mature latest by February 2019. These facilities secured by way of pari passu charge and first hypothecation charge on all current assets of the Company.

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

**24.1.1** 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 order of the CIR( ) 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.

**24.1.2** For other tax related matters refer note 32.2 to these unconsolidated financial statements.

### 24.2 Commitments

**24.2.1** Purchase of television programs commitments with M.D Production (Private) Limited and Momina & Duraid Films (Private) Limited - related parties as at June 30, 2018 amounted to Rs. 210,009,500/- (2017: Rs. 163,962,500/-) and 110,000,000 (2017: Nil) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2018 amounted to Rs. 13,144,000/- (2017: Rs. 11,753,000/-).

	2018	2017
Note	----- Rupees -----	-----
<b>24.2.2</b> Outstanding letter of credit	<u>19,162,829</u>	<u>-</u>

## 25. REVENUE – net

Advertisement revenue	4,059,005,403	4,239,768,905
Production revenue	143,780,774	166,238,620
Digital revenue	20,812,520	26,357,293
Subscription income	235,316,347	152,869,851
Film distribution revenue	150,563,842	58,413,648
25.1	<u>4,609,478,886</u>	<u>4,643,648,317</u>

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

Sales tax	600,376,078	710,012,143
Discount to customers	334,638,919	330,531,819
	<u>935,014,997</u>	<u>1,040,543,962</u>

	Note	2 0 1 8 ----- Rupees -----	2 0 1 7 -----
<b>26. COST OF PRODUCTION</b>			
Cost of outsourced programs		1,520,780,827	1,306,388,309
Cost of in-house programs		396,083,464	319,475,294
Cost of inventory consumed		163,865	657,505
Salaries and benefits	26.1	656,905,413	399,307,348
Depreciation	7.4	82,762,911	40,886,964
Traveling and conveyance		54,963,610	25,632,082
Utilities		20,667,247	13,985,333
Rent, rates and taxes		30,030,441	13,066,408
Insurance		13,960,878	10,893,438
Repair and maintenance		31,535,526	22,418,036
Fee and subscription		17,279,201	7,734,585
Communication		14,156,593	9,418,275
Security charges		3,375,007	2,372,845
mortisation	8.1	6,295,492	4,130,173
Consultancy		5,529,468	5,099,019
Printing and stationery		369,436	576,182
		<u>2,854,859,379</u>	<u>2,182,041,796</u>
In production television programs - opening		86,240,166	80,456,290
In production television programs - closing		(91,472,116)	(86,240,166)
		<u>2,849,627,429</u>	<u>2,176,257,920</u>
Released / unreleased programs - opening		387,583,127	880,608,495
Released / unreleased programs - closing		(384,062,756)	(387,583,127)
		<u>2,853,147,800</u>	<u>2,669,283,288</u>

**26.1** Include Rs. 20,661,450/- (2017: Rs. 14,836,831/-) in respect of staff retirement benefits.

	Note	2 0 1 8 ----- Rupees -----	2 0 1 7 -----
<b>27. DISTRIBUTION COSTS</b>			
Advertisement and promotion		156,970,721	104,998,884
Salaries and benefits	27.1	143,950,351	133,895,729
Traveling and conveyance		17,402,946	11,146,579
Rent, rates and taxes		5,005,581	5,758,648
Utilities		2,004,667	2,260,652
Depreciation	7.4	4,098,165	5,193,548
Communication		1,319,467	1,691,280
Insurance		2,974,540	2,807,172
Repair and maintenance		3,150,943	3,659,969
Fees and subscription		2,008,830	1,493,323
Security charges		305,600	378,433
Printing and stationery		419,359	658,268
		<u>339,611,170</u>	<u>273,942,485</u>

**27.1** Include Rs. 6,421,634/- (2017: Rs. 6,073,446/-) in respect of staff retirement benefits.

	Note	2018 ----- Rupees	2017 -----
<b>28. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	28.1	319,454,110	370,882,314
Technical advisory fee	28.2	40,440,000	36,000,000
Depreciation	7.4	35,347,046	32,170,227
Amortisation	8.1	3,228,624	3,041,424
Repair and maintenance		25,056,909	14,952,049
Communication		5,162,675	3,885,549
Traveling and conveyance		27,522,265	20,882,393
Fee and subscription		12,024,395	11,100,522
Utilities		9,100,924	5,728,792
Legal and professional charges		14,841,735	32,190,705
Printing, stationery and periodicals		4,510,488	3,630,289
Rent, rates and taxes		19,673,169	12,681,257
Insurance		4,534,609	3,809,872
Auditors' remuneration	28.3	3,573,386	3,468,873
Security charges		5,744,734	3,285,879
Donations	28.4	-	275,000
		<u>530,215,069</u>	<u>557,985,145</u>

28.1 Include Rs. 3,434,469/- (2017: Rs. 3,692,650/-) in respect of staff retirement benefits.

28.2 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.

	2018 ----- Rupees	2017 -----
<b>28.3 Auditors' remuneration</b>		
Audit fee	935,000	935,000
Fee for consolidated financial statements	550,000	425,000
Fee for half yearly review	325,000	350,000
Tax and other assurance services	1,413,004	1,458,873
Out of pocket expenses	350,382	300,000
	<u>3,573,386</u>	<u>3,468,873</u>

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

	2018 ----- Rupees	2017 -----
<b>29. OTHER EXPENSES</b>		
Provision for doubtful debts	-	20,614,365
Exchange loss	-	3,258,027
	<u>-</u>	<u>23,872,392</u>
<b>30. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on bank accounts	19,226,843	6,083,651
Exchange gain	59,046,397	-
Unrealised gain on revaluation of investments	248,556	-
	<u>78,521,796</u>	<u>6,083,651</u>
<b>Income from non financial assets</b>		
Gain on disposal of operating fixed assets	2,224,556	3,948,500
Sale of magazines and DVDs	55,925,505	64,098,909
Liabilities no longer payable written back	-	10,582,817
	<u>58,150,061</u>	<u>78,630,226</u>
	<u>136,671,857</u>	<u>84,713,877</u>

	2 0 1 8	2 0 1 7
Note	----- Rupees -----	-----
<b>31. FINANCE COSTS</b>		
Mark-up on long term financing	17,864,481	-
Mark-up on short term borrowings	8,217,269	14,812,392
Finance lease charges	3,575,193	4,303,627
Bank charges	3,486,669	1,834,751
	<u>33,143,612</u>	<u>20,950,770</u>

### 32. TAXATION

Current	82,214,716	96,865,076
Deferred	7,915,256	(16,845,118)
Prior	(7,468,393)	-
	<u>32.1 82,661,579</u>	<u>80,019,958</u>

**32.1** The Company has filed its return of income up to tax year 2017. 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 mainly 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.

**32.2** During the year, the Company filed a Constitutional Petition (CP) before the Court on September 25, 2017 challenging the tax under section 5A of the Income Tax Ordinance, 2001. 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 7.5% of the accounting profit before tax of the Company for the financial year ended June 30, 2017. 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.

### 32.3 Managements' assessment of Tax Provision

The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	Provision for taxation	Tax assessed
	----- (Rupees) -----	-----
2017	96,865,076	96,649,802
2016	282,582,829	265,316,807
2015	332,794,472	310,539,307

### 33. EARNINGS PER SHARE – basic and diluted

	2 0 1 8	2 0 1 7
Profit after taxation	<b>Rupees 729,493,488</b>	1,015,382,978
Weighted average number of ordinary shares outstanding during the year	<b>945,000,000</b>	945,000,000
Earnings per share	<b>Rupee 0.77</b>	1.07

2 0 1 8                      2 0 1 7  
----- Rupees -----

### 34. CASH GENERATED FROM OPERATIONS

Profit before taxation	812,155,067	1,095,402,936
<b>Adjustments for :</b>		
Depreciation	122,208,122	78,250,739
Amortisation	9,524,116	7,171,597
Finance costs	33,143,612	20,950,770
Exchange (gain) / loss	(59,046,397)	3,258,027
Profit on deposit accounts	(19,226,843)	(6,083,651)
Gain on disposal of operating fixed assets	(2,224,556)	(3,948,500)
Unrealised gain on revaluation of investments	(248,556)	-
Provision for doubtful debts	-	20,614,365
	<b>84,129,498</b>	<b>120,213,347</b>
<b>(Increase) / decrease in current assets</b>		
Inventories	(15,881,698)	(89,020)
Television program costs	803,405	265,641,549
Trade debts	66,489,739	(286,983,571)
Advances	27,467,136	(90,429,915)
Deposits and prepayments	146,509	(6,179,925)
Other receivables	(138,246,098)	(12,245,259)
	<b>(59,221,007)</b>	<b>(130,286,141)</b>
<b>Decrease in current liabilities</b>		
Trade and other payables	142,189,586	(105,783,757)
	<b>142,189,586</b>	<b>(105,783,757)</b>
	<b>979,253,144</b>	<b>979,546,385</b>

### 35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2 0 1 8				2 0 1 7			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
	Rupees							
Managerial remuneration	53,143,596	3,000,000	2,000,000	212,019,467	34,068,800	-	2,000,000	189,650,824
Bonus	49,719,317	49,719,317	-	-	98,055,986	98,055,986	-	-
Retirement benefits	-	-	-	14,578,015	-	-	-	10,594,917
House rent	13,108,065	-	-	79,858,014	12,193,548	-	-	74,361,177
Utilities	2,912,903	-	-	17,746,224	2,709,672	-	-	16,524,707
Technical advisory fee	-	40,440,000	-	-	-	36,000,000	-	-
Fuel and conveyance	931,094	920,548	365,054	6,840,955	142,245	717,095	-	5,569,637
	<b>119,814,975</b>	<b>94,079,865</b>	<b>2,365,054</b>	<b>331,042,675</b>	<b>147,170,251</b>	<b>134,773,081</b>	<b>2,000,000</b>	<b>296,701,262</b>
Number	1	2	1	57	1	1	1	35

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

**35.2** The aggregate amount charged in the financial statements for meeting fee to 4 non-executive directors amounted to Rs. 890,000/- (2017: Rs. 240,000/-).

