ANNUAL REPORT 2014

HUM Network 10th Anniversary

HUM NETWORK LIMITED


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Celebrating the

10th

Anniversary

HUM NETWORK LIMITED

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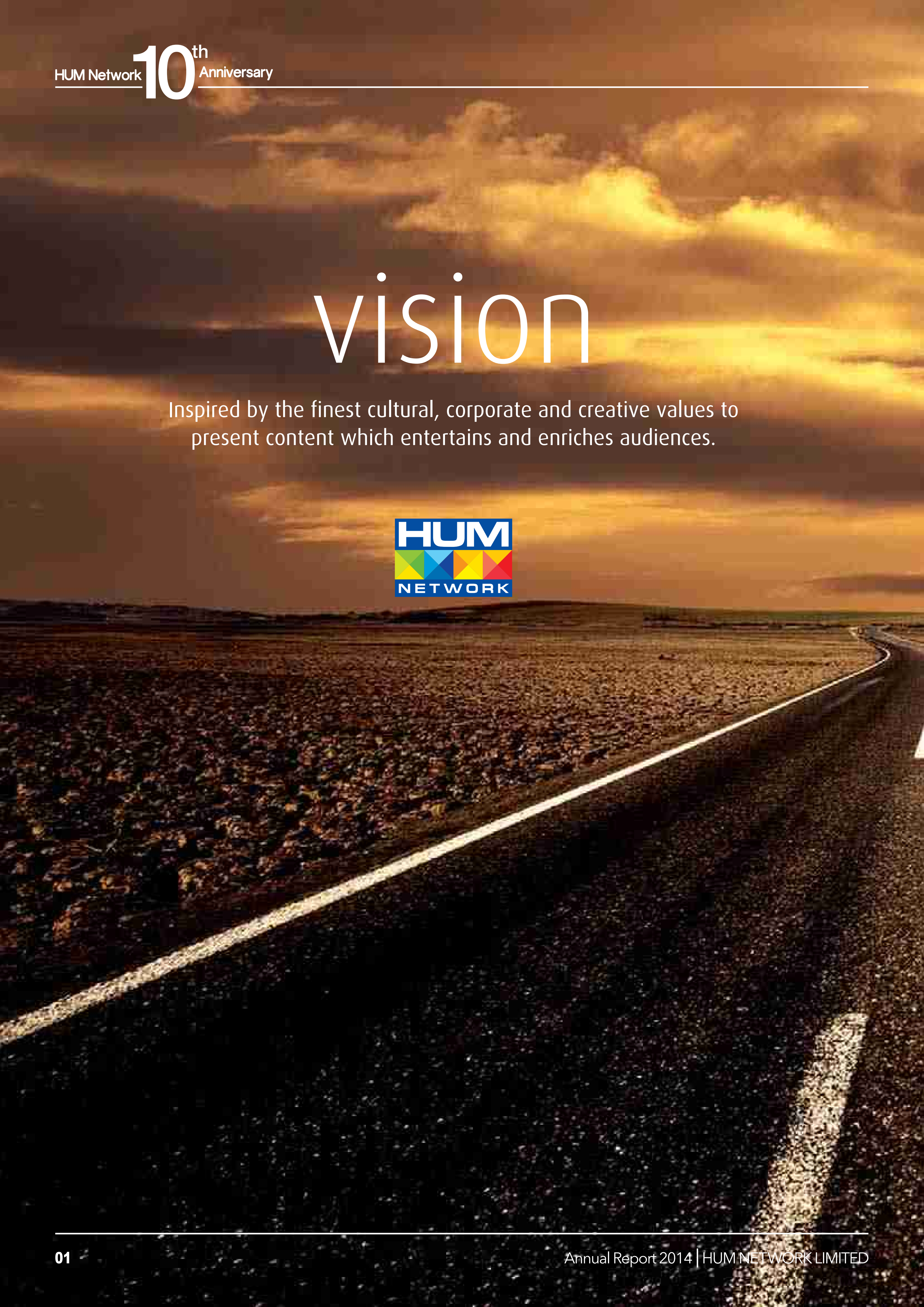
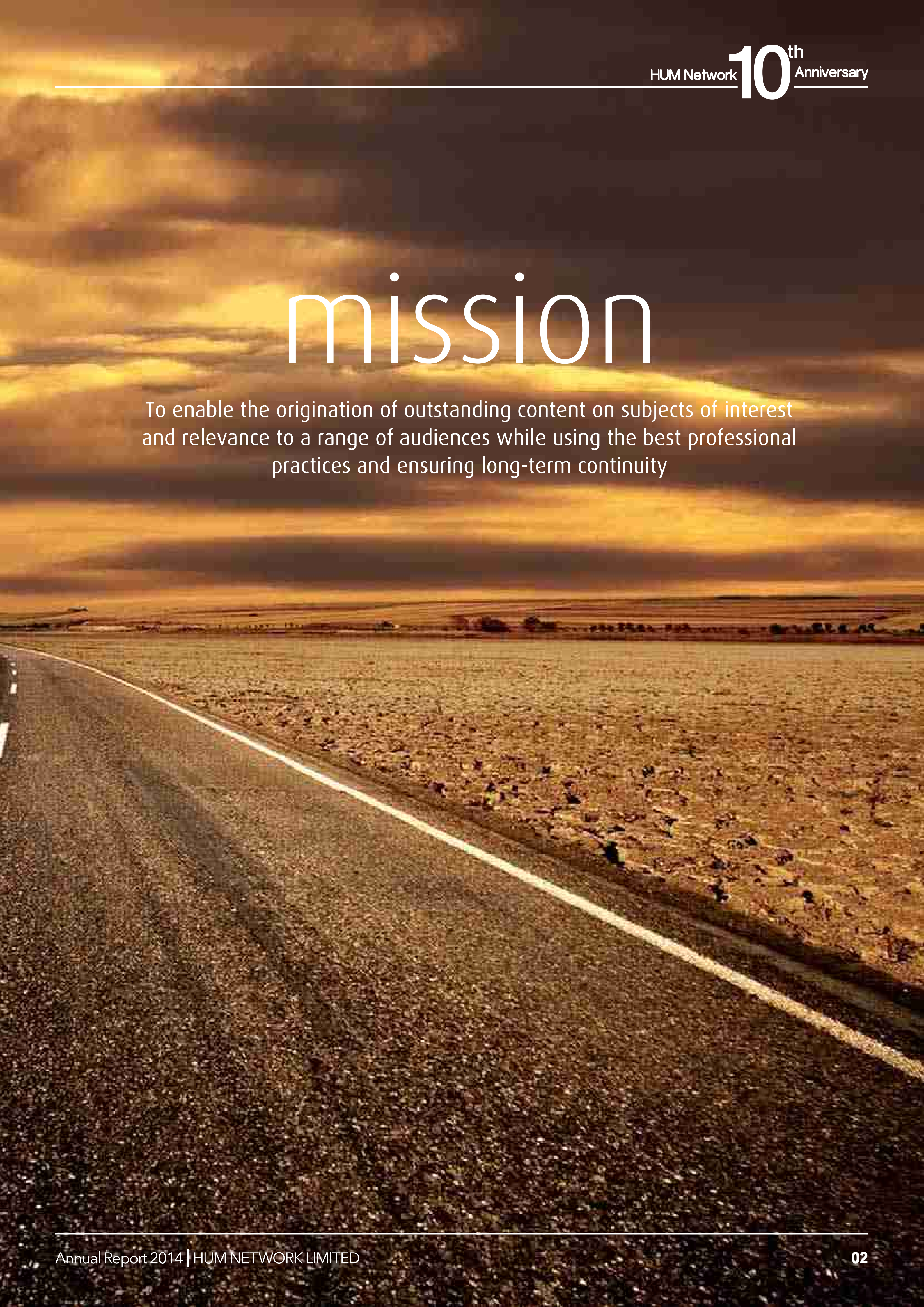


vision

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



mission

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

Who We Are...

Introducing ourselves-HUM Network Limited, the numero uno entertainment network viewed round the globe.

Ten years ago, when HUM Network Ltd decided to launch its flagship channel HUM, Pakistani television audiences were glued to watching indian TV soaps, and the erstwhile glorious dramas of PTV days, had died a natural death. HUM entered the fold of existing channels with a mission to bring back audiences to Pakistani plays, and to once again give quality dramas to viewers. Beginning with star-studded riveting plays like "Meray Paas Paas', 'Teray Janey Ke Baad' and 'Woh Ishq Jo Hum Say Rooth Gya', HUM quickly made a name for itself and within no time, people started turning away from Indian soaps, and watching HUM plays. So great was their pull, that other local television channels who had previously felt it was unfeasible to invest in high-quality plays, and had been telecasting look-alikes of Indian soaps, also started to also invest in plays depicting Pakistani culture.

Within no time, HUM became a name to reckon with and from the very next year of its inception began to bag the maximum number of LUX Style Awards, not to mention other media awards in the category of Satellite Television Plays. What's more with the passage of time and HUM's penetration overseas, our plays are being religiously followed round the globe, and a special Indian channel dedicated to Pakistani plays, Zee Zindagi, is televising HUM plays as a major part of its content. The result has been that we have been receiving rave reviews from reputed newspapers and magazines round the globe, including Guardian, Gulf News, Toronto Sun and Times of India.

On the heels of this highly successful venture we subsequently launched MASALA channel – Asia's first 24-hour live cooking channel. So successful did it become that other networks followed suit with their own cooking channels, but none managed to sustain them. Our cooking experts, on the other hand, have gained so much popularity that they have become celebrities in their own right with tremendous fan-following and have also conducted live-cooking shows in hotels both locally as well as in Dubai.

The next channel to be launched recently by our Network is HUM SITARAY - Pakistan's only fashion, lifestyle and entertainment channel. Associated with it are all fashion events that take place in the country which vie for screen space on it. So established has the channel become in a short span of time that one of the top designers of the country – HSY – is hosting a shown on it. Hence, through consistent high-quality programming that targets the entire family with its wide spectrum of genres, in these ten years we have built a loyal and varied fan base, as our content caters to all strata of television audiences.

We also take immense pride in the fact that we are the only public-listed broadcast media house in Pakistan bearing testimony to the transparency of our operations. Not only that, but within a short span of four years we were ranked among the top 25 public-listed companies by Karachi Stock Exchange. Further during the period the Network was also awarded credit rating of A+ and A1 in long term and short term respectively. The CEO has been awarded by various organizations in recognition of his efforts for the achievements of the Company.

We are also registered with Pakistan Electronic Media Regulatory Authority (PEMRA) and our President Ms Sultana Siddiqui is the Vice Chairman of Pakistan Broadcasting Association (PBA). What's more, Moneeza Hashmi, General Manager International Relations, HUM Network Ltd has been unanimously re-elected president of the Commonwealth Broadcasters Association (CBA) for an unprecedented third term this year.

The Network has also incorporated a strong publications wing in its folds which includes two monthly magazines - MASALA TV Food Mag, a bi-lingual recipe-based magazine with the highest circulation in the country --, G.L.A.M – a highly sought-after glamour, lifestyle, arts and media-based glossy magazine, Bridal Couture Week catalogues that are popular not just in Pakistan but in India as well, and Masala cookbooks featuring recipes in English and Urdu by our cooking experts. The latest in this series, Manpasand Masala Mornings with Shireen Anwar has broken all sales records by becoming Pakistan's largest selling book in the shortest span of time.