### 36. 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:

Relationships	Nature of Transactions	2 0 1 8	2 0 1 7
		----- Rupees -----	
Subsidiaries	Subscription income	<u>17,525,000</u>	<u>13,843,000</u>
	Management fee	<u>3,490,125</u>	<u>4,205,094</u>
	Investments made during the year	<u>59,999,980</u>	<u>11,407,400</u>
Associates	Purchase of television programs	<u>1,288,748,577</u>	<u>1,153,349,978</u>
Retirement fund	Contribution to provident fund	<u>30,517,553</u>	<u>24,602,927</u>

All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. The outstanding receivable and payable balances of the related parties are disclosed in their respective notes to these unconsolidated financial statements.

36.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place

S.No	Company Name	Basis of association	Aggregate % of shareholding
1	Skyline Publications (Private) Limited	Subsidiary	100%
2	HUM TV Inc.	Subsidiary	100%
3	Hum Network FZ LLC	Subsidiary	100%
4	Hum Mart (Private) Limited	Subsidiary	100%
5	M.D Productions (Private) Limited	Associate	-
6	Momina & Duraid Films (Private) Limited	Associate	-
7	Hum Network Limited- Employees' Provident Fund	Retirement Fund	-

36.2 None of the key management personnel had any arrangements with the Company other than the employment contract.

### 36.3 Associated Companies and Subsidiaries Incorporated Outside Pakistan

Name & Address	Basis of Association	Chief Executive	Operational Status	Auditors' Opinion
HUM TV, INC. 6201 BONHOMME RD STE 180N HOUSTON TX 77036-4371	Subsidiary	Duraid Qureshi	Active	Unaudited
HUM Network UK Limited - 38-P Alum Rock Road, Birmingham, England, B8 1JA	Subsidiary	Duraid Qureshi	Active	Unmodified Opinion
Hum Network FZ LLC Office G-01, Boutique Studio ,BS-17, Dubai Studio City,Dubai ,UAE	Subsidiary	Duraid Qureshi	Active	Unmodified Opinion

### 36.4 Particulars of Major Foreign Shareholders Holding More Than 5% of Paid-Up in the Company

Name & Address	Legal Status	Principal Officers	Name and Particulars of Pakistani Resident associated with Shareholder
Kingsway Fund Frontier Consumer Franchises	Foundation	Mr. Manuel Stotz	CITI bank (custodian)
Stitching General Holdings	Fund	Mr. Gerrit Berend Oldekamp and Mr. Rogier Steenbergen	CITI bank (custodian)

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

#### 37.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

#### 37.2 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, 2018	+100	(3,597,483)
	-100	3,597,483
June 30, 2017	+100	(412,479)
	-100	412,479

#### 37.3 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:

	----- 2018 -----		----- 2017 -----	
	US Dollar	GBP	US Dollar	GBP
Trade debts	2,357,448	757,806	2,075,813	760,719
Other receivables	109,380	-	79,381	-
Trade and other payables	(144,680)	-	(7,229)	-

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

	----- Rupees -----		----- Rupees -----	
Closing exchange rates	121.40	159.14	106.40	137.00

### 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, 2018	+10	<u>23,221,480</u>	+10	<u>7,578,060</u>
	-10	<u>(23,221,480)</u>	-10	<u>(7,578,060)</u>
June 30, 2017	+10	<u>22,538,597</u>	+10	<u>10,421,850</u>
	-10	<u>(22,538,597)</u>	-10	<u>(10,421,850)</u>

### 37.4 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:

		2 0 1 8 ----- Rupees	2 0 1 7 -----
<b>Trade debts</b>			
Customers with no defaults in the past one year		<u>1,738,105,890</u>	1,745,549,232
Customers with some defaults in past one year		<u>47,026,912</u>	47,026,912
		<u>1,785,132,802</u>	<u>1,792,576,144</u>
<b>Bank balances</b>			
	A1+	130,005,238	272,479,217
	A1	<u>34,533,054</u>	101,546,266
		<u>164,538,292</u>	<u>374,025,483</u>
<b>Short term investments</b>			
Mutual funds	AM3	250,578,242	-
	AM2+	<u>149,670,314</u>	-
		<u>400,248,556</u>	-
Term deposit receipt	A1	<u>200,000,000</u>	-
		<u>600,248,556</u>	-

### 37.5 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:

2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Liabilities against assets subject to finance lease	-	3,232,123	15,493,754	12,914,293	31,640,170
Trade and other payables	71,836,926	243,914,255	302,643,390	-	618,394,571
Short term borrowing	-	-	17,803,070	-	17,803,070
Accrued mark-up	2,431,527	-	-	-	2,431,527
	<b>74,268,453</b>	<b>247,146,378</b>	<b>335,940,214</b>	<b>12,914,293</b>	<b>670,269,338</b>
	----- Rupees -----				
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
	<b>2,562,597</b>	<b>174,800,202</b>	<b>312,804,547</b>	<b>12,068,950</b>	<b>502,236,296</b>

### 37.6 Capital risk

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

	Note	2018 ----- Rupees -----	2017 -----
Liabilities against asset subject to finance lease	20	12,914,293	12,068,950
Long term financing	21	1,094,155,062	-
Trade and other payable	22	635,316,268	493,126,682
Accrued markup		2,431,528	128,256
Short term borrowing	23	17,803,070	-
Current portion of long term financing	21	11,713,938	-
Current portion of liabilities against asset subject to finance lease	20	18,725,877	29,178,958
Total debt		<b>1,793,060,036</b>	534,502,846
Cash and bank balances	18	<b>(165,743,041)</b>	(374,219,488)
<b>Net debt</b>		<b>1,627,316,995</b>	160,283,358
Share capital		945,000,000	945,000,000
Unappropriated profit		2,748,003,928	2,113,010,440
<b>Total equity</b>		<b>3,693,003,928</b>	3,058,010,440
<b>Capital</b>		<b>5,320,320,923</b>	3,218,293,798
<b>Gearing ratio</b>		<b>30.57%</b>	4.98%

### 37.7 Fair value measurement

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.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below categorized fair value measurement of financial instruments and property, plant and equipment by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2018			2017
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Mutual funds	<u>400,248,556</u>	-	-	<u>400,248,556</u>

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

**37.8** Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

### 38. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018	2017
	----- (Number) -----	
Number of employees as at June 30	<u>981</u>	<u>447</u>
Average number of employees during the year	<u>816</u>	<u>444</u>

### 39. GENERAL

**39.1** For better presentation, certain prior year figures have been reclassified consequent to certain changes in current year presentation

**39.2** Figures have been rounded off to the nearest Rupee

### 40. DATE OF AUTHORIZATION

These financial statements have been authorised for issue on October 02, 2018 by the Board of Directors of the Company.

  
**DURAIQ QURESHI**  
Chief Executive

  
**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

  
**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

# **CONSOLIDATED FINANCIAL STATEMENTS**



Building a better  
working world

## Independent Auditors' Report To the members of Hum Network Limited Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of Hum Network Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p><b>1. Net realizable value of television programs cost</b></p>	
<p>As of the year end, the balance of television program costs amounted to Rs. 475,534,872 which represents unamortized cost of completed television programs and television programs in production.</p> <p>As per the accounting policy of the Group, television program costs and acquired television program licenses and rights are charged to expense based on the ratio of the revenues earned till date to total revenues to be earned from the program including future estimated revenues, less cost expensed in prior years on an individual program basis</p> <p>Allocation of television program costs over several accounting periods based on estimates of revenue involve significant judgement of the management which may have a significant impact on the consolidated financial statements. For this reason, we have identified this area as key audit matter.</p> <p>Refer notes 5.7, 10 and 25 to the consolidated financial statements.</p>	<p>Our audit procedures amongst others, comprised reviewing the appropriateness of the accounting policy of the Group in accordance with the applicable financial reporting standards. Further, we obtained understanding of the revenue estimation and amortization process of the Group.</p> <p>In this regard, we selected a sample of television programs and considered the factors used by the management for revenue estimation and amortization of television program cost including;</p> <ul style="list-style-type: none"> <li>• historic experience of revenue earned by similar programs;</li> <li>• ratings of the program from available evidences;</li> <li>• rates used by the Group and its fluctuation based on the trend analysis; and</li> <li>• we also considered subsequent events which may have an impact on unamortized cost</li> </ul> <p>We also evaluated whether adequate disclosures have been made in the accompanying consolidated financial statements in accordance with the applicable financial reporting standards.</p>
<p><b>2. Capital expenditure</b></p>	
<p>As disclosed in notes 2 &amp; 7 to the consolidated financial statements, the Group incurred significant amount of capital expenditure, primarily for the new channel launched during the year.</p> <p>As it represents significant transaction for the year, we considered this area as a key audit matter.</p>	<p>Our audit procedures amongst others, comprised understanding of the process and controls in relation to capital expenditure incurred by the Group.</p> <p>We considered the various items of assets capitalized and assessed whether such items are eligible for capitalization in accordance with the applicable accounting standards.</p> <p>We also performed procedures through inspection of related internal and external documents supporting various components of the capitalized costs. We reviewed the asset registers to check the associated start date for depreciation against capitalized costs and recalculated depreciation charge and compared to and recalculated depreciation charge and compared to the Group's depreciation charge for the year.</p> <p>We also evaluated whether adequate disclosures have been made in the accompanying consolidated financial statements in accordance with the applicable financial reporting standards.</p>