THE BIGGEST BLOCK BUSTER OF PAKISTANI TELEVISION

Writer: Farhat Ishtiaq, Director: Sarmad Sultan Khoosat, Producer: Momina Duraid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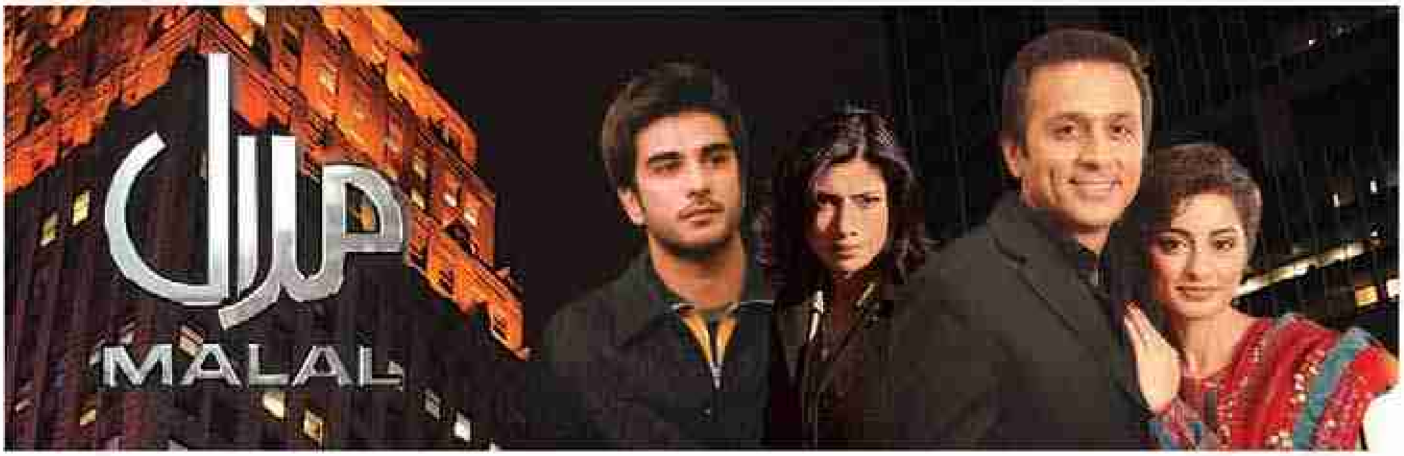
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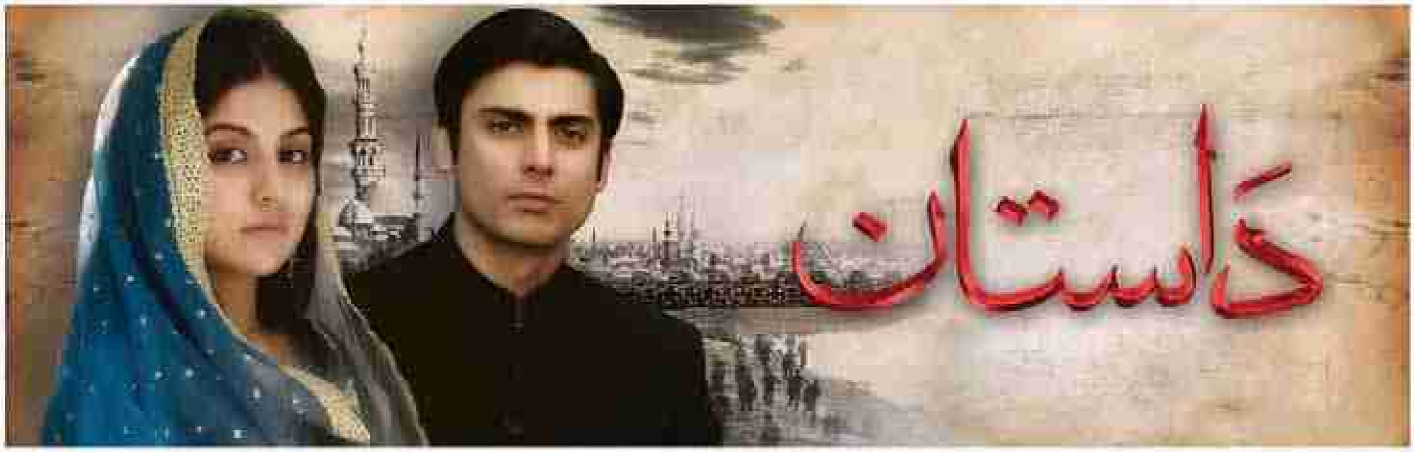
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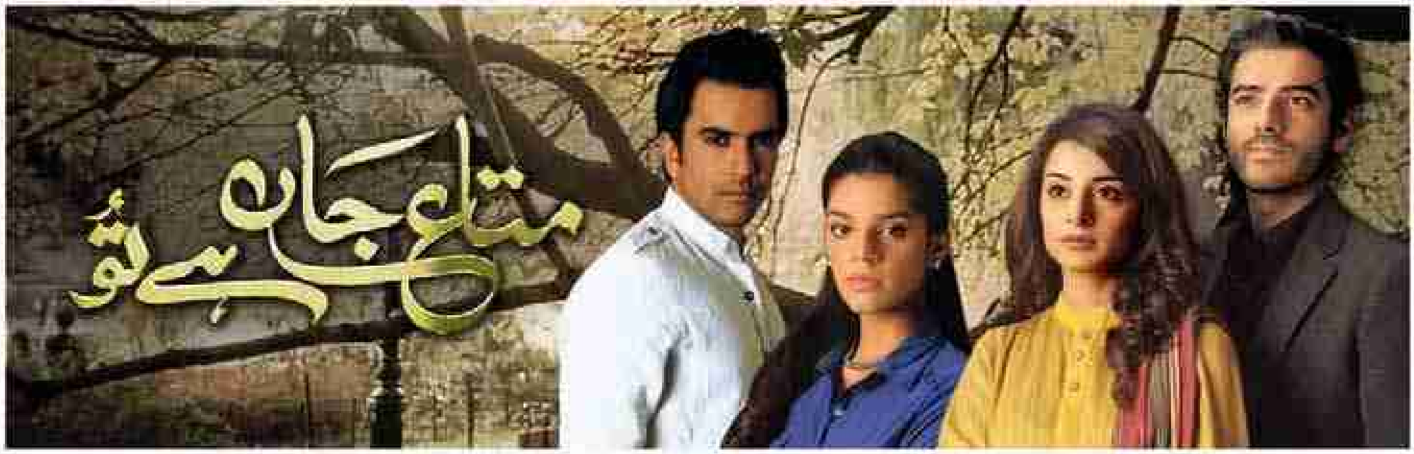
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Global Reach and Developments

The Brand HUM was initially launched with a vision to be an internationally famed channel starting from the door step of our very own country Pakistan. The whole team of Network is glued with the Idea to become the best ever entertainment Brand. With the progress of time we not only improved ourselves in our region but also increased our reach globally. The Brand loyalty is now being owned by large number of viewers across the globe. To increase its reach the Company has setup its subsidiaries in United States of America as well as in United Kingdom. The entertainment needs of the viewers across the boundaries are taken care by different content beams catering to HUM Europe, HUM MEENA and HUM USA.

HUM Brand has also excelled in the field of technological advancement by launching its channel via MPEG4 and is also watched widely on internet as well. The interactive business stream of the Brand has been established and is performing quite well.

Major Trend-setting On-Ground Events

Among all broadcast channels, we take pride in being pioneers of organizing -- with the help of our own in-house teams live on-ground events such as Bridal Couture Week, MASALA Family Festival and HUM Awards – all recognized as exemplary events in their respective genres.

BCW & Other Fashion Events

Under the banner of one of our brands, STYLE360, we stage Pakistan's Bridal Couture Weeks (PBCW), the most prestigious bridal event in the country with a strong following both locally and internationally, twice a year, once in Karachi and once in Lahore. The objective behind initiating this event was to provide a platform to bridal designers, who in spite of being an integral part of the wedding industry did not have a formal forum from which to display their wares to potential buyers. The event is strategically placed around the wedding season and provides one of the most glamorous platforms in Pakistan to showcase latest bridal collections.

Similarly, other fashion events under the banner of various fashion councils or other platforms are also all associated with the Network and are aired on our channels round the globe so as to project a soft image of Pakistan abroad. Hence, by virtue of exclusive contracts with fashion fraternities in Pakistan all major fashion events in the country are now held through the HNL platform.

HUM Awards

Recognising the need to reward and honour people associated with HUM since its inception in the fields of drama, music and fashion, HNL introduced HUM Awards, a star-studded phenomena. The 1 st HUM Awards took place in 2013 followed by 2nd HUM Awards in 2014 that took the event to greater heights. HNL set a benchmark within the industry by creating an event that was at par with International award ceremonies in terms of performances, celebrity presence, opulent set design and production quality.

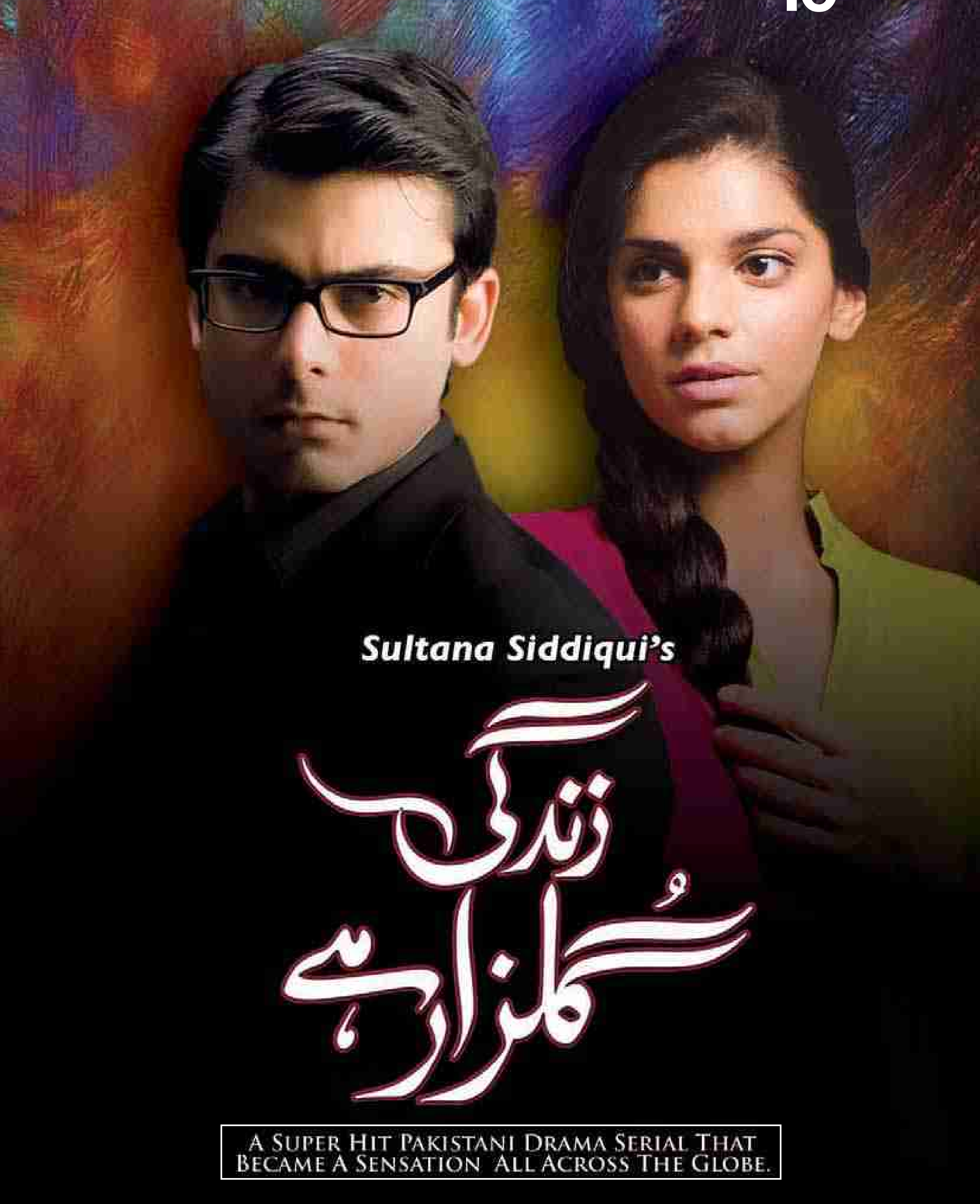
MASALA Family Festival

We organize one of the largest family events in Pakistan through the platform of MASALA channel. MASALA Family Festival provides an opportunity for families to come together and spend a fun-filled weekend. It features different Pakistani and international cuisines, various SMCG stalls and live cooking demonstrations by Masala cooking experts, attracting mammoth visitors belonging to different SECs. Previously recorded footfall has been more than 300,000 people attending the festival which is a record breaking figure. The festival is conducted twice a year in Karachi and Lahore and is attended by visitors from not only these cities but also from surrounding areas as well.

Concerts

In order to keep the music industry alive and to ignite the dying spark of music in Pakistan, we initiated the practice of celebrating music through various events. With time this practice transformed into massive local and international concerts featuring leading Pakistani artistes as well as some of the biggest names in the sub-continent from across the border. We believe in versatility as evident from the diversity in the genres of music ranging from Sufi, rock and pop to qawwali and classic that is featured in these concerts.

Thus in this short span of time of a decade, while we have already achieved so much, we have our eyes set on rising even higher and spreading our wings further. We are committed to becoming the leading media conglomerate in the country which will also have its interests in many other domains as well. With your blessings, we are sure we will achieve our goals.


Sultana Siddiqui's
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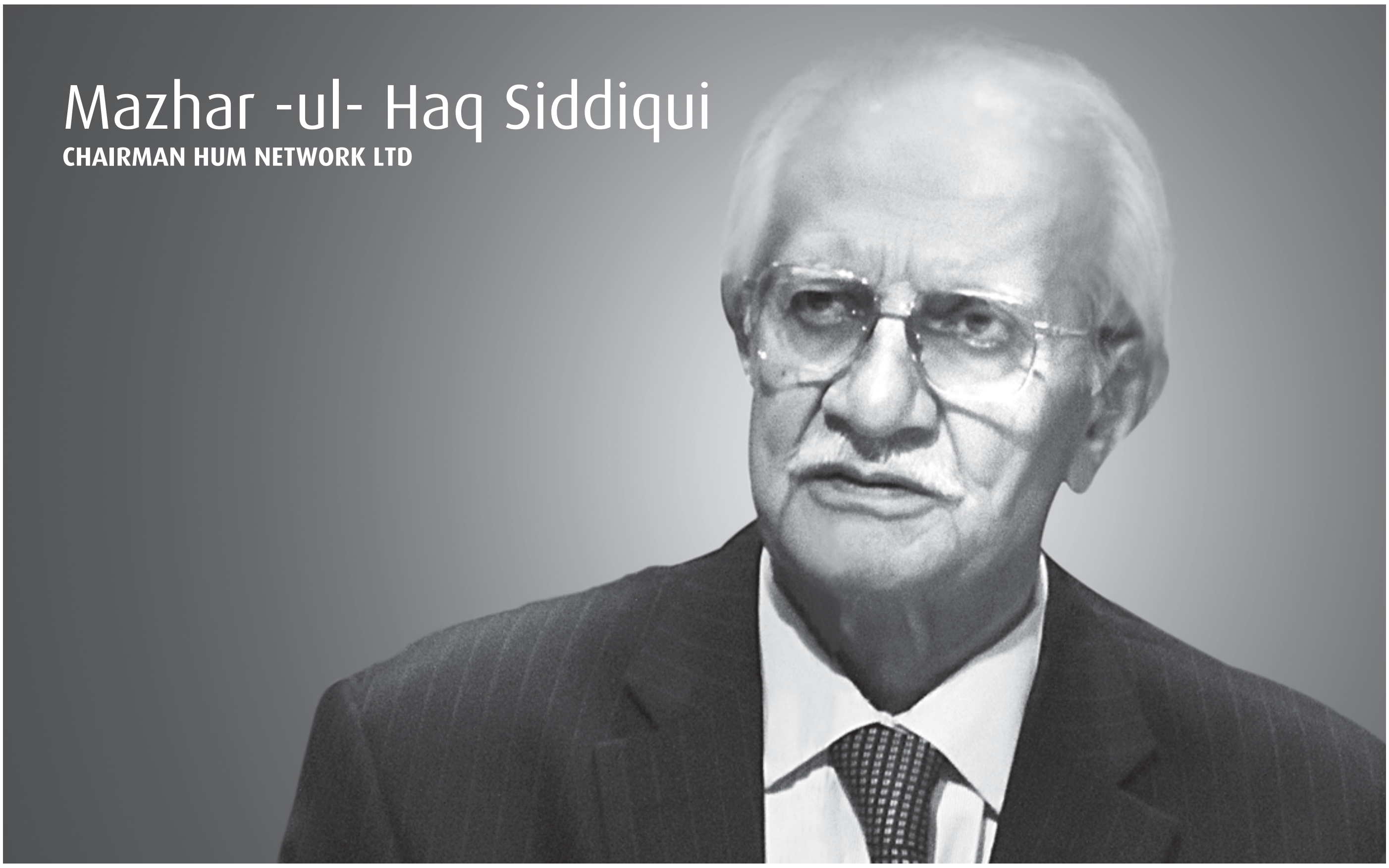
A SUPER HIT PAKISTANI DRAMA SERIAL THAT BECAME A SENSATION ALL ACROSS THE GLOBE.



MESSAGE

I am pleased to report that the operational and financial performance of the Company has shown very encouraging improvement over the last year. Advance planning, strategic operational improvements and well thought market strategy has led to the many fold improvement of bottom lines as compared to last year.

Your Board has also taken some very strategic decisions during the last year that added value to our stakeholders. I firmly believe we will be a key driver in enhancing the Pakistan media and entertainment industry. Our objective is not just to entertain our viewers with innovative and engaging content, but to enrich lives and strengthen bonds that unite cultures and traditions, despite obvious differences.

Today, we touch over millions of viewers, who embrace our brand affectionately. This viewing group belongs to one family, the HUM family. We want to extend our entertainment universe further; and we know for sure that despite challenges it will be an immensely fulfilling journey to take.

I am confident that HUM has miles to go, thanks to our vision of creating a global family of viewing fraternity; a family which is widening every single day. Our team has the commitment and the caliber to compete with the best in the global entertainment, and together we will take brand HUM to new height of excellence.

I thank all our stakeholders, whose unstinted support and guidance has contributed to our stellar performance in FY 2014. We will continue to live our values and turn opportunities into business achievements in the year to come.

MESSAGE

By the Grace of God all the branches of our Network are flourishing superbly. Our HUM TV plays are receiving phenomenal reviews worldwide, and especially so in India, where first our fashion took them by storm, and now our television plays, of which they cannot seem to get enough. Just as our actors have always been keen to act in Bollywood films, today, thanks to the popularity of our plays top Indian actors like Shabana Azmi have expressed interest in acting in our plays. Inshallah, by the end of this year you may see some development in this regard. Masala and HUM Sitaray too, both have their die-hard niche audiences.

Our print side is doing equally well, and not only is our PBCW catalogues in great demand across the border as well, but our Masala TV Food Mag, and Masala cookbooks with recipes in both English and Urdu, and GLAM, our glossy full of our glitterati is being consciously sought worldwide. In fact, our latest cookbook, Manpasand Masala Mornings with Shireen Anwar has made history by becoming the largest selling book in the shortest span of time.

Our events continue to be among the most sought-after happenings, be they PBCW, Masala Family Festival, HUM Awards, or just launches of our plays and have garnered the reputation of adhering to international standards. I am very proud of my team that works dedicatedly to make all this possible in fraction of the budget available to organizers internationally. A case in point is our PBCW shows that take place twice a year. Thanks to our credibility, not only are designers keen to work with us but so are all fashion platforms with the result that all the main fashion councils including PFDC and FPW, as well as TDAP are now associated with us.

What's more, we have broadened our scope even further and now have HUM Films in our folds. While we have been Media Partners in many Indian movies locally screened we have now taken up distribution as well, and are confident that in no time this too will become a very strong arm of our Network. It is not surprising then that the value of our shares has soared manifold.

May God continue to shower his blessings on us and we grow in leaps and bounds so that we can share our successes with all those connected with us.

MESSAGE

2014 was a landmark year for HUM Network; in fact, it was the best in our 10 years history. We delivered record results, expanded our footprint, launched innovative new products and services, and positioned ourselves for future growth.

The FY2014 has given the business a new hope as what we started ten years back is now a market leader. Now we are back again with new strategies and vision for the next decade. We are making lots of investment in the new and improved technologies to enhance our reach via most modern means of interaction. Now the most viewed content of the brand is available on web TV and the step is well praised on all social media websites.

A publication is another area which we are focusing and tend to improve it in the upcoming years. Being diversified even in publication business the brand holds a repute of big famous among reader of all genres. To strengthen our position in domestic markets, Company has started distribution of various international films to step in itself in the film world with an objective to launch HUM Films to seize advantage as a first mover in developing this sector and continue to raise bar in terms of content innovation to sustain our industry leadership.

We also successfully executed several operating initiatives that were designed to enhance our market leadership and build upon the strong relationships we have with viewers and advertisers. The investments we made, and continue to make, in our people, facilities, processes and systems are among the most important elements in building royalty amongst viewers and attracting local advertising revenue.

It was great to see investors recognize our performance, as HUM Network's equity appreciated almost 3 times during FY2014 and our stock was regarded as one of the media industry's top performers. FY2014 was an outstanding year and I am excited about FY2015. We have real momentum in our International business as we continue to rapidly grow and invest in this space. Additionally, our recent station acquisitions are great properties and our local teams have been working diligently to integrate and execute HUM Network's strategy. Our goal is to have all our stations providing consumers with the best and most relevant content on multiple screens and advertisers with the most effective platform to reach their target audiences.

There is no doubt that our recent and future success is a result of, and dependent upon, our people. We provide the tools, resources and overall plan; they execute it every day. Embracing change and learning new ways is never easy. I believe our team is the most motivated, hard working and forward thinking in the business and I am proud of our accomplishments. Our intention to sustain high growth not just in the products and sectors we are in but also in new areas. We wish that we will continue to grow with the same pace in the next 10 years as we have in our past.

Company Information:

BOARD OF DIRECTORS	
Chairman	Mr. Mazhar -ul-Haq Siddiqui
Directors	Ms. Sultana Siddiqui Mr. Munawar Alam Siddiqui Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Mrs. Khush Bakht Shujaat Mr. Muhammad Ayub Younus Adhi
Chief Executive Officer	Mr. Duraid Qureshi
Chief Financial Officer	Mr. Muhammad Abbas Hussain
Company Secretary	Mr. Mohsin Naeem
Head of Internal Audit	Mr. Kamran Shamshad Ahmed
AUDIT COMMITTEE	
Chairman	Mr. Muhammad Ayub Younus Adhi
Members	Ms. Sultana Siddiqui Mrs. Mahtab Akbar Rashdi Mr. Shunaid Qureshi
HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE	
Chairman	Mrs. Khush Bakht Shujaat
Members	Mrs. Mahtab Akbar Rashdi Mr. Shunaid Qureshi Mr. Duraid Qureshi
AUDITORS	M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants 7th Floor Progressive Plaza, Beaumont Road, Karachi
INTERNAL AUDITORS	M/s. KPMG Taseer Hadi & Company Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi
LEGAL ADVISOR	M/s. Ijaz Ahmed & Associates No.7, 11 th Zamzama Street Phase-V D.H.A. Karachi.
BANKERS	Bank Alfalah Limited Faysal Bank Limited National Bank of Pakistan KASB Bank Limited JS Bank Limited Allied Bank Limited United Bank Limited Askari Bank Limited Standard Chartered Bank (Pakistan) Limited Bank of America Habibsons Bank Limited
REGISTERED & HEAD OFFICE	Hum TV, Plot No. 10/11, Hassan Ali Street, Off. I.I Chundrigar Road, Karachi -74000 UAN: 111 -486-111
REGISTRAR/TRANSFER AGENT	M/s. Central Depository Company of Pakistan Limited (CDC) CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400
WEBSITES' INFORMATION	www.humnetwork.tv
KARACHI STOCK EXCHANGE	HUMNL

Notice of the 10th Annual General Meeting

Notice is hereby given that the 10th Annual General Meeting of Hum Network Limited will be held on Monday, October 27, 2014 at 07:00 pm at Al-Manzar Hall, First Floor, Arts Council of Pakistan, Karachi to transact the following businesses: -

ORDINARY BUSINESS:

1- To confirm the minutes of the 6th Extra-Ordinary General Meeting held on August 22, 2014.

2- To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors' and Auditors' reports thereon for the year ended June 30, 2014 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2014.

3- To consider, declare and approve final cash dividend of Rs. 1.5/- (Rupees one and fifty paisa) per share i.e. 15%, of shares held by the existing shareholders, as recommended by the Board of Directors for the financial year ended June 30, 2014. This is in addition to interim cash dividend of 45% (Rs.4.50 per ordinary share of Rs. 10/- each) and 35% Bonus Shares (2.45 ordinary shares for every 7 shares held) already paid and issued to the shareholders during the year.

4- To appoint Auditors' of the Company for the financial year ending June 30, 2015 and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the name of retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2015.

SPECIAL BUSINESS:

5- To consider and, if thought fit, to pass, with or without modification(s), the following as Special Resolution for subdivision of share capital of the Company.

"RESOLVED THAT pursuant to Section 92(1) of the Companies Ordinance, 1984 and Article 46 of the Articles of Association of the Company, subject to regulatory approvals, if any, the existing capital of company, including authorized, issued and paid up capital, is hereby altered in the manner that each ordinary share of the Company having face value of Rs. 10/- be and is hereby subdivided into 10 ordinary shares of Re. 1/- each, with no change in rights and privileges of shares.

RESOLVED FURTHER THAT the Authorized Capital of the Company be and is hereby subdivided from 150,000,000 Ordinary Shares of Rs.10/- each to 1,500,000,000 Ordinary Share of Re.1/- each.

RESOLVED FURTHER THAT 94,500,000 ordinary shares issued and paid for Rs.10/- each, are hereby subdivided into 945,000,000 ordinary shares of Re. 1/- each.

RESOLVED FURTHER THAT the 94,500,000 ordinary shares issued and paid for Rs.10/- each, shall stand cancelled and 945,000,000 ordinary shares of Re. 1/- each shall be issued / credited to the shareholders, as per their entitlement, on the effective date.

RESOLVED FURTHER THAT the Chief Executive and / or Company Secretary be and are hereby authorized to complete any or all necessary corporate and legal compliances and formalities to give effect to the above, including announcement of closure of Members' Registers, determination of effective date, issue/credit of new shares into the Central Depositor System (CDS) of Central Depository Company of Pakistan Limited (CDC) and all other regulatory requirements."

6- To consider and, if thought fit, to pass, with or without modification(s), the following as a Special Resolution for the alteration in the Memorandum and Articles of Association of the Company.

“RESOLVED THAT to give effect to the resolution set out under paragraph 5 above, subject to its approval by the shareholders, the existing Clause V of the Memorandum of Association of the company be and is hereby amended and substituted with the clause as follows;

“The share capital of the company is Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million Only) divided into 1,500,000,000 (One Billion Five Hundred Million) Ordinary Shares of Re.1/- each, with the rights, privileges, and conditions attaching thereto as are provided by the regulations of the Company for the time being in the capital for the time being into ordinary shares and to attach thereto such rights, privileges or conditions as to profits votes and other benefits proportionate to the paid up value of shares as may be determined by the Company in accordance with the regulations of the Company.

“RESOLVED FURTHER THAT the prevailing Article 4 in the Articles of Association of the company be and is hereby amended and substituted to be read as follows;

“The authorized share capital of the Company is Rs. 1,500,000,000/- (Rupees One Billion Five Hundred Million Only) divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of Re.1/- each.”

RESOLVED FURTHER THAT the Chief Executive and / or Company Secretary be and are hereby authorized to complete any or all necessary required corporate and legal formalities in respect of the above.”

RESOLVED FURTHER THAT the resolution shall stand nullified in case, for any reason, the Company is not able to bring into effect the resolution passed for sub-division of shares.”

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

Statements under Section 160 (I) (b) of the Companies Ordinance 1984 in respect of the special business of the Agenda at item numbers 5 and 6 to be considered at the meeting is being sent to the Members alongwith a copy of this notice.

Date: October 03, 2014
Place: Karachi

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

Note:-

1. **Book Closure:**
   The Share Transfer Books of the Company will remain closed from October 21, 2014 to October 27, 2014 (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 20, 2014 will be considered in time for any entitlement, as recommended by the Board of Directors and attending the meeting.

2. **Appointment of Proxies and Attending AGM:**
   i) A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote instead of him/her.

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

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

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

   v) The owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport (in case of foreign nationals) for identification purpose at the time of attending the meeting.

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

4. **Submission of Copies of Valid CNICs:**
   SECP vide SRO No. 831(1)/2012 dated July 05, 2012 directed the companies to issue dividend warrant crossed as "A/c Payee only" which should also bear the Computerized National Identity Card (CNIC) of the registered member. The time for obtaining relaxation in respect of shareholders whose CNIC numbers are not available with the Company has been extended till December 31, 2014.

   Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar. In case of non-availability of valid copy of CNIC of any member, in the Company's records, the Company may withhold the Dividend Payment, which will be released only upon providing the copy.

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

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

a) Pursuant to the Finance Act, 2014, effective July 01, 2014, 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 15% and for FILER of Tax Returns as 10%. List of Filers is available at Federal Board of Revenue's (FBR) website: http://www.fbr.gov.pk.

b) All the members of the Company are therefore advised to update their tax status as below, duly signed, so as to reach latest by October 20, 2014 to the Company's Shares Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99 -B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi -74400.

Folio/CDC A/c No.	Name	National Tax Number	CNIC Number for individuals	Income tax return for the tax year 2013 has been filed (Yes/No)

c) 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 27, 2014.

d) 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 20, 2014.

7. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2014 has been placed on the Company's website at the below link:
http://www.humnetwork.tv/Annual_Financial_Reports.html

8. Electronic Transmission of Financial Statements and Notice of Meeting

Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2015 or onward through e-mail, instead of registered post/courier, are requested to submit their consent on the FORM available for the purpose on Company's website.