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<b>3. Long term financing</b>	
<p>As disclosed in note 20 to the consolidated financial statements, the Group has obtained new long term loans amounting to Rs. 1,105,869,000 to finance the capital expenditures in respect of channel launched during the year.</p> <p>As it represents significant transaction for the year, along with the sensitivity of the compliance with underlying loan covenants, we have considered this area as a key audit matter.</p>	<p>Our audit procedures, amongst others included obtaining and reviewing the financing agreements executed during the year. We inquired from the management with respect to the compliance of the covenants and tested controls related to such compliance.</p> <p>We circularized confirmations to the financing banks and also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities.</p> <p>We also evaluated whether adequate disclosures have been made in the accompanying consolidated financial statements in accordance with the applicable financial reporting standards.</p>
<b>4. Preparation of consolidated financial statements under the Companies Act, 2017</b>	
<p>As referred to in note 2 to the accompanying consolidated financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018.</p> <p>The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements.</p> <p>In the case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements as referred to note 3 to the consolidated financial statements.</p> <p>The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the Companies Act, 2017. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the consolidated financial statements.</p>
<p><b>Information Other than the consolidated financial statements and Auditors' Report Thereon</b>  Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.</p>	

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Arif Nazeer.

Sd/-  
 EY Ford Rhodes  
 Chartered Accountants  
 Place: Karachi  
 Date: October 02, 2018

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

<u>ASSETS</u>	Note	2018 ----- Rupees -----	2017 -----
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,572,987,351	272,944,752
Intangible assets	8	122,354,847	83,609,083
Long term deposits	9	39,218,507	43,420,421
Television program costs	10	256,170,162	253,655,178
Deferred tax asset	11	157,038,299	157,320,050
		<u>2,147,769,166</u>	<u>810,949,484</u>
<b>CURRENT ASSETS</b>			
Inventories		29,694,083	2,314,986
Current portion of television program costs	10	219,364,710	220,168,115
Trade debts	12	1,789,045,811	1,755,839,800
Short term investments	13	600,248,556	-
Advances	14	213,519,825	242,770,231
Trade deposits and short-term prepayments	15	49,431,514	38,818,124
Other receivables	16	116,587,749	21,042,953
Taxation - net		93,985,301	48,610,716
Cash and bank balances	17	376,300,846	453,827,053
		<u>3,488,178,395</u>	<u>2,783,391,978</u>
<b>TOTAL ASSETS</b>		<u><b>5,635,947,561</b></u>	<u><b>3,594,341,462</b></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 1,500,000,000 (2016: 1,500,000,000) Ordinary shares of Re.1/- each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital	18	945,000,000	945,000,000
Reserves		<u>2,819,477,235</u>	<u>2,011,816,774</u>
		<u>3,764,477,235</u>	<u>2,956,816,774</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	19	12,914,293	12,068,950
Long term financing	20	1,094,155,062	-
		<u>1,107,069,355</u>	<u>12,068,950</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	707,572,909	590,200,033
Accrued mark-up		2,431,528	128,257
Short term borrowings	22	17,803,070	-
Unclaimed dividend		6,153,649	5,948,490
Current portion of long term financing	20	11,713,938	-
Current portion of liabilities against assets subject to finance lease	19	18,725,877	29,178,958
		<u>764,400,971</u>	<u>625,455,738</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,635,947,561</b></u>	<u><b>3,594,341,462</b></u>

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

  
**DURAID QURESHI**  
Chief Executive

  
**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

  
**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----- Rupees -----	2017 -----
Revenue	24	5,130,531,624	5,105,347,388
Cost of production	25	(2,926,641,646)	(2,727,564,846)
Transmission cost		(292,053,874)	(189,595,076)
		(3,218,695,520)	(2,917,159,922)
<b>Gross profit</b>		<b>1,911,836,104</b>	<b>2,188,187,466</b>
Distribution costs	26	(392,017,378)	(359,288,210)
Administrative expenses	27	(660,219,368)	(666,597,956)
Other expenses	28	(29,562,693)	(169,811,134)
Other income	29	133,520,983	86,742,907
<b>Operating profit</b>		<b>963,557,648</b>	<b>1,079,233,073</b>
Finance costs	30	(33,509,580)	(21,636,712)
<b>Profit before taxation</b>		<b>930,048,068</b>	<b>1,057,596,361</b>
Taxation	31	(86,046,557)	(34,482,900)
<b>Profit after taxation</b>		<b>844,001,511</b>	<b>1,023,113,461</b>
<b>Earnings per share – basic and diluted</b>	32	<b>0.89</b>	<b>1.08</b>

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

  
DURAID QURESHI  
Chief Executive

  
MAZHAR-UL-HAQ SIDDIQUI  
Chairman

  
MUHAMMAD ABBAS HUSSAIN  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	----- Rupees -----	
Profit after taxation	844,001,511	1,023,113,461
<b>Other comprehensive income</b>		
<b>To be reclassified to statement of profit or loss in subsequent periods:</b>		
Effect of translation of net investment in foreign subsidiary companies	58,158,950	(4,288,724)
<b>Total comprehensive income for the year</b>	<u>902,160,461</u>	<u>1,018,824,737</u>

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

  
**DURAID QURESHI**  
 Chief Executive

  
**MAZHAR-UL-HAQ SIDDIQUI**  
 Chairman

  
**MUHAMMAD ABBAS HUSSAIN**  
 Chief Financial Officer

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----- Rupees -----	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	33	1,132,151,123	1,028,435,078
Taxes paid		(131,139,392)	(235,791,998)
Finance costs paid		(31,206,309)	(30,272,556)
Profit received on deposit accounts		19,411,839	6,148,352
Long term deposits		4,201,914	8,263,739
Television program costs		(2,514,984)	221,599,944
<b>Net cash generated from operating activities</b>		<b>990,904,191</b>	<b>998,382,559</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,446,175,530)	(89,451,089)
Additions to intangible assets		(46,665,059)	(32,778,424)
Investments made during the year		(600,000,000)	-
Proceeds from the disposal of operating fixed assets		4,640,700	10,217,361
<b>Net cash used in investing activities</b>		<b>(2,088,199,889)</b>	<b>(112,012,152)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained*		1,105,869,000	-
Liabilities against assets subject to finance lease*		(9,607,738)	(8,916,449)
Dividends paid		(94,294,841)	(7,112)
<b>Net cash used in financing activities</b>		<b>1,001,966,421</b>	<b>(8,923,561)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(95,329,277)</b>	<b>877,446,846</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>453,827,053</b>	<b>(423,619,793)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>358,497,776</b>	<b>453,827,053</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances	17	376,300,846	453,827,053
Short-term running finance	22	(17,803,070)	-
		<b>358,497,776</b>	<b>453,827,053</b>

\* No non-cash item is included in these activities.

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

  
**DURAID QURESHI**  
Chief Executive

  
**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

  
**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Reserves		Sub-total	Total
		Foreign exchange translation reserve	Unappropri- ated profit Rupees		
<b>Balance as at June 30, 2016</b>	<b>945,000,000</b>	<b>(3,837,148)</b>	<b>996,829,185</b>	<b>992,992,037</b>	<b>1,937,992,037</b>
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
<b>Balance as at June 30, 2017</b>	<b>945,000,000</b>	<b>(8,125,872)</b>	<b>2,019,942,646</b>	<b>2,011,816,774</b>	<b>2,956,816,774</b>
Final cash dividend for the year ended June 30, 2017 @ Rs. 0.1 per share	-	-	(94,500,000)	(94,500,000)	(94,500,000)
Net profit for the year	-	-	844,001,511	844,001,511	844,001,511
Other comprehensive loss	-	58,158,950	-	58,158,950	58,158,950
Total comprehensive income for the year	-	58,158,950	844,001,511	902,160,461	902,160,461
<b>Balance as at June 30, 2018</b>	<b>945,000,000</b>	<b>50,033,078</b>	<b>2,769,444,157</b>	<b>2,819,477,235</b>	<b>3,764,477,235</b>

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

  
**DURAIQ QURESHI**  
Chief Executive

  
**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

  
**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

## 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.
- 1.2 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

	2018	2017
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK Limited	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (Private) Limited	100%	100%
HUM Mart (Private) Limited	100%	-

### 1.3 Geographical location and address of business units

Registered office	Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
Head office – Karachi	B.R.R Tower, Hassan Ali Street, Off. I.I. Chundrigar Road
City offices – Karachi	Trade Center, I.I Chundrigar Road 33-B, Lalazar Queen Road, Mai Kolachi Studio Alfalsh Court, I.I Chundrigar Road
City office – Islamabad	2A, I&T center, sector G-6/1
City office – Lahore	House # 58, R-24, Masson Road
City office – Sukkur	C-61, Block C, Millat Cooperative Housing Society Limited
City office – Peshawar	48 C, Sahibzada Abdul Qayum Road, University Town
City office – Quetta	House # 3, Phase II, Shahbaz Town
City office – Multan	Ghous-e-Azam Road, Bismillah Colony
City office – Faisalabad	Sitara Tower, Bilal Chowk, Civil Lines
HUM Network UK Limited	38-P Alum rock road, Birmingham, England. 2 Hemlet Mews, London
HUM Network FZ LLC	Office G-01 Boutique Studio City, Dubai, UAE.
Newsline Publication (Private) Limited	D-18, Block-9, Kehkashan Clifton, Karachi.
HUM TV, Inc.	6201 Bonhomme Road, 180N, Houston Texas.

## 1.4 Nature of operations of subsidiaries

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

Skyline Publication (Private) Limited (SPL) is engaged in the publications of books and magazines. SPL has 100% equity in Newline Publication (Private) Limited, which is engaged in publishing "Newline" a monthly English magazine.

HUMM Co. (Private) Limited has been established with the purpose of developing and producing contents, shows and programs. Further, a scheme of arrangement with M.D Productions (Private) Limited (a related party) is pending approval with relevant authorities as of the year end.

During the year ended June 30, 2018, HUM Mart (Private) Limited was incorporated for the business of online shopping for grocery, household items and consumer goods.

## 2. SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- The Holding Company launched a new channel by the name of HUM News. In this respect capital expenditure amounting to Rs. 1,288 million were made including Rs. 693 million for land and Rs. 72 million for Building.
- The Companies Act, 2017 (the Act) has been promulgated which requires additional disclosures to be included in these consolidated financial statements.

## 3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in notes 1.3, 2, 7.2, 12.1, 18.1, 31.3, 35.3.

## 4. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except of certain investments that have been measured at fair value..

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 New and amended standards

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

- IFRS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)  
 IFRS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

## 5.2 Standards not yet effective

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

	<b>Effective date (accounting periods Beginning on or after)</b>
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 - Financial Instruments	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRS 16 - Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
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 Group's financial statements in the period of initial application except for IFRS 15 – Revenue from contracts with customers. The Group is currently evaluating the impact of the said standard.

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

<b>Standard</b>	<b>IASB Effective date (accounting periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

### 5.3 Basis of consolidation

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Company. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Group, wherever needed.

## 5.4 Property, plant and equipment

### 5.4.1 Operating fixed assets

#### Owned

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

Depreciation is charged to consolidated statement of profit or loss 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 7.1. 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 consolidated statement of profit or loss 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 consolidated statement of profit or loss 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 consolidated statement of financial position 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.

### 5.4.2 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.

## 5.5 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.

The balance of goodwill as at year-end is not considered material in the overall context of these consolidated financial statements, however, the group has internally determined the recoverable amount based on value in use method. The pre-tax discount and terminal growth rate applied to determine recoverable amount are 18% and 5% respectively. Since the recoverable amount on the basis of value in use is greater than the carrying value of the goodwill, no impairment loss is, therefore, required. Management believes that after considering the various scenarios, no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

## 5.6 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 consolidated statement of profit or loss 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 consolidated statement of profit or loss when the asset is derecognised.

## 5.7 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.

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

## 5.8 Inventories

These are valued on weighted average cost basis and are stated at the lower of cost and NRV.

## 5.9 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.

## 5.10 Investments

### Designated through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to the statement of profit or loss and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the consolidated statement of profit or loss in the period in which they arise.

### Held to maturity

These are financial asset with fixed or determinable payments and fixed maturity and where management has the intention and ability to hold till maturity are classified as held to maturity. These are stated at amortised cost.

## 5.11 Advances, trade deposits, short-term prepayments and other receivables

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

## 5.12 Taxation

### Current

Provision for current tax is based on the taxable income in accordance with the with the applicable laws.

### Deferred

Deferred tax is recognised using the balance sheet liability method, on all major temporary differences arising at the consolidated statement of financial position 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 consolidated statement of financial position 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 consolidated statement of financial position date.

## 5.13 Cash and cash equivalents

These are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term running finance.

## 5.14 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 5.15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

## 5.16 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.

## 5.17 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 consolidated statement of financial position date and adjusted to reflect the current best estimate.

## 5.18 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 appears before public.

Digital revenue is recognised on the basis of number of impressions on the advertisement aired on website.

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.

Sale of goods are recognized when goods are delivered to customers.

## 5.19 Other income

Sale of magazine and DVD's is recognized on receipt basis.

Profit on bank deposits is accounted for on an effective interest method.

Other revenues are accounted for on an accrual basis.

## 5.20 Staff retirement benefits

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

## 5.21 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.

## 5.22 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 consolidated statement of financial position 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.

## 5.23 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 consolidated statement of financial position 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 consolidated statement of profit or loss currently.

The assets and liabilities of foreign subsidiary companies are translated to Pak rupees at exchange rates prevailing at the consolidated statement of financial position 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 consolidated statement of profit or loss.

## 5.24 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.

## 5.25 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.

## 5.26 Impairment

### 5.26.1 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.

### 5.26.2 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 consolidated statement of profit or loss, 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).

## 5.27 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

## 5.28 Functional and presentation currency

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

## 6. 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 (note 7 & 8)**

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.

### **Television program costs (note 10)**

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 consolidated statement of profit or loss, 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.

## Income taxes (note 11)

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 (note 12)

The Group reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the consolidated statement of profit or loss. 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.

## Contingencies (note 23)

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	<b>1,533,137,692</b>	268,867,228
Capital work-in-progress	7.5	<b>39,849,659</b>	4,077,524
		<b><u>1,572,987,351</u></b>	<u>272,944,752</u>

### 7.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value as at June 30, 2 0 1 8	Depreciation rate % per annum
	As at July 01, 2 0 1 7	Additions/ (Disposals)	As at June 30, 2 0 1 8	As at July 01, 2 0 1 7	Charge for the year	As at June 30, 2 0 1 8		
<b>Owned</b>								
Leasehold land	63,257,901	693,313,283*	756,571,184	13,712,398	6,042,252	19,754,650	736,816,534	2.04 - 2.13
Building on leasehold land	33,820,879	72,297,725*	106,118,604	33,049,344	2,860,777	35,910,121	70,208,483	10
Leasehold improvements	89,086,340	109,324,544	198,410,884	67,666,244	27,398,327	95,064,571	103,346,313	33
Furniture and fittings	33,870,528	15,637,983	49,448,511	10,544,938	3,459,668	13,944,606	35,503,905	10
		(60,000)			(60,000)			
Vehicles	32,280,294	81,440,780**	106,722,477	24,367,284	26,790,154	46,560,425	60,162,052	33
		(6,998,597)			(4,597,013)			
Audio visual equipment	151,599,656	268,526,505	420,105,361	111,658,911	23,016,029	134,668,700	285,436,661	25
		(20,800)			(6,240)			
Uplinking equipment	43,801,076	21,478,851	65,279,927	33,557,145	2,613,269	36,170,414	29,109,513	10
Office equipment	72,820,270	60,009,726	132,829,996	37,279,413	10,565,388	47,844,801	84,985,195	15
Computers	100,850,932	63,688,146	161,383,736	81,652,477	19,771,935	98,269,070	63,114,666	33
		(3,155,342)			(3,155,342)			
	621,387,876	1,385,717,543	1,996,870,680	413,488,154	122,517,799	528,187,358	1,468,683,322	
		(10,234,739)			(7,818,595)			
<b>Leased</b>								
Vehicles	70,146,604	34,003,016	74,996,450	27,861,598	16,198,588	24,224,180	50,772,270	33
		(29,153,170)			(19,836,006)			
Audio visual equipment	19,440,000	-	19,440,000	8,606,250	4,131,000	12,737,250	6,702,750	25
Uplinking equipment	9,660,000	-	9,660,000	1,811,250	869,400	2,680,650	6,979,350	10
		34,003,016			21,198,988			
	99,246,604	(29,153,170)	104,096,450	38,279,098	(19,836,006)	39,642,080	64,454,370	
<b>2 0 1 8</b>	<b>720,634,480</b>	<b>1,419,720,559</b>	<b>2,100,967,130</b>	<b>451,767,252</b>	<b>143,716,787</b>	<b>567,829,438</b>	<b>1,533,137,692</b>	
		<b>(39,387,909)</b>			<b>(27,654,601)</b>			

	Cost		Accumulated depreciation			Book value as at June 30, 2017	Depreciation rate % per annum	
	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
<b>Owned</b>								
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	32,280,294	22,741,446	3,668,511	24,367,284	7,913,010	33
		(2,607,309)			(2,042,673)			
Audio visual equipment	144,975,058	7,005,000	151,599,656	102,755,582	9,152,267	111,658,911	39,940,745	25
		(380,402)			(248,938)			
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	72,820,270	32,284,746	7,158,843	37,279,413	35,540,857	15
		(2,209,412)			(2,164,176)			
Computers	92,068,935	9,093,997	100,850,932	66,316,910	15,556,409	81,652,477	19,198,455	33
		(312,000)			(220,842)			
	568,576,368	58,320,631	621,387,876	358,148,670	60,016,113	413,488,154	207,899,722	
		(5,509,123)			(4,676,629)			
<b>Leased</b>								
Vehicles	55,354,961	27,052,934	70,146,604	20,332,981	14,353,539	27,861,598	42,285,006	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	99,246,604	25,750,081	19,353,939	38,279,098	60,967,506	
		(12,261,290)			(6,824,922)			
<b>2017</b>	<b>653,031,329</b>	<b>85,373,565</b>	<b>720,634,480</b>	<b>383,898,751</b>	<b>79,370,052</b>	<b>451,767,252</b>	<b>268,867,228</b>	
		<b>(17,770,413)</b>			<b>(11,501,551)</b>			

\* Represent asset under common ownership under Diminishing Musharaka arrangement.