Statement of Material Facts U/s 160(1)(B) of the Companies Ordinance, 1984

Agenda Item 5:

The subscribed and paid up capital of Hum Network Limited consist of 94,500,000 ordinary shares of Rs.10/- each. To increase market liquidity of the Company's scrip and broaden the shareholders base, the Board of Directors proposed subdivision of company's capital by decreasing the face value of shares from Rs.10/- to Re.1/-. The shareholders will get 10 shares of face value Re.1/- each against each Rupee 10 share held in their names as on the effective date to be announced later.

The new shares proposed to be created as result of subdivision shall rank pari passu with no change in the rights and privileges attached to the shares as compared to the existing shares. The existing issued shares having face value of Rs.10/- shall be cancelled and new shares with reduced face value i.e. Re.1/- will be issued or credited to the shareholders' investor accounts maintained with Central Depository Company Limited (CDC), as per the entitlement of respective shareholders on the effective date.

The Board of Directors approved and recommended the proposed resolution to be passed as a special resolution under Section 92(1) of the Companies Ordinance, 1984 and Article 46 of the Articles of Association.

The directors of the Company have no personal interest in this matter except to the extent of their shareholding.

Agenda Item 6:

The proposed subdivision of shares capital of the Company and resultant increase in the number of shares, need amendment in the existing Clause V of the Memorandum of Association and Clause 4 of the Articles of Association. The Board of Directors has recommended the proposed special resolution to the shareholders for their consideration and approval, with or without modification, in terms of Section 92(1) of the Companies Ordinance, 1984 and Article 46 of the Company's Articles.

Comparison of existing and proposed alteration in the respective capital clauses of Memorandum and Articles of Association, is provided below:

MEMORANDUM OF ASSOCIATION	
Existing Clause V	**Proposed Clause V**
"The share capital of the company is Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million Only) divided into 150,000,000 (One Hundred Fifty Million) Ordinary Shares of Rs.10/- each, with the rights, privileges, and conditions attaching thereto as are provided by the regulations of the Company for the time being in the capital for the time being into ordinary shares and to attach thereto such rights, privileges or conditions as to profits votes and other benefits proportionate to the paid up value of shares as may be determined by the Company in accordance with the regulations of the Company.	"The share capital of the company is Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million Only) divided into 1,500,000,000 (One Billion Five Hundred Million) Ordinary Shares of Re.1/- each, with the rights, privileges, and conditions attaching thereto as are provided by the regulations of the Company for the time being in the capital for the time being into ordinary shares and to attach thereto such rights, privileges or conditions as to profits votes and other benefits proportionate to the paid up value of shares as may be determined by the Company in accordance with the regulations of the Company.
ARTICLES OF ASSOCIATION	
Existing Clause 4	**Proposed Clause 4**
"The authorized share capital of the Company is Rs. 1,500,000,000/- (One Billion Five Hundred Million Only) divided into 150,000,000 (One Hundred Fifty Million) ordinary shares of Rs.10/- each."	"The authorized share capital of the Company is Rs. 1,500,000,000/- (One Billion Five Hundred Million Only) divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of Re.1/- each."

The directors of the Company have no personal interest in this matter except to the extent of their shareholding.

Date: October 03, 2014
Place: Karachi

Corporate Calendar

MEETINGS	DATE
Board of Directors Meeting to nominate Directors of Companies U.K Subsidiary	August 07, 2014
Audit Committee meeting to consider accounts of the Company for the year ended June 30, 2013	September 26, 2013
Board of Directors meeting to consider accounts of the Company for the year ended June 30, 2013	September 26, 2013
9th Annual General Meeting of the Shareholders to approve accounts and entitlements	October 22, 2014
Audit Committee meeting to consider accounts of the Company for the quarter ended September 31, 2013	October 23, 2014
Board of Directors meeting to consider accounts of the Company for the quarter ended September 31, 2013	October 23, 2013
Dispatch of final dividend warrants @ 60%	November 04, 2013
Allotment of 40% bonus shares to the Ordinary Shareholders	November 15, 2013
Dispatch of interim dividend warrants @ 15%	November 20, 2013
HR & R Committee meeting to consider the revision in remuneration packages of CFO, HIA and key management positions	December 30, 2013
Board of Directors meeting to consider the change in object and other clauses of Memorandum and Articles of Association of the Company	January 02, 2014
Extra-ordinary General Meeting of the Shareholders to consider the change in object and other clauses of Memorandum and Articles of Association of the Company	January 25, 2014
Audit Committee meeting to consider accounts of the Company for the half year ended December 31, 2013	February 14, 2014
Board of Directors meeting to consider accounts of the Company for the half year ended December 31, 2013	February 25, 2014
Dispatch of interim dividend warrants @ 15%	March 24, 2014
Extra-ordinary General Meeting of the Shareholders to consider the issuance of 35% bonus share to the ordinary shareholders	April 09, 2014
Allotment of 35% bonus shares to the Ordinary Shareholders	April 21, 2014
HR & R Committee meeting to approve revision in HR Manual of the Company	April 28, 2013
Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2014	April 28, 2014
Board of Directors meeting to consider accounts of the Company for the quarter ended March 31, 2014	April 29, 2014
Dispatch of interim dividend warrants @ 15%	May 29, 2014

Directors' Report

The Directors of Hum Network Limited present the Annual Report together with the Company's audited financial statement for the year ended 30th June 2014.

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

Principle Activities

Hum Network Limited (HNL) is a market leader in electronic media, competing in a variety of genres. HNL's broad casting portfolio consists of satellite channels namely HUM, HUM Sitray and HUM Masala. Apart from these satellite channels HNL has growing separate Business Units in Digital Media as well as Print Media.

The External Environment

This year the network faced competition not only from the entertainment genre but also from the news genre owing to the significant political instability following General Elections in May 2013. Also sports events including T20 world Cup and FIFA World cup 2014 also ramped up the competitive environment. Despite the stiff competition the company was able to achieve remarkable growth in its revenues and earnings.

With reference to digital media a major technological development which happened last year was the introduction of 3G and 4G cellular networks. HNL is fully geared up to take advantage of this technological development. We are confident that this product category will grow in the next two to three years and will contribute significantly towards the overall digital media revenues.

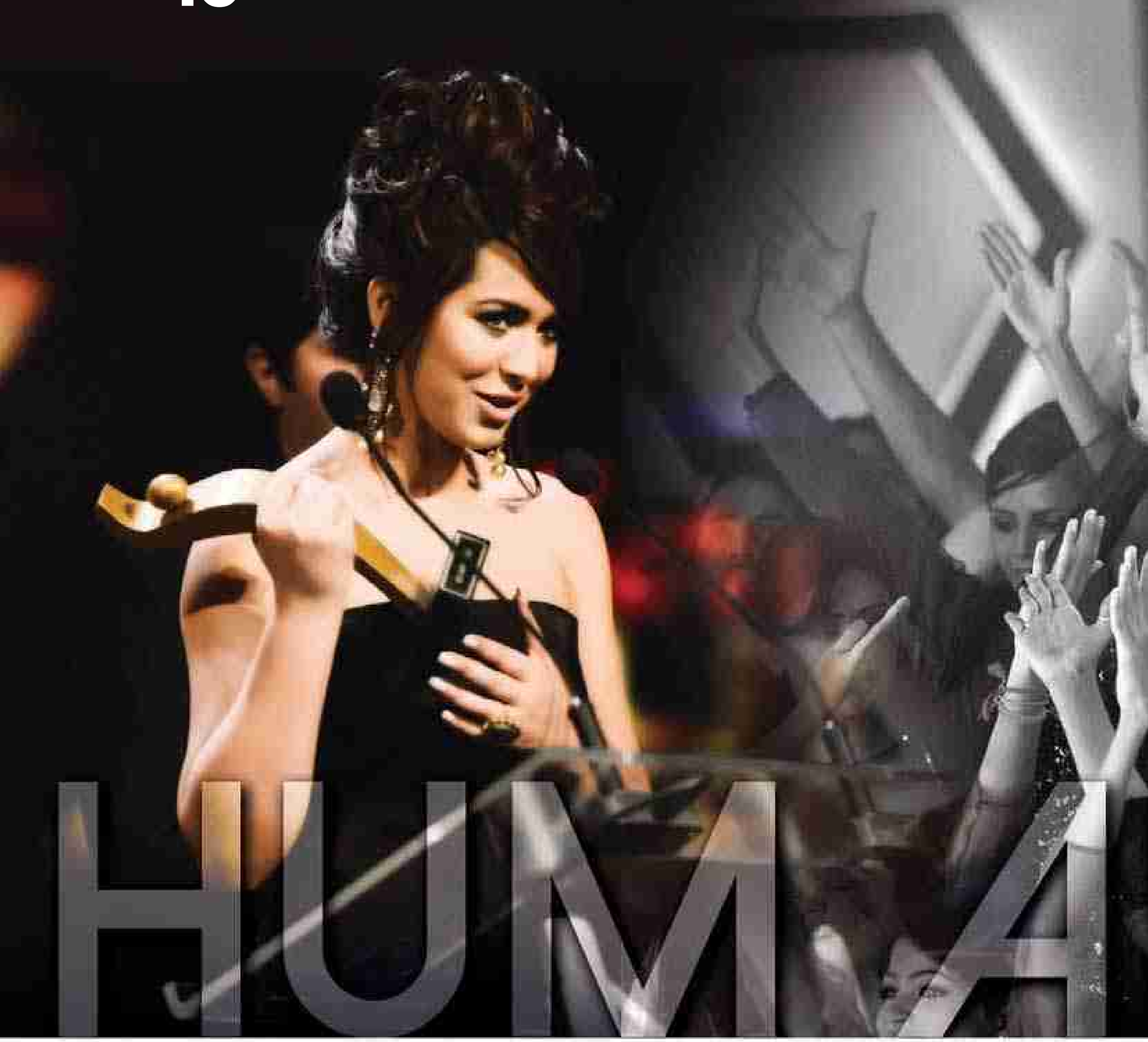
Company's Performance

This year your Network's net profit after tax has increased by 53 % and is approximately Rs. 591.734 M during the year as compared to approximately Rs. 387.797 M in the previous financial year. This is owing to the remarkable growth in the net revenues, premium pricing and cost rationalization.

As a result of the above, the earning per share for the year ended 30th June 2014 is Rs. 6.26.

Launch of HUM Sitaray

Based on market research & analysis a potential in the entertainment genre for an entertainment channel focusing more on format shows and glamour was determined. Therefore HUM 2 was rebranded and re-launched as Hum Sitaray. This channel includes a variety of top quality local as well as international content. We are confident that Hum Sitaray should take its rightful position amongst the top entertainment channels in the country in the near future.



Events

HUM Awards

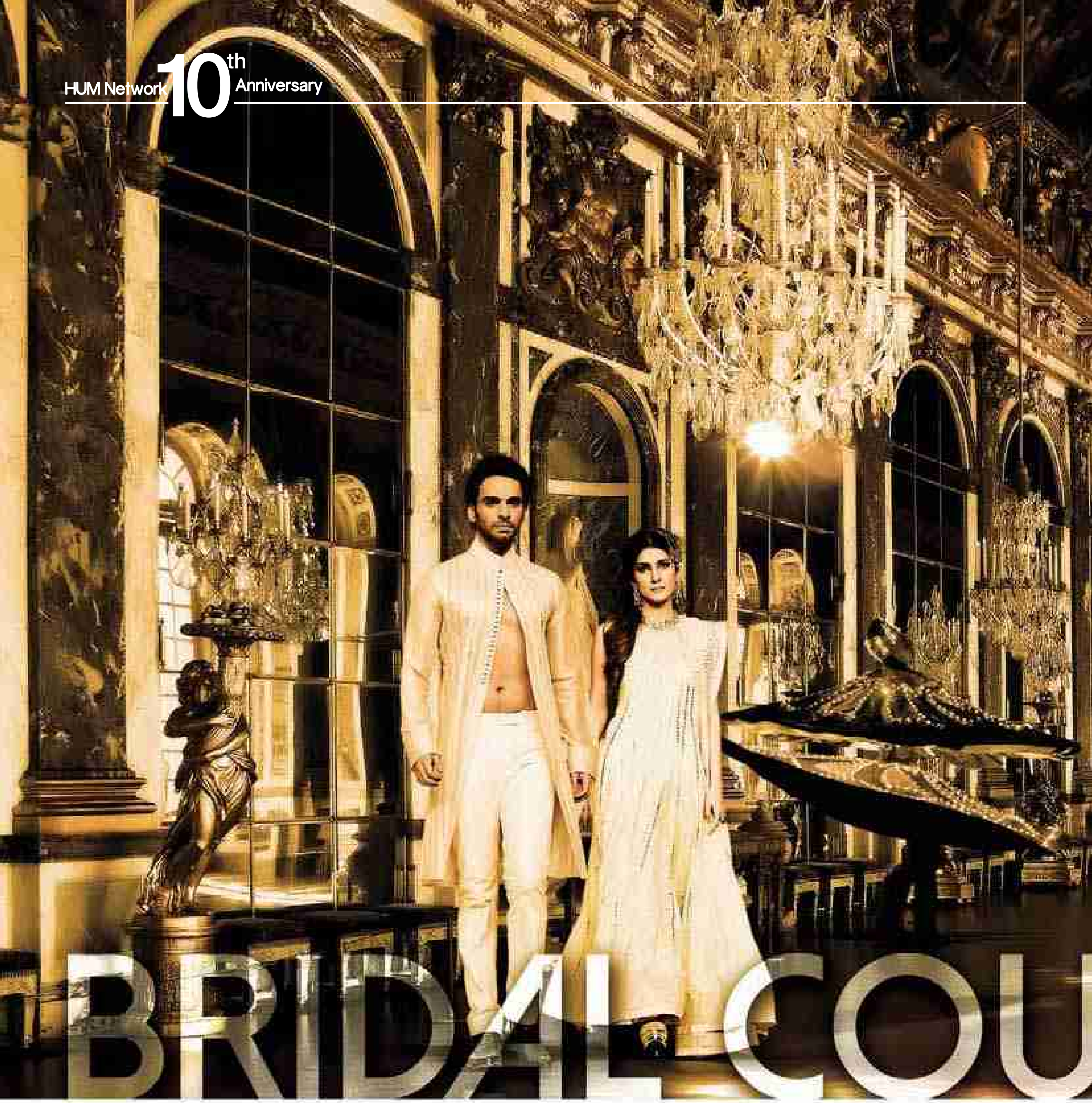
Living up to its reputation as a pioneer within the entertainment genre, HNL created a new event i.e. HUM AWARDS last year. Owing to the overwhelming response from all stake holders including the artist community, media houses, production houses as well as sponsors and viewers.