\*\* Include transfers from leased to owned.

## 7.2 Particular of Immovable Asset in the name of the Holding Company are as follows:

Location	Addresses	Total Area (sq.yards)
Karachi	Plot No. 10/11 hassan ali street, off I.I. Chundrigar road.	2,070
Karachi	Plot no. 125, national highway, phase 1 Pakistan Defence Officers Housing Authority.	1,451
Islamabad	Plot No.2A, I&T centre sector G-6/1.	30,609.66

## 7.3 Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of buyer
<b>Vehicles</b>							
Honda city	1,755,230	1,228,661	526,569	1,475,040	948,471	Policy	Mr. Arif Hussain – Employee
Toyota corolla	2,444,000	1,710,800	733,200	795,750	62,550	Policy	Mr. Naufil Aftab – Employee
Suzuki mehran	600,000	384,962	215,038	180,000	(35038)	Policy	Mr. Sanaullah Gaad – Employee
Honda civic	2,162,478	1,261,319	901,159	2,100,000	1,198,841	Policy	Mr. Abbas Hussain – CFO
Motor bike	36,889	11,271	25,618	31,850	6,232	Insurance claim	Adamjee Insurance Company Limited
<b>Audio visual equipment</b>	20,800	6,240	14,560	14,560	-	Negotiation	Scrap dealer
<b>Furniture &amp; fixture</b>	60,000	60,000	-	-	-	Negotiation	Scrap dealer
<b>Computers</b>	3,155,342	3,155,342	-	43,500	43,500	Negotiation	Chand scrap dealer
<b>2018</b>	<b>10,234,739</b>	<b>7,818,595</b>	<b>2,416,144</b>	<b>4,640,700</b>	<b>2,224,556</b>		
<b>2017</b>	<b>17,770,413</b>	<b>11,501,551</b>	<b>6,268,862</b>	<b>10,217,362</b>	<b>3,948,500</b>		

### 7.3.1 None of the directors or the Group has any relationship with the purchaser or employee.

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	
<b>7.4 Depreciation for the year has been allocated as follows:</b>			
Cost of production	25	82,762,911	41,443,011
Distribution costs	26	4,098,165	5,232,106
Administrative expenses	27	37,019,705	32,694,935
		<u>123,880,781</u>	<u>79,370,052</u>

#### 7.5 Capital work-in-progress

Description	Leasehold land	Leasehold building	Leasehold improvements	Furniture and fittings	Vehicles	Audio visual equipment	Uplinking equipment	Office equipment	Computers	Total
	(Rupees)									
Balance as at June 30, 2016	-	-	-	-	-	-	-	-	-	-
Capital expenditure incurred / advances made during the year	-	-	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
Capital expenditure incurred / advances made during the year	693,313,283	72,297,725	95,436,530	3,280,413	34,410,276	307,798,164	20,771,351	22,815,420	38,501,731	1,288,624,893
Transferred to operating fixed assets	(693,313,283)	(72,297,725)	(95,436,530)	(3,280,413)	(34,410,276)	(267,948,505)	(20,771,351)	(26,892,944)	(38,501,731)	(1,252,852,758)
Balance as at June 30, 2018	-	-	-	-	-	39,849,659	-	-	-	39,849,659

#### 8. INTANGIBLE ASSETS

Description	Cost			Accumulated amortization			Book value as at June 30, 2 0 1 8	Amortisation rate % per annum
	As at July 01, 2 0 1 7	Additions	As at June 30, 2 0 1 8	As at July 01, 2 0 1 7	For the year	As at June 30, 2 0 1 8		
	----- Rupees -----							
Goodwill (note 5.5)	13,189,185	222,421*	13,411,606	-	-	-	13,411,606	
Computer softwares	27,967,521	38,255,054	66,222,575	17,993,462	2,805,361	20,798,823	45,423,752	20 - 33
License fee	59,032,673	-	59,032,673	10,237,853	700,350	10,938,203	48,094,470	6.67
Trade Mark	19,928,500	8,187,584	28,116,084	8,277,481	4,413,584	12,691,065	15,425,019	20
<b>2 0 1 8</b>	<b>120,117,879</b>	<b>46,665,059</b>	<b>166,782,938</b>	<b>36,508,796</b>	<b>7,919,295</b>	<b>44,428,091</b>	<b>122,354,847</b>	
Description	Cost			Accumulated amortization			Book value as at June 30, 2 0 1 7	Amortisation rate % per annum
	As at July 01, 2 0 1 6	Additions	As at June 30, 2 0 1 7	As at July 01, 2 0 1 6	For the year	As at June 30, 2 0 1 7		
	----- 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
<b>2 0 1 7</b>	<b>87,339,454</b>	<b>32,778,425</b>	<b>120,117,879</b>	<b>29,194,490</b>	<b>7,314,306</b>	<b>36,508,796</b>	<b>83,609,083</b>	

\* Represent exchange gain on revaluation of goodwill.

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	
<b>8.1 Amortisation for the year has been allocated as follows:</b>			
Cost of production	25	5,234,697	4,130,173
Administrative expenses	27	2,684,598	3,184,133
		<u>7,919,295</u>	<u>7,314,306</u>

	Note	2 0 1 8 ----- Rupees -----	2 0 1 7 -----
<b>9. LONG TERM DEPOSITS</b>			
Security deposits			
- Lease		1,824,950	7,089,800
- Rent		9,821,916	7,726,816
- Trade		25,053,903	27,827,651
- Others		2,517,738	776,154
		<u>39,218,507</u>	<u>43,420,421</u>
<b>10. TELEVISION PROGRAM COSTS</b>			
Unreleased / released less amortisation		384,062,756	387,583,127
In production		91,472,116	86,240,166
		<u>475,534,872</u>	<u>473,823,293</u>
Less: Current portion		219,364,710	220,168,115
		<u>256,170,162</u>	<u>253,655,178</u>
<b>11. DEFERRED TAX ASSET</b>			
<b>Deductible temporary differences</b>			
Provisions		-	26,725,712
Unabsorbed tax losses		55,128,250	20,038,153
Accelerated tax depreciation / amortisation allowances		-	1,210,621
Unused tax credit		102,187,697	109,879,451
		<u>157,315,947</u>	<u>157,853,937</u>
<b>Taxable temporary differences</b>			
Accelerated tax depreciation / amortisation allowances		(277,648)	-
Finance lease		-	(533,887)
		<u>(277,648)</u>	<u>(533,887)</u>
		<u>157,038,299</u>	<u>157,320,050</u>
<b>12. TRADE DEBTS – unsecured</b>			
Considered good		1,789,045,811	1,755,839,800
Considered doubtful		158,653,060	129,090,366
		<u>1,947,698,871</u>	<u>1,884,930,166</u>
Less: Provision for doubtful debts	12.2	158,653,060	129,090,366
		<u>1,789,045,811</u>	<u>1,755,839,800</u>
<b>12.1 Particulars of receivable from foreign customers:</b>			
<b>Jurisdiction</b>			
United Arab Emirates		99,718,690	88,803,720
United States of America		16,056,923	-
		<u>115,775,613</u>	<u>88,803,720</u>

These receivable are on contract basis and there are no defaulting parties as of 30 June 2018.

	Note	2 0 1 8 ----- Rupees -----	2 0 1 7 -----
<b>12.2 The movement in provision for doubtful debts is as follows:</b>			
Balance as at the beginning of the year		129,090,366	32,418,948
Charge for the year	28	29,562,694	96,671,418
Balance as at the end of the year		<u>158,653,060</u>	<u>129,090,366</u>

	Note	2 0 1 8 ----- Rupees	2 0 1 7 -----
<b>12.3</b> The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired		804,462,209	785,992,008
Past due but not impaired			
- 60 to 90 days		478,187,006	546,735,871
- over 90 days		506,396,596	423,111,921
		<u>1,789,045,811</u>	<u>1,755,839,800</u>

### 13. SHORT TERM INVESTMENTS

#### Designated at fair value through profit or loss

BMA Asset Management Company Limited 28,912,096 units having net asset value (NAV) of Rs. 8.667 each		250,578,242	-
Alfalsh Investments Limited 1,496,096 units having NAV of Rs. 100.041 each		149,670,314	-
		<u>400,248,556</u>	<u>-</u>
<b>Held to maturity</b>			
Term deposit receipt	13.1	200,000,000	-
		<u>600,248,556</u>	<u>-</u>

**13.1** These carry interest at the rate of 8.02% per annum having maturity upto December 2018.

### 14. ADVANCES - unsecured, considered good

#### Interest free advances to:

- Producers	14.1	133,139,795	220,481,555
- Suppliers		77,287,220	20,430,750
- Employees		2,641,629	1,406,745
- Executives		451,181	451,181
		<u>213,519,825</u>	<u>242,770,231</u>

**14.1** Include Rs. 22,883,925/- (2017: Nil) receivable from Momina & Duraid Films (Private) Limited, a related party.

### 15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

#### Deposits

- Rent	664,500	514,500
- Trade	1,982,207	1,972,207
- Others	1,647,678	1,683,974
	<u>4,294,385</u>	<u>4,170,681</u>

#### Prepayments

- Insurance	10,799,371	8,078,854
- Rent	4,260,600	8,378,961
- Others	30,077,158	18,189,628
	<u>45,137,129</u>	<u>34,647,443</u>
	<u>49,431,514</u>	<u>38,818,124</u>

	Note	2 0 1 8 ----- Rupees -----	2 0 1 7 -----
<b>16. OTHER RECEIVABLES – considered good</b>			
Sales tax receivable		92,236,964	8,069,402
Others		24,350,785	12,973,551
		<u>116,587,749</u>	<u>21,042,953</u>

**17. CASH AND BANK BALANCES**

Cash in hand		3,475,204	194,005
<b>Cash at banks– conventional banks</b>			
- in current accounts		228,367,053	83,675,876
- in deposit accounts	17.1	144,458,589	369,957,172
		<u>372,825,642</u>	<u>453,633,048</u>
		<u>376,300,846</u>	<u>453,827,053</u>

17.1 These carry profit at the rates ranging from 5% to 5.5% (2017: 5.25% to 5.5%) per annum.

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

2 0 1 8 (Number of shares)	2 0 1 7		2 0 1 8 ----- Rupees -----	2 0 1 7 -----
500,000,000	500,000,000	Ordinary shares of Re. 1/- each	500,000,000	500,000,000
445,000,000	445,000,000	Fully paid in cash	445,000,000	445,000,000
<u>945,000,000</u>	<u>945,000,000</u>	Issued as fully paid bonus shares	<u>945,000,000</u>	<u>945,000,000</u>

18.1 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

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

	2 0 1 8		2 0 1 7	
	Minimum Lease Payment	Present value	Minimum Lease Payment	Present Value
	----- Rupees -----			
Not later than one year	20,402,516	18,725,877	31,079,005	29,178,958
Later than one year and not later than five years	13,878,079	12,914,293	12,786,501	12,068,950
Total minimum lease payments	<u>34,280,595</u>	<u>31,640,170</u>	<u>43,865,506</u>	<u>41,247,908</u>
Less: Financial charges allocated to future periods	2,640,425	-	2,617,598	-
Present value of minimum lease payments	<u>31,640,170</u>	<u>31,640,170</u>	<u>41,247,908</u>	<u>41,247,908</u>
Less: Current portion shown under current liabilities	18,725,877	18,725,877	29,178,958	29,178,958
	<u>12,914,293</u>	<u>12,914,293</u>	<u>12,068,950</u>	<u>12,068,950</u>

19.1 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 2022. 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 (2017: 6 months KIBOR plus 2 to 3) percent per annum.

	Note	2018 ----- Rupees	2017 -----
<b>0. LONG TERM FINANCING – secured</b>			
<b>Islamic banks</b>			
Diminishing Musharaka – I	20.1	562,269,000	-
Diminishing Musharaka – II	20.2	250,220,000	-
		812,489,000	-
Less: current maturity		(11,713,938)	-
		<u>800,775,062</u>	<u>-</u>
<b>Conventional bank</b>			
Term Finance Loan	20.2	293,380,000	-
		<u>1,094,155,062</u>	<u>-</u>

**20.1** Represent Diminishing Musharaka facility carrying profit at the rate of 6 months KIBOR plus 1% per annum. The financing is repayable in 48 equal monthly instalments commencing after a grace period of 12 months from the date of first disbursement i.e. from June 2018. The loan is secured by way of registered mortgage over the building.

**20.2** Represent Diminishing Musharaka and Term Finance Loan carrying profit at the rate of 6 months KIBOR plus 1% per annum. The financing is repayable in 48 equal monthly instalments commencing after a grace period of 18 months from the date of first disbursement i.e. December 2017. Financing is secured by way of Equitable Mortgage over registered office, First pari passu constructive mortgage charge over land and first hypothecation charge over plant, machinery & equipment.

	Note	2018 ----- Rupees	2017 -----
<b>21. TRADE AND OTHER PAYABLES</b>			
Creditors	21.1	344,341,453	245,454,124
Accrued liabilities		293,457,766	273,693,876
Withholding tax payable		16,921,697	32,266,550
Advances from customers		15,357,423	14,160,308
Payable to provident fund	21.2	8,764,239	85,234
Others		28,730,331	24,539,941
		<u>707,572,909</u>	<u>590,200,033</u>

**21.1** Include Rs. 272,941,727/- (2017: Rs. 156,103,220/-) payable to M.D Production (Private) Limited, a related party.

	2018 ----- (Un-audited)	2017 ----- (Audited)
<b>21.2 Payable to provident fund</b>	<u>8,764,239</u>	<u>85,234</u>

**21.2.1 General disclosures**

Size of the fund	<u>199,968,714</u>	<u>165,070,991</u>
Cost of the investment made	<u>130,111,383</u>	<u>132,096,785</u>
Fair value of the investment made	<u>129,866,837</u>	<u>132,335,484</u>
Percentage of the investment made	<u>65%</u>	<u>80%</u>

21.2.2 The breakup of investment is as follows:

	2018		2017	
	(Rupees)	%	(Rupees)	%
Treasury bills	-	-	9,711,000	7.35
Mutual funds	52,941,759	40.77	16,118,106	12.20
Term deposit certificate	10,171,412	7.83	10,171,412	7.70
Bank balance – deposit accounts	66,753,666	51.40	96,096,267	72.75
	<b>129,866,837</b>	<b>100.00</b>	<b>132,096,785</b>	<b>100.00</b>

21.2.3 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

## 22. SHORT TERM BORROWINGS

	Note	2018	2017
		Rupees	Rupees
Short-term running finance– conventional banks	22.1	<b>17,803,070</b>	-

22.1 Represent facilities obtained from various conventional banks amounting to Rs. 475,000,000 (2017: Rs. 475,000,000) out of which Rs. 457,196,930 (2017: Rs. 475,000,000) remains unutilized at year end. These facilities carrying markup ranging from 3 month KIBOR + 0.75% to 1.25%. (2017: 3 month KIBOR + 0.75% to 1.25%). These facilities are secured by way of pari passu charge and first hypothecation charge on all current assets of the Holding Company.

22.2 The Holding Company has local bill discounting facilities amounting to Rs. 225,000,000 (2017: Rs. 225,000,000) which remain unutilized at the year end. These facilities carrying mark-up rates ranging from 3 months KIBOR + 0.9% to 1.5% (2017: 3 months KIBOR + 0.9% to 1.5%) and will mature latest by February 2019. These facilities secured by way of pari passu charge and first hypothecation charge on all current assets of the Holding Company.

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

23.1.1 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 who decided the case against the Holding Company. 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 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 Holding Company and accordingly, no provision has been made in this respect in these consolidated financial statements.

23.1.2 For other tax related matters, refer note 31.2 to these consolidated financial statements.

### 23.2 Commitments

23.2.1 Purchase of television programs commitments with M.D Production (Private) Limited and Momina & Duraid Films (Private) Limited - related parties as at June 30, 2018 amounted to Rs. 210,009,500/-(2017: Rs. 163,962,500/-) and 110,000,000 (2017: Nil) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2018 amounted to Rs. 13,144,000/-(2017: Rs. 11,753,000/-).