HUM AWARDS has been converted into an annual event which is eagerly followed within the industry. This year too, the event was a resounding success.

Masala Family Festival

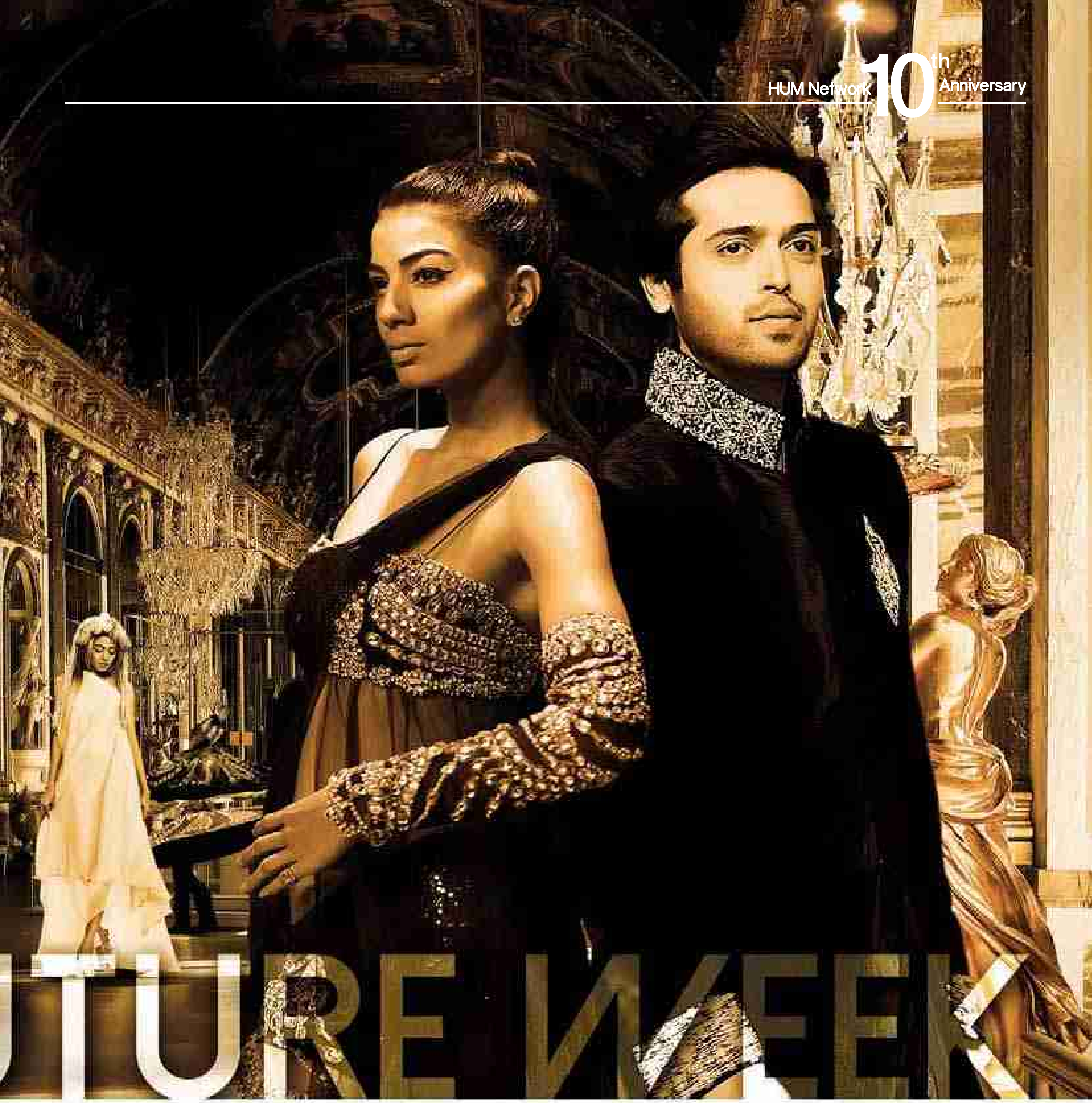
Masala Family Festival has over the years served as a great instrument to not only promote MASALA brand but also create that special connection with our target audience in the Food Genre. This year besides Karachi, the Festival was taken to Lahore as well and the response from fans was unprecedented.

The network is determined to take the event to other cities as well in the near future.



Bridal Couture Week (BCW)

The BCW duo was much-admired, as always, being the country's avant-garde Bridal Couture event. This year's was a star studded event



Several designers, legends and newbies, showcased their collection, in addition to jewellery exhibition, dance performances and hair mobs.

Achievements & Awards

As always this year too, HNL outshone its competitors by sweeping the LUX Style Awards nominations in all the major categories. Final announcement regarding award recipients are yet to be made by the Jury.

HNL has been nominated in the following categories;

Best Play (Satellite):	02 Nominations
Best TV Actress (Satellite):	03 Nominations
Best TV Actor (Satellite):	04 Nominations
Best TV Director:	03 Nominations
Best TV writer:	03 Nominations

The Network was also awarded FPCCI Achievement award for the year 2013 by the Federation of Pakistan Chambers Of Commerce and Industry in recognition of services towards promotion of media in the country.

Other Corporate Initiatives

Core Values

Core values are what support the vision, shape the culture and reflect what the company values. They are the essence of the company's identity – the principles, beliefs or philosophy of values. Establishing strong core values provides both internal and external advantages to the company.

The Network developed the following core values within the organization.

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

Deployment plan for the aforementioned core values has already been put into motion and we believe this will help in motivating and aligning the employees towards our corporate objects.

Human Resource Management

Human Resource function aims to enhance the organizational capability of the Network. In connection with the same on the one hand human resource function launched a number of initiatives to improve the capabilities of the networks human resource and on the other hand developed and deployed SOPs to ensure alignment of various functions within the organization. The objective of this initiative is to improve the efficiency of the organization which will lead to improved corporate performance.

Advertisement Sales

The advertising sales revenue in Pakistan media industry is growing consistently. However different factors affect the market share of individual channel / genre depending on the nature of the event. The Network managed to direct its efforts towards in the right direction at the right time by keeping its focus towards focusing on program quality and needs of the customers as well as viewers.

Production

Against the backdrop of stiff competition and new entrants in the market, the Company managed to maintain its GRPs (Gross Rating Points) within the top tier networks in the entertainment genre. Although the cost of production has elevated the company managed to keep the cost within predefined budgets and delivered quality content which was appreciated not only by the masses but also by the industry as a whole.

Corporate Social Responsibility

Hum Network Limited values the environment that it operates in and is conscious of the significant role it can play in overall improvement of the society. HNL has in this year made free airtime available to SIUT, LRBT and other charitable institutions to help promote their cause and help them generate revenues through their appeal for funds. A documentary based on a true story was also produce and aired by HNL which was very well received.

Pakistan Medical Association annual Marathon walk organized in Karachi was another project HNL partnered to promote.
HNL will continue its efforts by linking with various NGOs and organizations in supporting their cause to raise funds and awareness for them in future years to come

Employee Welfare

The Network believes in the training and development of the employees and also grants international scholarships to its employees from time to time that are funded by international organizations.

Global Reach

Hum channel was recently launched in Middle East and North Africa (MENA) region and within very short time it has established as a leading Pakistani / South Asian entertainment channel in the region. Some of HUM channel's content has been dubbed in Arabic and is being broadcasted by Middle East Broadcasting Center (MBC).

At present HUM is being viewed all over the world through various platforms. Plans are underway to expand Masala tv global reach. We are confident that our global network will continue to grow and attract more viewership in the years to come.

Overseas Subsidiaries

During the year the network established a subsidiary in the UK by the name of HUM Network UK Limited. Within a very short span of time HUM UK's Satellite Channel has outcompeted established South Asian satellite channels and all Pakistani channels in terms of BARB ratings (Broadcasters' Audience Research Board, the only authentic rating system in UK for satellite channels) HNL's North American subsidiary HUM TV Inc. continued to perform and meet its budgeted targets.

Digital Media Division

Digital Media division the youngest of the SBUs in the network's portfolio exhibited excellent potential in terms of revenue and market share growth. We are confident that product categories including VOD (video on demand) and direct sales will prove to be stars of this SBU in the near future.

Magazines And Publications

Earlier this year the network acquired "NEWSLINE" magazine Inc. which is among top socio political magazine in Pakistan and is very well respected and received in the academic, intellectual and educated community within the country, over the years "NEWSLINE" has become a very strong brand in socio political journalism.

The Network currently has three other regular publications; namely GLAM, Masala Magazine and the BCW. Additionally, a number of cook books were launched which exceeded market expectations. The initial copies were all sold out and more copies were printed owing to the overwhelming demand. Considering the popularity of the channel and keeping in view the positive response to the cook book, efforts are being made to introduce cook books of other renowned chefs associated with the channel.

Future Prospects & Challenges

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

Credit Rating

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

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

The terms of contract of Mr. Duraid Qureshi (Chief Executive) and Ms. Sultana Siddiqui (Executive Director) were revised subsequent to their re-appointment for three years term after the Election of Directors in August 2014. The revised Terms of Reference (TOR) as approved by the Board of Directors for a term of three years are as under:

Mr. Duraid Qureshi (Chief Executive) and Ms. Sultana Siddiqui (Executive Director) shall be entitled to Gross Remuneration of Rs. 3.5 million and Rs. 3 million per month respectively.
Mr. Duraid Qureshi (Chief Executive) and Ms. Sultana Siddiqui (Executive Director) shall be further entiltled to performance bonus as follows:

Return on Equity Achieved	Bonus Entitlement (Based on Profit After Tax)
15% to 24.99%	6%
25% to 29.99%	8.75%
30% to 39.99%	10%
40% and above	12.50%

Mr. Duraid Qureshi and Ms. Sultana Siddiqui, the Chief Executive and Executive Director respectively, of the Company and being shareholders, have interest to the extent of remuneration and available perquisites, benefits and allowances to which they are entitled.

Meeting Of The Directors

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

Name of Director	Board of Directors Attendance	Audit Committee Attendance	HR & R Committee
Mr. Mazhar -ul-Haq Siddiqui	6		2
Ms. Sultana Siddiqui	6	3	
Mr. Munawar Alam Siddiqui	5		
Mrs. Mahtab Akbar Rashdi	6		
Mr. Shunaid Qureshi	6	4	2
Mr. Abdul Hamid Dagia	2		
Mr. Muhammad Ayub Younus Adhi	5	4	
Mr. Duraid Qureshi	6		2

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

Auditors

The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants shall retire and may be considered for re-appointment for the year 2014-15.

Corporate Governance And Financial Reporting Framework

- The financial statements, prepared by the management of 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 material departure from the best practices of transfer pricing, as detailed in the Listing Regulations.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.

- Two (2) directors have already passed Corporate Governance Leadership Skills (CGLS) Program of Pakistan Institute of Corporate Governance (PICG), and the rest of the Directors will be trained within the prescribed time period ending on June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- There are no outstanding loans, TFCs, sukuks or any other debt instruments.
- Statement of value of investments in respect of employees' retirement plan is given in the Notes to the Financial Statements.
- Pattern of Shareholding is included in the annexed shareholders' information.
- Trading of shares by the Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary, their spouse and minor children:

	Acquisition	Transfer
CEO	2,047,619	-
Director	1,022,619	2,300,000
CFO & Company Secretary	-	-
Spouses & Minor Children	-	4,500

Dividend And Appropriations

Based on these results, the Board announced a final cash dividend of Rs. 1.5/- per share in addition to 45% Interim Cash dividend already paid and 35% bonus Shares already issued.

Date: October 02, 2014
Place: Karachi

For & On behalf of the Board of Directors
Sd/-
Duraid Qureshi
Chief Executive Officer

Previous Years at a Glance

KEY FINANCIAL DATA

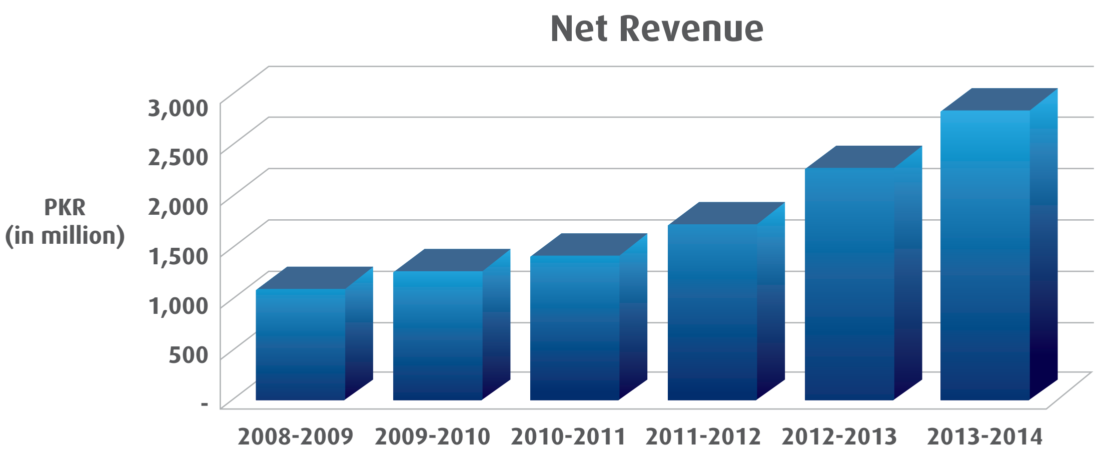
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
OPERATING DATA						
Revenue-Net	1,116,856,291	1,284,272,631	1,436,505,007	1,742,473,618	2,292,663,220	2,870,350,210
Cost of production	(459,622,610)	(689,448,618)	(773,760,901)	(1,096,060,018)	(1,295,622,120)	(1,488,594,616)
Gross profit	657,233,681	594,824,013	662,744,106	646,413,600	997,041,100	1,381,755,594
PROFIT AFTER TAXATION						
Profit Before Taxation	363,545,408	313,819,416	297,727,777	262,339,103	565,238,231	806,823,677
Taxation	(122,612,433)	(108,183,460)	(108,925,441)	(66,463,317)	(177,441,038)	(215,088,701)
Profit After Taxation	240,932,975	205,635,956	188,802,336	195,875,786	387,797,193	591,734,976
Earnings per share Rs. (Re-stated)	**2.55**	**2.18**	**2.00**	**2.07**	**4.10**	**6.26**

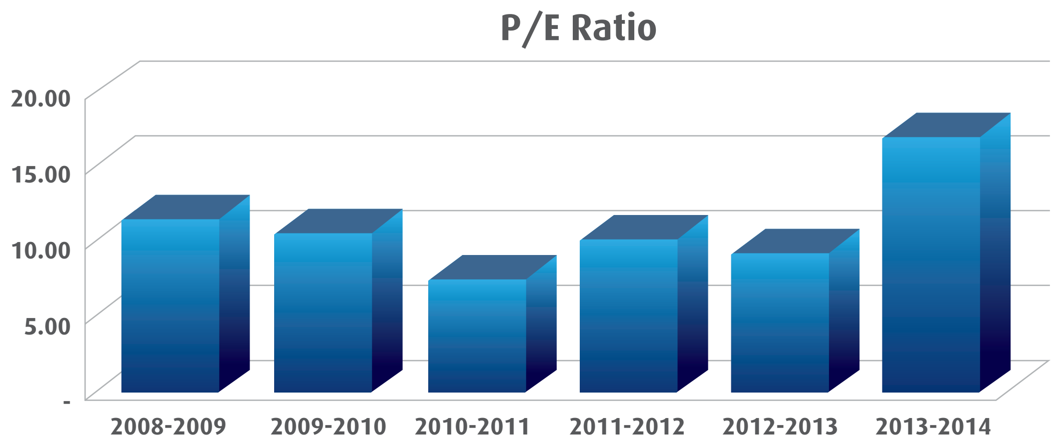
Financial Ratios

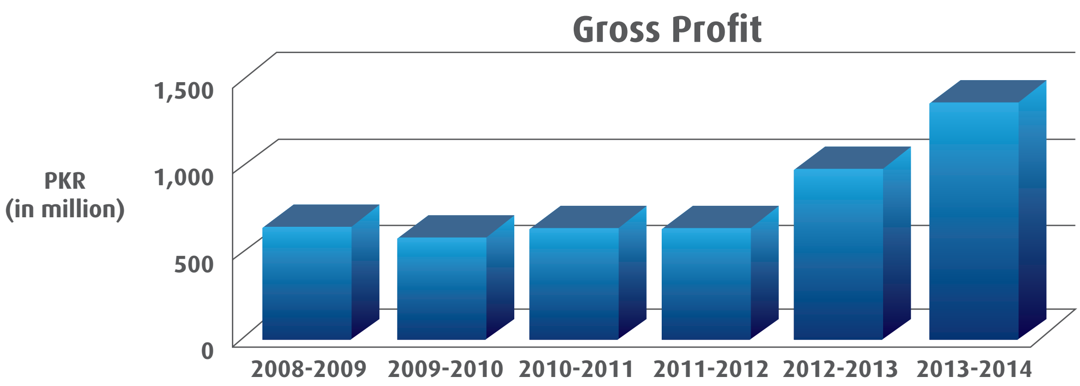
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Current Ratios	1.90	1.64	2.01	2.45	4.39	2.45
Quick ratio	1.30	1.10	1.28	1.67	3.30	1.88
Debt/ Equity Ratio (Re-stated)*	0.06	0.03	0.01	0.002	0.002	0.003
Cash flow per share- Rs. (Re-stated)*	0.68	1.45	0.48	1.44	1.65	1.13
Return on equity - % (Re-stated)*	20.58	16.08	12.86	12.53	20.40	42.38
Share Price per share - Rs.	29.4	23.22	15.06	21.00	38.00	106.81
Break-up value per share - Rs. (Re-stated)*	7.68	8.82	10.82	11.84	15.41	14.78
Gross Profit to Sales - %	58.85	46.32	46.14	37.10	43.49	48.14
Net Profit to Sales - %	21.57	16.01	13.14	11.24	16.91	20.62
Interest Cover - number of times	10.82	12.35	8.73	9.29	80.80	109.89
Debtors Turnover (number of days)	121	119	114	99	92	93
Administrative Expenses to Sales - %	13.46	12.12	13.20	10.98	10.48	10.49
Cost of Production To Sales- %	34.20	41.16	46.28	56.56	52.59	48.13
Price earning ratio (Re-stated)*	11.53	10.67	7.54	10.13	9.26	17.06
Turn Over to Total Asset Ratio	0.94	0.87	0.91	1.07	1.31	1.47
Net Revenues	1,116,856,291	1,284,272,631	1,436,505,007	1,742,473,618	2,292,663,220	2,870,350,210
Profit after taxation	240,932,975	205,635,956	188,802,336	195,875,786	387,797,193	591,734,976
Earnings per share Rs. (Re-stated)*	2.55	2.18	2.00	2.07	4.10	6.26