	Note	2018	2017
		Rupees	Rupees
23.2.2 Outstanding letter of credit		<b>19,162,829</b>	-

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	-----
<b>24. REVENUE – net</b>			
Advertisement revenue		4,477,710,116	4,700,512,438
Production revenue		143,780,774	166,238,620
Digital revenue		20,812,520	26,357,293
Subscription income		311,619,009	152,869,851
Film distribution revenue		161,702,621	59,369,186
Sale of goods		14,906,584	-
	24.1	<u>5,130,531,624</u>	<u>5,105,347,388</u>
<b>24.1</b> Revenue is net off the following items:			
Sales tax		600,376,078	710,012,143
Discount to customers		334,638,919	330,531,819
		<u>935,014,997</u>	<u>1,040,543,962</u>

## 25. COST OF PRODUCTION

Cost of outsourced programs		1,539,148,495	1,374,314,087
Cost of in-house programs		396,083,464	273,301,630
Cost of inventory consumed		11,227,809	4,068,268
Salaries and benefits	25.1	676,848,350	413,234,475
Depreciation	7.4	82,762,911	41,443,011
Amortisation	8.1	5,234,697	4,130,173
Traveling and conveyance		56,839,521	25,840,035
Utilities		20,841,192	14,296,685
Rent, rates and taxes		36,201,569	14,797,260
Insurance		14,088,720	11,011,954
Repair and maintenance		33,245,578	22,602,353
Fee and subscription		17,279,201	7,734,585
Communication		14,647,198	10,826,233
Security charges		3,580,300	2,372,845
Consultancy		5,550,436	5,099,019
Printing and stationery		14,773,784	15,250,741
		<u>2,928,353,225</u>	<u>2,240,323,354</u>
In production television programs - opening		86,240,166	80,456,290
In production television programs - closing		(91,472,116)	(86,240,166)
		<u>2,923,121,275</u>	<u>2,234,539,478</u>
Released / unreleased programs - opening		387,583,127	880,608,495
Released / unreleased programs - closing		(384,062,756)	(387,583,127)
		<u>2,926,641,646</u>	<u>2,727,564,846</u>

**25.1** Include Rs.20,661,450/- (2017: Rs. 14,836,831/-) in respect of staff retirement benefits.

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	-----
<b>26. DISTRIBUTION COSTS</b>			
Advertisement and promotion		176,396,179	153,209,718
Salaries and benefits	26.1	163,954,036	167,750,733
Traveling and conveyance		19,624,135	12,766,645
Rent, rates and taxes		5,538,908	6,268,121
Utilities		2,695,959	2,703,798
Depreciation	7.4	4,098,165	5,232,106
Communication		1,839,685	1,741,185
Insurance		2,978,653	3,379,277
Repair and maintenance		5,828,045	3,677,837
Fees and subscription		2,017,040	1,493,323
Security charges		305,600	378,433
Printing and stationery		435,155	687,034
Training		6,305,817	-
		<u>392,017,377</u>	<u>359,288,210</u>

**26.1** Include Rs.6,421,634/- (2017: Rs. 6,073,446/-) in respect of staff retirement benefits.

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	
<b>27. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	27.1	416,752,720	429,847,519
Technical advisory fee	27.2	40,440,000	36,000,000
Depreciation	7.4	37,019,705	32,694,935
Amortisation	8.1	2,684,598	3,184,133
Repair and maintenance		27,848,093	15,206,557
Communication		5,821,231	4,893,546
Traveling and conveyance		31,159,214	29,146,154
Fee and subscription		15,250,763	17,629,692
Utilities		10,727,052	6,589,350
Legal and professional charges		22,059,172	57,053,745
Printing, stationery and periodicals		5,900,338	5,030,023
Rent, rates and taxes		26,932,034	15,180,354
Insurance		5,407,001	4,992,775
Auditors' remuneration	27.3	6,384,730	5,588,294
Security charges		5,832,717	3,285,879
Donations	27.4	-	275,000
		<u>660,219,368</u>	<u>666,597,956</u>

27.1 Include Rs. 3,434,469/- (2017: Rs. 3,692,650/-) in respect of staff retirement benefits.

27.2 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.

	2 0 1 8	2 0 1 7
	----- Rupees -----	
<b>27.3 Auditors' remuneration</b>		
Audit fee	3,678,844	3,054,421
Fee for consolidated financial statements	587,500	425,000
Fee for half yearly review	325,000	350,000
Tax and other services	1,428,004	1,458,873
Out of pocket expenses	365,382	300,000
	<u>6,384,730</u>	<u>5,588,294</u>

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

	Note	2 0 1 8	2 0 1 7
		----- Rupees -----	
<b>28. OTHER EXPENSES</b>			
Trade debts written off		-	69,881,689
Provision for doubtful trade debts	12.2	29,562,693	96,671,418
Exchange loss		-	3,258,027
		<u>29,562,693</u>	<u>169,811,134</u>

**29. OTHER INCOME**

**Income from financial assets**

Profit on deposit accounts	19,411,839	6,148,352
Unrealised gain on revaluation of investments	248,556	-
Exchange gain	59,046,397	-
	<u>78,706,792</u>	<u>6,148,352</u>

**Income from non financial assets**

Gain on disposal of operating fixed assets	2,224,556	3,948,500
Sale of magazines and DVDs	52,435,380	65,677,212
Liabilities no longer payable written back	35,345	10,865,243
Others	118,910	103,600
	<u>54,814,191</u>	<u>80,594,555</u>
	<u>133,520,983</u>	<u>86,742,907</u>

	2 0 1 8 ----- Rupees -----	2 0 1 7 -----
<b>30. FINANCE COSTS</b>		
Mark-up on long term financing	17,864,481	-
Mark-up on short term borrowings	8,217,269	14,812,392
Finance lease charges	3,575,193	4,303,627
Bank charges	3,852,637	2,520,693
	<u>33,509,580</u>	<u>21,636,712</u>

### 31. TAXATION

Current	85,544,363	77,045,914
Deferred	7,915,256	(42,563,014)
Prior	(7,413,062)	-
	<u>86,046,557</u>	<u>34,482,900</u>

**31.1** The Holding Company has filed its return of income up to tax year 2017. 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.

**31.2** During the year, the Holding Company filed a Constitutional Petition (CP) before the Court on September 25, 2017 challenging the vires of tax on undistributed profits levies under section 5A of the Income Tax Ordinance, 2001. 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 Holding Company, the Holding 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 7.5% of the accounting profit before tax of the Holding Company for the financial year ended June 30, 2017. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Holding Company and accordingly, no provision has been made in this respect in these consolidated financial statements.

### 31.3 Managements' assessment of Tax Provision

The Holding Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	Provision for taxation ----- (Rupees) -----	Tax assessed -----
2017	77,046,345	96,793,600
2016	282,498,447	265,232,425
2015	349,231,582	326,976,417

		2 0 1 8	2 0 1 7
<b>32. EARNINGS PER SHARE – basic and diluted</b>			
Profit after taxation	Rupees	<u>844,001,512</u>	<u>1,023,113,461</u>
Weighted average number of ordinary shares outstanding during the year		<u>945,000,000</u>	<u>945,000,000</u>
Earnings per share	Rupee	<u>0.89</u>	<u>1.08</u>

	2 0 1 8	2 0 1 7
	----- Rupees -----	
<b>33. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	930,048,069	1,057,596,361
<b>Adjustments for :</b>		
Depreciation	143,716,787	79,370,052
Amortisation	7,919,295	7,314,306
Finance costs	33,509,580	21,636,712
Exchange difference on translation of foreign subsidiaries	58,158,950	(4,288,724)
Exchange (gain) / loss	(59,046,397)	3,258,027
Profit on deposit accounts	(19,411,839)	(6,148,352)
Unrealised gain on revaluation of investments	(248,556)	-
Trade debts written off	-	69,881,689
Provision for doubtful debts	29,562,694	96,671,418
Gain on disposals of operating fixed assets	(2,224,556)	(3,948,500)
	<b>191,935,958</b>	<b>263,746,628</b>
<b>(Increase) / decrease in current assets</b>		
Inventories	(27,379,097)	(89,020)
Television program costs	803,405	265,641,549
Trade debts	(3,722,308)	(395,071,443)
Advances	29,250,406	(56,198,487)
Deposits and prepayments	(10,613,390)	4,460,420
Other receivables	(95,544,796)	(2,552,465)
	<b>(107,205,780)</b>	<b>(183,809,446)</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	117,372,876	(109,098,465)
	<b>1,132,151,123</b>	<b>1,028,435,078</b>

### 34. 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:

	2 0 1 8				2 0 1 7			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
	----- Rupees -----							
Managerial remuneration	92,108,584	3,000,000	2,000,000	284,919,825	80,464,525	-	2,000,000	239,858,218
Bonus	49,719,317	49,719,317	-	-	98,055,986	98,055,986	-	-
Retirement benefits	-	-	-	14,578,015	-	-	-	10,594,917
House rent	14,217,101	-	-	80,592,895	12,193,548	-	-	74,361,177
Utilities	3,159,355	-	-	17,909,531	2,709,672	-	-	16,524,707
Technical advisory fee	-	40,440,000	-	-	-	36,000,000	-	-
Fuel and conveyance	1,036,832	920,548	365,054	6,840,955	142,245	717,095	-	5,569,637
	<b>160,241,189</b>	<b>94,079,865</b>	<b>2,365,054</b>	<b>404,841,221</b>	<b>193,565,976</b>	<b>134,773,081</b>	<b>2,000,000</b>	<b>346,908,656</b>
Number	<b>1</b>	<b>2</b>	<b>1</b>	<b>68</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>47</b>

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

**34.2** Aggregate amount charged in the consolidated financial statements for fee to five non-executive directors was Rs.890,000/- (2017: Rs. 540,000/-).

### 35. 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:

## 35. 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:

	2 0 1 8	2 0 1 7
	----- Rupees -----	-----
<b>Associates</b>		
Purchase of television programs	<u>1,288,748,577</u>	<u>1,175,542,048</u>
<b>Retirement fund</b>		
Contribution to provident fund	<u>30,517,553</u>	<u>24,602,927</u>

All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group. The outstanding receivable and payable balances of the related parties are disclosed in their respective notes to these consolidated financial statements.