*Calculated using 94,500,000 ordinary shares

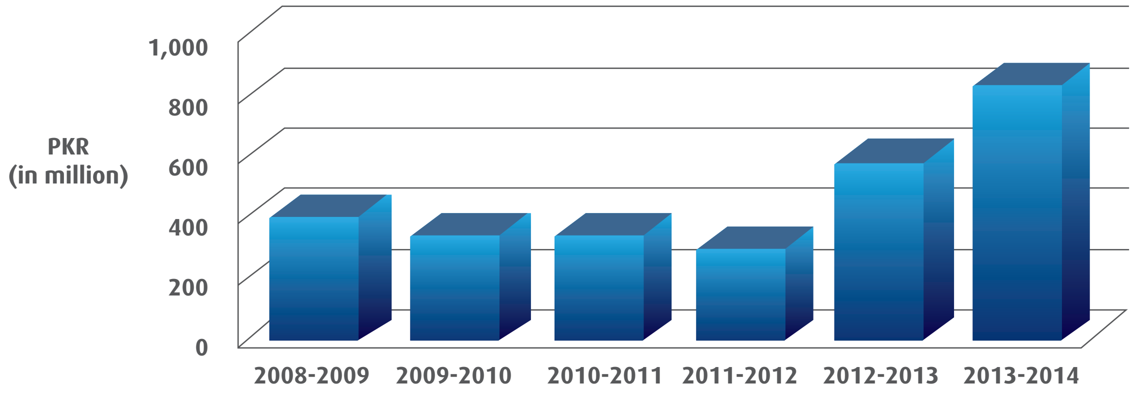
Graphical Presentation



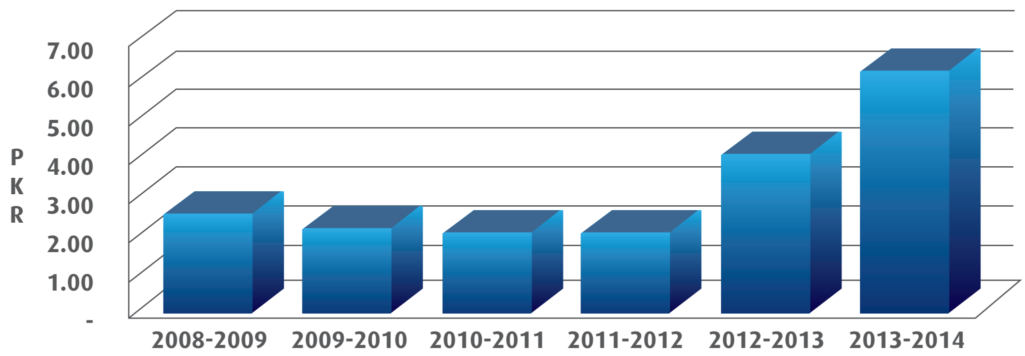




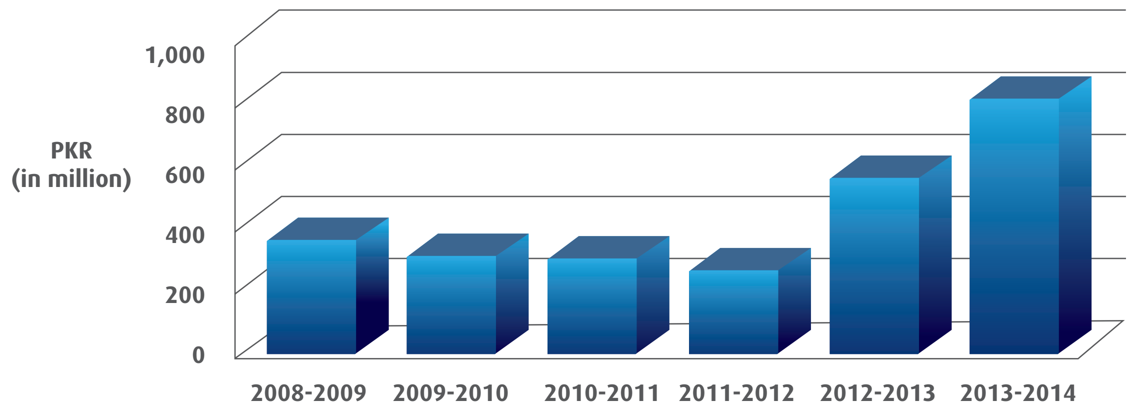
Operating Profit



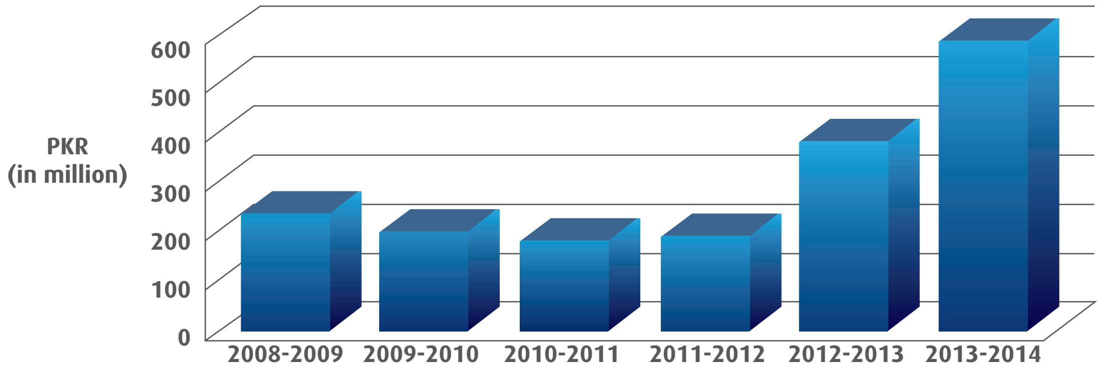
Earning Per Share



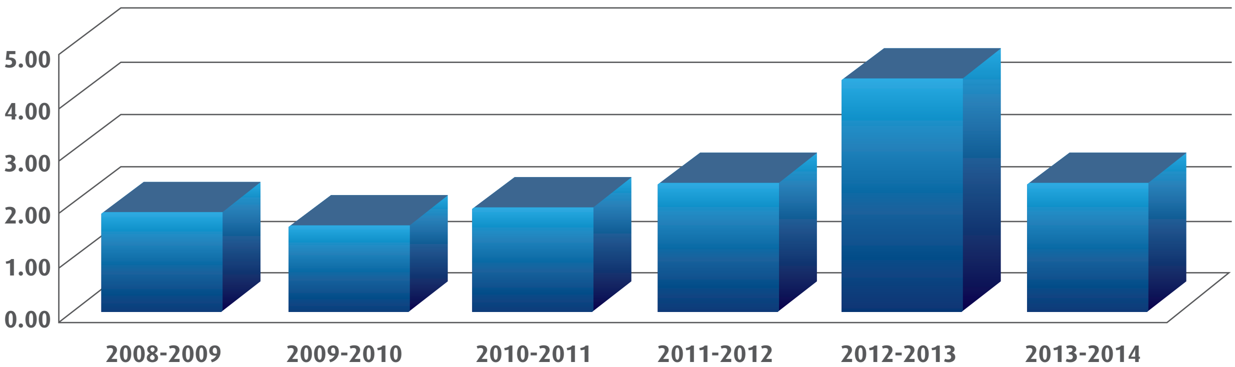
Profit Before Tax



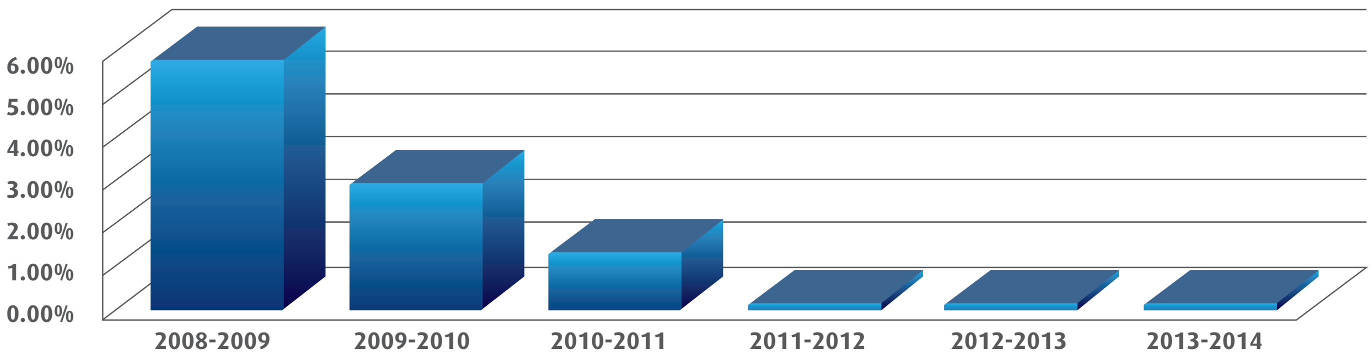
Profit After Tax



Current Ratio



Debt to Total Assets



Pattern of Shareholding
As on June 30, 2014

# Of Shareholders	Shareholdings'Slab			Total Shares Held
332	1	to	100	3,879
111	101	to	500	37,362
147	501	to	1000	132,181
105	1001	to	5000	246,229
41	5001	to	10000	304,482
6	10001	to	15000	81,015
17	15001	to	20000	307,040
6	20001	to	25000	130,800
5	25001	to	30000	143,550
4	30001	to	35000	132,150
2	35001	to	40000	71,350
2	40001	to	45000	83,500
1	45001	to	50000	46,100
1	50001	to	55000	54,000
1	55001	to	60000	60,000
2	60001	to	65000	128,115
4	65001	to	70000	268,863
2	75001	to	80000	157,490
3	80001	to	85000	243,270
1	100001	to	105000	101,706
1	105001	to	110000	109,925
1	110001	to	115000	114,993
1	140001	to	145000	144,800
1	150001	to	155000	153,225
1	155001	to	160000	159,300
1	165001	to	170000	165,375
2	180001	to	185000	363,575
1	200001	to	205000	202,400
1	205001	to	210000	209,790
1	210001	to	215000	211,000
1	235001	to	240000	236,250
1	280001	to	285000	280,750
1	320001	to	325000	322,000
1	325001	to	330000	325,250
1	500001	to	505000	500,995
1	655001	to	660000	655,613
1	765001	to	770000	765,450
1	790001	to	795000	790,300
1	930001	to	935000	931,500
1	940001	to	945000	945,000
1	1290001	to	1295000	1,291,000
1	2815001	to	2820000	2,816,540
1	3110001	to	3115000	3,113,755
1	3635001	to	3640000	3,638,800
1	3955001	to	3960000	3,956,500
1	4430001	to	4435000	4,434,000
1	4595001	to	4600000	4,596,029
1	8720001	to	8725000	8,721,985
1	13225001	to	13230000	13,230,000
1	16020001	to	16025000	16,023,063
1	22355001	to	22360000	22,357,755
825				**94,500,000**

Additional Information
As on June 30, 2014

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
DURAID QURESHI	2	16,023,064	16.96
SULTANA SIDDIQUE	2	8,721,986	9.23
MAZHAR UL HAQ SIDDIQUI	1	1	0.00
MUNAWAR ALAM SIDDIQUI	2	946	0.00
NADIA MUNAWAR	1	2,835	0.00
MEHTAB AKBAR RASHDI	1	1	0.00
MOHAMMAD AYUB YOUNUS	1	945,000	1.00
MUHAMMAD AYUB	1	1,291,000	1.37
ABDUL HAMID AHMED DAGIA	1	8,505	0.01
SHUNAID QURESHI	1	22,357,755	23.66
Associated Companies, undertakings and related parties			
JAHANGIR SIDDIQUI & CO. LTD.	1	13,230,000	14.00
Executives			
	-	-	-
Public Sector Companies and Corporations			
	-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	3	2,859,240	3.03
Mutual Funds			
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	211,000	0.22
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	7,560	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	80,000	0.08
General Public			
a. Local	788	19,035,092	20.14
b. Foreign	-	-	-
Foreign Companies	4	8,555,800	9.05
Others	13	1,170,215	1.24
Totals	**825**	**94,500,000**	**100.00**

Statement of Compliance with Code of Corporate Governence

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Chapter XI of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the Board). As at June 30, 2014, the Board comprised of the following:

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

Subsequent to the year end, the elections of Board were held on August 22, 2014.At present, the Board comprises of the following:

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

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

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

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

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

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

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

8. The meetings of the Board were presided over by the Chairman. The Board met six (6) times during the year. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranges orientation course for its Directors as and when needed to apprise them of their duties and responsibilities. Two (2) Directors have already passed Corporate Governance Leadership Skills (CGLS) Program of Pakistan Institute of Corporate Governance (PICG). In addition, three (3) of the Directors are exempted from the requirement of Directors' training program under clause (xi) of CCG and rest of the Directors to be trained within specified time.

10. The Board has approved appointment of CFO and Company Secretary during the year including their remuneration and terms and conditions of employment. No new appointment of Head of Internal Audit made during the year.

11. The details of all related party transactions have been placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same have been placed before the Board for review and approval, and all the transactions were made on the terms equivalent to those that prevail in arm's length transaction. The Company maintains a detail record of related party transactions along with all documents.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

16. The Board has formed an Audit Committee. As at June 30, 2014 it comprised of three (3) members, of whom two (2) were non-executive Directors including the Chairman. Further, following the elections of the Board as referred in point 1 above, the audit committee, at present, comprises of four (4) members, of whom three (3) are non-executive Directors including the Chairman and the Chairman of the Audit Committee is an Independent Director.

17. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has formed a Human Resource & Remuneration Committee. It comprises of four (4) members, of whom three (3) are non-executive Directors including Chairman of the Committee.

19. The Board has outsourced the Internal Audit function to M/s. KPMG Taseer Hadi & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the Directors, employees and Stock Exchange.

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

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

Date: October 02, 2014
Place: Karachi

For & on behalf of Board of Directors
Sd/-
Duraid Qureshi
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of HUM Network Limited (the Company) for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 June 2014.**

Date: October 02, 2014
Place: Karachi

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

Auditors' Report to the Members

We have audited the annexed balance sheet of HUM Network Limited (the Company) as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.1 to the financial statements with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company’s affairs as at 30 June 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date: October 02, 2014
Place: Karachi

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

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
		---------- Rupees	----------
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**212,673,251**	203,126,691
Intangible assets	5	**13,315,502**	9,923,463
Long term investments	6	**97,597,764**	18,725,353
Long term deposits	7	**20,732,956**	25,409,181
Television program costs	8	**248,419,271**	197,195,117
Deferred taxation	9	**697,152**	2,241,543
		593,435,896	456,621,348
CURRENT ASSETS			
Inventories		**5,956,137**	26,611,524
Current portion of television program costs	8	**304,853,048**	289,858,307
Trade debts	10	**776,328,171**	682,276,965
Advances	11	**145,433,634**	52,171,218
Deposits and prepayments	12	**10,422,534**	6,655,633
Other receivables	13	**11,993,781**	32,344,438
Taxation – net		-	50,711,832
Cash and bank balances	14	**106,516,721**	155,726,559
		1,361,504,026	1,296,356,476
TOTAL ASSETS		**1,954,939,922**	1,752,977,824
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2013: 70,000,000) Ordinary shares of Rs.10/- each		**1,500,000,000**	700,000,000
Issued, subscribed and paid-up capital	15	**945,000,000**	500,000,000
Unappropriated profit		**451,315,585**	956,330,609
		1,396,315,585	1,456,330,609
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	16	**2,734,293**	1,571,449
CURRENT LIABILITIES			
Trade and other payables	17	**545,007,065**	291,718,456
Accrued mark-up		**942,584**	-
Unclaimed dividend		**4,250,835**	1,518,113
Taxation – net		**4,065,180**	-
Current portion of liabilities against assets subject to finance lease	16	**1,624,380**	1,839,197
		555,890,044	295,075,766
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		**1,954,939,922**	1,752,977,824

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YAER ENDED JUNE 30, 2014

	Note	2014	2013
		----------- Rupees ----------	
Revenue	19	**2,870,350,210**	2,292,663,220
Cost of production	20	**(1,381,432,771)**	(1,205,632,497)
Transmission cost		**(107,161,845)**	(89,989,623)
		(1,488,594,616)	(1,295,622,120)
Gross profit		**1,381,755,594**	997,041,100
Distribution costs	21	**(340,807,089)**	(237,671,437)
Administrative expenses	22	**(301,216,657)**	(240,323,037)
		739,731,848	519,046,626
Other income	23	**98,805,818**	65,221,024
Finance costs	24	**(7,952,008)**	(7,493,945)
Other operating expenses	25	**(23,761,981)**	(11,535,474)
Profit before taxation		**806,823,677**	565,238,231
Taxation	26	**(215,088,701)**	(177,441,038)
Profit after taxation		**591,734,976**	387,797,193
			(Restated)
Earnings per share – basic and diluted	27	**6.26**	4.10

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME FOR THE YAER ENDED JUNE 30, 2014

	2014	2013
	------------ Rupees ----------	
Profit after taxation	**591,734,976**	387,797,193
Other comprehensive income	-	-
Total comprehensive income for the year	**591,734,976**	387,797,193

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

CASH FLOW STATEMENT
FOR THE YAER ENDED JUNE 30, 2014

	Note	2014	2013
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	**924,605,590**	460,364,775
Taxes paid		**(158,767,297)**	(125,374,181)
Finance costs paid		**(7,009,424)**	(13,865,310)
Profit received on deposit accounts		**17,590,023**	12,774,085
Gratuity paid		**-**	(79,164,793)
Long term deposits		**4,676,225**	(1,238,800)
Television program costs		**(51,224,154)**	71,057,507
Net cash generated from operating activities		**729,870,963**	324,553,283
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(31,104,037)**	(26,464,954)
Addition to capital work-in-progress		**(22,861,523)**	(31,965,961)
Addition to intangible assets		**(3,429,486)**	(1,465,000)
Long term investment in a subsidiary		**(78,872,411)**	(10,043,250)
Proceeds from disposal of operating fixed assets		**5,255,908**	1,292,230
Net cash used in investing activities		**(131,011,549)**	(68,646,935)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**948,027**	(1,579,531)
Dividends paid		**(649,017,279)**	(48,489,687)
Net cash used in financing activities		**(648,069,252)**	(50,069,218)
Net (decrease)/increase in cash and cash equivalents		**(49,209,838)**	205,837,130
Cash and cash equivalents at the beginning of the year		**155,726,559**	(50,110,571)
Cash and cash equivalents at the end of the year	14	**106,516,721**	155,726,559

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YAER ENDED JUNE 30, 2014

	Issued, subscribed and paid-up Capital	Unappropriated Profit	Total
	---Rupees---		
Balance as at June 30, 2012	500,000,000	618,533,416	1,118,533,416
Final dividend for the year ended June 30, 2012 @10%		(50,000,000)	(50,000,000)
Net profit for the year	-	387,797,193	387,797,193
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	387,797,193	387,797,193
Balance as at June 30, 2013	500,000,000	956,330,609	1,456,330,609
Final dividend for the year ended June 30, 2013 @ 60%		(300,000,000)	(300,000,000)
Bonus shares issued during the year in the ratio of 2 ordinary share for every 5 ordinary shares held	200,000,000	(200,000,000)	-
First interim dividend for the year ended June 30, 2014 @ 15%	-	(105,000,000)	(105,000,000)
Second interim dividend for the year ended June 30, 2014 @ 15%	-	(105,000,000)	(105,000,000)
Bonus shares issued during the year in the ratio of 2.45 ordinary share for every 7 ordinary shares held	245,000,000	(245,000,000)	-
Third interim dividend for the year ended June 30, 2014 @ 15%	-	(141,750,000)	(141,750,000)
Net profit for the year	-	591,734,976	591,734,976
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	591,734,976	591,734,976
Balance as at June 30, 2014	**945,000,000**	**451,315,585**	**1,396,315,585**

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

NOTES TO THE FINANCE STATEMENTS FOR THE YAER ENDED JUNE 30, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

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

2. STATEMENT OF COMPLIANCE

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

2.1 New / Revised Standards, Interpretations and Amendments

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

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

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

Improvements to Accounting Standards issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the Requirements for Comparative Information

IAS 16 –Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

2.2 Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet effective

The following 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:

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 10 – Consolidated Financial Statements	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41 – Agriculture: Bearer Plants	01 January 2016
IAS 19 - Employee Contributions	01 July 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014
IFRIC 21 – Levies	01 January 2014

The Company is currently evaluating the impact of the above standards and interpretation on the Company's financial statements in the period of initial application.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 1, 2014. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

3.2 Significant accounting judgments and estimates

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

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

Property, plant and equipment and intangible assets

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

Income taxes

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

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

Trade debts

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

Television program costs

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

3.3 Fixed assets and depreciation

3.3.1 Property, plant and equipment

Owned

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

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in Note 4.1. Depreciation on additions is charged from the month in which the asset is available to use and no depreciation is charged for the month in which asset was disposed off.

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

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

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

Leased

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

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

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

3.3.2 Capital work-in-progress

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

3.4 Intangible assets

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

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

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

3.5 Investment in subsidiaries

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

3.6 Television program costs

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

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

3.7 Inventories

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

3.8 Trade debts

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

3.9 Loans, advances and other receivables

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

3.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or on 1 percent of turnover under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

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

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

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

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

3.11 Cash and cash equivalents

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

3.12 Long term and short term borrowings

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

3.13 Trade and other payables

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

3.14 Provisions

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

3.15 Revenue

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

Revenue from barter transactions are considered realized when goods or services are exchanged, and the amount of the proceeds and cost, as well as economic benefits, can be clearly measured. Revenue is recognized at the market value of the bartered item or service and may be adjusted with an additional cash payment / receipt.

Production revenue is recognised when production work is completed.