35.1 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place

S.No	Company Name	Basis of association	Aggregate % of shareholding
1	M.D Productions (Private) Limited	Associate	-
2	Momina & Duraid Films (Private) Limited	Associate	-
3	Hum Network Limited- Employees' Provident Fund	Retirement Fund	-

35.2 None of the key management personnel had any arrangements with the Group other than the employment contract.

35.3 Particulars of Major Foreign Shareholders Holding More Than 5% of Paid-Up in the Holding Company

Name & Address	Legal Status	Principal Officers	Name and Particulars of Pakistani Resident associated with Shareholder
Stitching General Holdings	Foundation	Mr. Gerrit Berend Oldekamp and Mr. Rogier Steenbergen	CITI bank (custodian)
Kingsway Fund Frontier Consumer Franchises	Fund	Mr. Manuel Stotz	CITI bank (custodian)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks i.e. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's senior management oversees the management of these risks. The Group's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

### 36.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

### 36.2 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 Group's interest rate risk arises from finance lease

obligations, short term borrowings and bank balances. The Group 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 Group's profit before taxation:

	Increase / decrease in basis points	Effect on profit before taxation Rupees
30 June 2018	+100	<u>(3,597,483)</u>
	-100	<u>(3,597,483)</u>
30 June 2017	+100	<u>(412,479)</u>
	-100	<u>412,479</u>

### 36.3 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 Group's exposure to foreign currency risk is as follows:

	-----2018-----			-----2017-----		
	US Dollar	GBP	AED	US Dollar	GBP	AED
Trade debts	195,259	1,569,977	2,346,907	254,957	1,201,855	1,615,746
Deposits and prepayments	99,755	147,931	229,964	65,627	111,369	152,053
Trade and other payables	(168,516)	(128,042)	(498,575)	(171,774)	435,755	107,889

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

	----- Rupees -----			----- Rupees -----		
Closing exchange rates	<u>121.40</u>	<u>159.14</u>	<u>33.45</u>	106.4	137.00	29.07

#### Sensitivity analysis:

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

	Change in US dollar rate (%)	Effect on profit before tax -- Rupees --	Change in AED rate (%)	Effect on profit before tax -- Rupees --	Change in AED rate (%)	Effect on profit before tax -- Rupees --
30 June 2018	+10	<u>1,264,980</u>	+10	<u>1,479,310</u>	+10	<u>2,299,640</u>
	-10	<u>(1,264,980)</u>	-10	<u>(1,479,310)</u>	-10	<u>(2,299,640)</u>
30 June 2017	+10	<u>1,583,338</u>	+10	<u>12,021,339</u>	+10	<u>4,826,667</u>
	-10	<u>(1,583,338)</u>	-10	<u>(12,021,339)</u>	-10	<u>(4,826,667)</u>

### 36.4 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 Group's performance to developments affecting a particular industry.

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

#### 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:

		2018	2017
		----- Rupees -----	
<b>Trade debts</b>			
Customers with no defaults in the past one year		1,789,045,811	1,755,839,800
Customers with some defaults in past one year		158,653,060	129,090,366
		<u>1,947,698,871</u>	<u>1,884,930,166</u>
<b>Bank balances</b>			
	A1+	130,005,238	272,479,217
	A+	208,287,350	79,607,565
	A1	34,533,054	101,546,266
		<u>372,825,642</u>	<u>453,633,048</u>
<b>Short term investments</b>			
Mutual funds	AM3	250,578,242	-
	AM2+	149,670,314	-
		<u>400,248,556</u>	<u>-</u>
Term deposit receipt	A1	200,000,000	-
		<u>600,248,556</u>	<u>-</u>

### 36.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group 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 Group's financial liabilities as at the following reporting dates:

2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Liabilities against assets subject to finance lease	-	3,232,123	15,493,754	12,914,293	31,640,170
Trade and other payables	80,226,217	272,772,296	337,986,820	-	690,985,333
Short term borrowing	-	-	17,803,070	-	17,803,070
Accrued mark-up	2,431,527	-	-	-	2,431,527
	<u>82,657,744</u>	<u>276,004,419</u>	<u>371,283,644</u>	<u>12,914,293</u>	<u>742,860,100</u>
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
	<u>2,562,597</u>	<u>210,578,471</u>	<u>374,099,629</u>	<u>12,068,950</u>	<u>599,309,647</u>

### 36.6 Capital risk

The Group finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

	Note	2018 ----- Rupees	2017 -----
Liabilities against asset subject to finance lease	19	12,914,293	12,068,950
Long term financing	20	1,094,155,062	-
Trade and other payable	21	707,572,909	590,200,033
Accrued markup		2,431,528	128,256
Short term borrowing	22	17,803,070	-
Current portion of long term financing	20	11,713,938	-
Current portion of liabilities against asset subject to finance lease	19	18,725,877	29,178,958
<b>Total debt</b>		<b>1,865,316,677</b>	<b>631,576,197</b>
Cash and bank balances	17	(376,300,846)	(453,827,053)
<b>Net debt</b>		<b>1,489,015,831</b>	<b>177,749,144</b>
Share capital		945,000,000	945,000,000
Reserves		2,819,477,235	2,011,816,774
<b>Total equity</b>		<b>3,764,477,235</b>	<b>2,956,816,774</b>
<b>Capital</b>		<b>5,253,493,066</b>	<b>3,134,565,918</b>
<b>Gearing ratio</b>		<b>28.34%</b>	<b>5.67%</b>

### 36.7 Fair value measurement

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.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below categorized fair value measurement of financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2018				2017
	Level 1	Level 2	Level 3	Total	
	----- (Rupees)				-----
Mutual funds	400,248,556	-	-	400,248,556	-

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

**36.8** Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

**37. NUMBER OF EMPLOYEES**

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018 -----(Number)-----	2017 -----
Number of employees as at June 30	<u>1,073</u>	<u>447</u>
Average number of employees during the year	<u>896</u>	<u>444</u>

**38. GENERAL**

**38.1** For better presentation, certain prior year figures have been reclassified consequent to certain changes in current year presentation

**38.2** Figures have been rounded off to the nearest Rupee

**39. DATE OF AUTHORIZATION**

These consolidated financial statements have been authorised for issue on October 02, 2018 by the Board of Directors of the Holding Company.



**DURAID QURESHI**  
Chief Executive



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman



**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer



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# Form of Proxy

The Company Secretary,  
HUM NETWORK LIMITED  
14TH 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 **Friday, October 24, 2018 at 05:30 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 \_\_\_\_\_ 2018.

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 not airily certified copy of such power or authority must, to be valid, be deposited at the registered office not less than 48 hours before the time of the meeting.
  6. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
  7. Members are requested to notify any changes in their addresses immediately.
  8. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

**For CDC Account Holders/Corporate Entities:**

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

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

# پراکسی فارم

کمپنی سیکریٹری،  
ہم نیٹ ورک لمیٹڈ  
چودھویں 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 جمعہ ۲۳ اکتوبر ۲۰۱۸ء کو شام ۵:۳۰ بجے آڈیٹوریم ہال، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹ آف پاکستان  
کلفٹن کراچی میں ہوگا۔

بطور گواہ میں اپنے دستخط/مہر بتاریخ \_\_\_\_\_ ۲۰۱۸ء ثبت کرتا ہوں۔  
میں \_\_\_\_\_ نے درج ذیل کی موجودگی میں دستخط کئے ہیں۔

گواہ:

۱۔ نام:	_____	۲۔ نام:	_____
دستخط:	_____	دستخط:	_____
پتہ:	_____	پتہ:	_____
شناختی کارڈ/ پاسپورٹ نمبر:	_____	شناختی کارڈ/ پاسپورٹ نمبر:	_____

نوٹ:

- ۱۔ پراکسی فارم کو مکمل اور دستخط کر کے کمپنی کے رجسٹرڈ آفس ہم نیٹ ورک لمیٹڈ، پلاٹ نمبر ۱۱/۱۱، حسن علی اسٹریٹ، آئی آئی چنبرہ گروڈ، کراچی میں وصول کئے جائیں گے۔
- ۲۔ تمام ممبران میٹنگ میں حاضر ہو کر ووٹ دینے کا حق رکھتے ہیں۔
- ۳۔ جواز 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 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 جارہی ہے۔ پراکسی دستاویز کی مزید کاپیاں اوقات کار کے دوران کمپنی کے رجسٹرڈ آفس سے حاصل کی جاسکتی ہیں۔
- ۵۔ مکمل کردہ پراکسی دستاویز اور پورا آف انارٹی یا دیگر اختیارات (اگر کوئی ہوں) جس کے تحت اس پر دستخط کر کے نوٹس سے تصدیق شدہ کاپی باہر 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 پتے 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 ۹ میں دی گئی ہدایات پر عمل کریں جو کہ ۲۶ جنوری ۲۰۰۰ء کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان۔

سی ڈی سی اکاؤنٹ ہولڈرز کا رپورٹ 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 نمبر فارم پر درج کئے جائیں گے۔
- ۲۔ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ ضلک 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 اور آف انارٹی ہندسوں کے دستخط کے ساتھ پراکسی فارم کمپنی میں جمع کرائے جائیں گے۔



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