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

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

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

3.16 Staff retirement benefits

Defined contribution plan

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

3.17 Financial instruments

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

3.18 Off setting of financial assets and liabilities

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

3.19 Foreign currency translations

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

3.20 Borrowing costs

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

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

3.21 Ijarah rentals

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

3.22 Dividend and appropriation to reserves

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

3.23 Impairment

3.23.1 Financial assets

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

3.23.2 Non-financial assets

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

3.24 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		----------- Rupees ----------	
Operating fixed assets	4.1	**195,615,565**	194,942,693
Capital work-in-progress	4.4	**17,057,686**	8,183,998
		212,673,251	203,126,691

4.1 Operating fixed assets

2014

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2013	Additions/ (Deletions)	As at June 30, 2014	As at July 01, 2013	Charge for the year (Note 4.3)	As at June 30, 2014	as at June 30, 2014	Rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	8,401,516	1,327,721	9,729,237	53,528,664	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	20,700,041	3,382,088	24,082,129	9,738,750	10
Leasehold improvements	39,455,416	1,090,538	40,545,954	30,920,539	4,389,962	35,310,501	5,235,453	33
Furniture and fittings	8,437,480	9,478,016	17,915,496	3,837,365	1,322,954	5,160,319	12,755,177	10
Vehicles	32,328,580	8,180,720	29,470,940	22,099,828	1,456,578	15,829,554	13,641,386	33
		(11,038,360)			(7,726,852)			
Audio visual equipment	114,602,227	4,930,140	119,532,367	79,740,033	7,937,553	87,677,586	31,854,781	25
Uplinking equipment	60,917,624	1,285,833	62,203,457	19,722,252	5,730,007	25,452,259	36,751,198	10
Office equipment	36,665,313	1,626,378	38,291,691	22,253,427	4,105,324	26,358,751	11,932,940	15
Computers	47,371,434	11,972,097	59,343,531	38,703,699	6,714,628	45,418,327	13,925,204	33
	436,856,854	38,563,722	464,382,216	246,378,700	36,366,815	275,018,663	189,363,553	
		(11,038,360)			(7,726,852)			
Leased								
Vehicles	6,725,441	3,371,230	10,096,671	2,260,902	1,583,757	3,844,659	6,252,012	33
2014	**443,582,295**	**41,934,952**	**474,478,887**	**248,639,602**	**37,950,572**	**278,863,322**	**195,615,565**	
		(11,038,360)			**(7,726,852)**			

2013

	Cost			Accumulated depreciation			Book value	Depreciation
	As at July 01, 2012	Additions/ (Deletions)	As at June 30, 2013	As at July 01, 2012	Charge for the year (Note 4.3)	As at June 30, 2013	as at June 30, 2013	Rate % per annum
	Rupees							
Owned								
Leasehold land	63,257,901	-	63,257,901	7,073,795	1,327,721	8,401,516	54,856,385	2.04 - 2.13
Building on leasehold land	33,820,879		33,820,879	17,317,953	3,382,088	20,700,041	13,120,838	10
Leasehold improvements	33,221,684	6,233,732	39,455,416	27,240,190	3,680,349	30,920,539	8,534,877	33
Furniture and fittings	7,128,734	1,308,746	8,437,480	3,047,109	790,256	3,837,365	4,600,115	10
Vehicles	34,305,080	-	32,328,580	18,970,019	4,373,177	22,099,828	10,228,752	33
		(1,976,500)			(1,243,368)			
Audio visual equipment	100,641,817	14,034,930	114,602,227	71,398,682	8,391,497	79,740,033	34,862,194	25
		(74,520)			(50,146)			
Uplinking equipment	37,127,693	23,789,931	60,917,624	16,230,476	3,491,776	19,722,252	41,195,372	10
Office equipment	34,468,834	2,196,479	36,665,313	17,952,339	4,301,088	22,253,427	14,411,886	15
Computers	41,534,375	5,837,059	47,371,434	32,835,373	5,868,326	38,703,699	8,667,735	33
	385,506,997	53,400,877	436,856,854	212,065,936	35,606,278	246,378,700	190,478,154	
		(2,051,020)			(1,293,514)			
Leased								
Vehicles	4,249,000	2,476,441	6,725,441	1,173,271	1,087,631	2,260,902	4,464,539	33
2013	**389,755,997**	**55,877,318**	**443,582,295**	**213,239,207**	**36,693,909**	**248,639,602**	**194,942,693**	
		(2,051,020)			**(1,293,514)**			

4.2. Disposal of operating fixed assets:

Vehicles	Cost	Accumulated depreciation	Book value	Sale price	Gain	Mode of disposal	Particulars of buyer
	Rupees						
Car	1,859,000	1,301,300	557,700	1,300,000	742,300	Tender	
Car	1,669,000	1,168,300	500,700	1,333,500	832,800	Tender	
Car	669,000	468,300	200,700	570,000	369,300	Tender	
Car	900,450	630,315	270,135	270,135	-	Employee scheme	Nayyar Rubab
Car	880,855	616,599	264,256	264,256	-	Employee scheme	Muhammad Aqeel
Car	1,863,250	1,304,275	558,975	558,975	-	Employee scheme	Maimoona Siddiqui
Car	1,358,925	951,247	407,678	407,678	-	Employee scheme	Naufil Aftab
Car	918,940	643,258	275,682	275,682	-	Employee scheme	Abbas Hussain
Car	918,940	643,258	275,682	275,682	-	Employee scheme	Usman Khalid Khuwaja
	11,038,360	**7,726,852**	**3,311,508**	**5,255,908**	**1,944,400**		

		Note	2014	2013
			---------- Rupees	----------
4.3	**Depreciation for the year has been allocated as follows:**			
	Cost of production	20	**23,145,164**	22,378,794
	Distribution costs	21	**5,269,375**	2,928,619
	Administrative expenses	22	**9,536,033**	11,386,496
			37,950,572	36,693,909
4.4	**Capital work in progress**			
	Opening balance		**8,183,998**	5,630,402
	Additions during the year		**22,861,523**	31,965,961
	Transfers to operating fixed assets		**(10,830,915)**	(29,412,365)
	Transfers to intangible assets		**(3,156,920)**	-
	Closing balance		**17,057,686**	8,183,998

5. INTANGIBLE ASSETS

2014

	Cost			Accumulated amortization			Book value	
	As at July 01, 2013	Additions	As at June 30, 2014	As at July 01, 2013	For the year (Note 5.1)	As at June 30, 2014	as at June 30, 2014	Amortisation rate %
	Rupees							per annum
Computer softwares	10,374,542	5,886,406	16,260,948	8,317,167	1,851,477	10,168,644	6,092,304	20 – 33
License fee	10,500,000	-	10,500,000	4,707,780	700,350	5,408,130	5,091,870	6.67
Trade Mark	3,172,500	700,000	3,872,500	1,098,632	642,540	1,741,172	2,131,328	20
2014	24,047,042	6,586,406	30,633,448	14,123,579	3,194,367	17,317,946	13,315,502	

2013

	Cost			Accumulated amortization			Book value	
	As at July 01, 2012	Additions	As at June 30, 2013	As at July 01, 2012	For the year (Note 5.1)	As at June 30, 2013	as at June 30, 2013	Amortisation rate %
	Rupees							per annum
Computer softwares	10,374,542	-	10,374,542	7,120,298	1,196,869	8,317,167	2,057,375	20 – 33
License fee	10,500,000	-	10,500,000	4,007,430	700,350	4,707,780	5,792,220	6.67
Trade Mark	1,707,500	1,465,000	3,172,500	669,882	428,750	1,098,632	2,073,868	20
2013	22,582,042	1,465,000	24,047,042	11,797,610	2,325,969	14,123,579	9,923,463	

		Note	2014	2013
			---------- Rupees	----------
5.1	**Amortisation for the year has been allocated as follows:**			
	Cost of production	20	**2,658,608**	1,738,110
	Administrative expenses	22	**535,759**	587,859
			3,194,367	2,325,969

		Note	2014	2013
			---------- Rupees	----------
6. LONG TERM INVESTMENTS – unquoted subsidiaries				
HUM TV, Inc	**Holding**			
10,000 Common stock at $ 0.01	100%		**8,603**	8,603
Advance for future issue of shares			**18,716,750**	18,716,750
			18,725,353	18,725,353
HUM Network UK Ltd				
1 Ordinary Share of 1 GBP	100%		**161**	-
Advance for future issue of shares			**78,872,250**	-
			78,872,411	-
			97,597,764	18,725,353
7. LONG TERM DEPOSITS				
Security deposits				
- Lease			**1,027,050**	704,550
- Rent			**1,055,000**	1,055,000
- Trade			**18,520,400**	23,379,125
- Others			**130,506**	270,506
			20,732,956	25,409,181
8. TELEVISION PROGRAM COSTS				
Unreleased / released less amortisation			**546,273,508**	481,135,313
In production			**6,998,811**	5,918,111
			553,272,319	487,053,424
Less: Current portion			**304,853,048**	289,858,307
			248,419,271	197,195,117
9. DEFERRED TAX				
Deductible temporary differences				
Provision for doubtful debts			**8,716,140**	10,635,957
Others			**7,799,332**	9,710,061
			16,515,472	20,346,018
Taxable temporary differences				
Accelerated tax depreciation / amortisation			**(15,818,320)**	(18,104,475)
			697,152	2,241,543
10. TRADE DEBTS – unsecured				
Considered good			**776,328,171**	682,276,965
Considered doubtful			**26,412,547**	31,282,227
			802,740,718	713,559,192
Less: Provision for doubtful debts		10.1	**26,412,547**	31,282,227
			776,328,171	682,276,965

		Note	2014	2013
			---------- Rupees ----------	
10.1	**The movement in provision for doubtful debts is as follows:**			
	Balance as at the beginning of the year		**31,282,227**	31,720,019
	Reversal of provision during the year	23	**(4,869,680)**	-
	Written off during the year		**-**	(437,792)
	Balance as at the end of the year		**26,412,547**	31,282,227
10.2	**The aging of trade debts as at June 30 is as follows:**			
	Neither past due nor impaired		**623,261,573**	510,624,878
	Past due but not impaired			
	- 60 to 90 days		**110,016,079**	154,740,447
	- over 90 days		**43,050,519**	16,911,640
			776,328,171	682,276,965

11. ADVANCES - unsecured, considered good

	Note	2014	2013
Advances to:			
- producers	11.1	**105,544,383**	35,610,583
- suppliers		**35,354,409**	14,474,154
- employees against salary		**459,910**	450,606
- executives against salary		**661,099**	462,438
- employees against expenses		**3,413,833**	1,173,437
		145,433,634	52,171,218

11.1 Include Rs. 18,999,746/- and Rs. 3,220,820/- paid to M.D Production (Private) Limited and MNM Productions, related parties.

	Note	2014	2013
		---------- Rupees ----------	
12. DEPOSITS AND PREPAYMENTS			
Deposits		**2,172,474**	1,542,180
Prepayments		**8,250,060**	5,113,453
		10,422,534	6,655,633
13. OTHER RECEIVABLES – considered good			
Receivable from HUM TV, Inc. (a related party)		**4,450,578**	25,148,356
Receivable in respect of sale of DVDs		**4,618,745**	4,443,416
Sales tax receivable		**2,924,458**	2,101,517
Others		**-**	651,149
		11,993,781	32,344,438
14. CASH AND BANK BALANCES			
Cash in hand		**135,821**	88,422
Cash at banks			
- in current accounts		**34,232,070**	17,406,353
- in deposit accounts	14.1	**72,148,830**	138,231,784
		106,380,900	155,638,137
		106,516,721	155,726,559

14.1 These carry profit at the rates ranging from 8.5% to 9% (2013: 8.5% to 9%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
(Number of shares)			---------- Rupees ----------	
		Ordinary shares of Rs. 10/- each		
50,000,000	50,000,000	Fully paid in cash	**500,000,000**	500,000,000
44,500,000	-	Issued as fully paid bonus shares	**445,000,000**	-
94,500,000	50,000,000		**945,000,000**	500,000,000

15.1 Include 13,230,000 (2013: 7,000,000) shares representing 14 (2013:14) percent holding by Jahangir Siddiqui & Co. Ltd. – a related party.

16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		2013	
	Minimum lease payments	Present value	Minimum lease payments	Present Value
	---------- Rupees ----------			
Not later than one year	**1,997,179**	**1,624,380**	2,141,284	1,839,197
Later than one year and not later than five years	**2,920,096**	**2,734,293**	1,478,063	1,571,449
Total minimum lease payments	**4,917,275**	**4,358,673**	3,619,347	3,410,646
Less: Financial charges allocated to future periods	**558,602**	**-**	208,701	-
Present value of minimum lease payments	**4,358,673**	**4,358,673**	3,410,646	3,410,646
Less: Current portion shown under current liabilities	**1,624,380**	**1,624,380**	1,839,197	1,839,197
	2,734,293	**2,734,293**	1,571,449	1,571,449

16.1 The above represent finance leases entered into by the Company with local banks for vehicles. Total lease rentals due under various lease agreements amount to Rs. 4.917 million (2013: Rs.3.619 million) and are payable in monthly installments latest by 2016. 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 3 months KIBOR plus 2 (2013: 2.15) percent per annum.

17. TRADE AND OTHER PAYABLES

	2014	2013
	---------- Rupees ----------	
Creditors	**285,559,792**	152,490,156
Accrued liabilities	**187,809,090**	113,058,171
Withholding tax payable	**18,727,044**	6,701,891
Sales tax payable	**3,287,189**	3,271,960
Advances from customers	**27,638,254**	1,257,947
Workers' welfare fund	**16,465,789**	11,535,474
Others	**5,519,907**	3,402,857
	545,007,065	291,718,456

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

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

18.2 Commitments

i) Purchase of television programs commitments with M.D Production (Private) Limited and MNM Productions, related parties as at June 30, 2014 amounted to Rs. 74,810,000/- and Rs 22,500,000/- (2013: Rs. 34,750,000/- and Rs 6,000,000/-) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2014 amounted to Rs. 350,748,875/- (2013: Rs. 218,054,964/-).

ii) Commitment for rentals under Ijarah finance agreement:

	2014	2013
	---------- Rupees	----------
Within one year	**1,574,844**	1,852,062
After one year but not more than five years	**439,485**	2,014,329
	2,014,329	3,866,391

Represents Ijarah Finance Facility entered into with Islamic Bank in respect of a vehicle. Total Ijarah payments due under the agreement is Rs. 2.014 million (2013: Rs. 3.866 million) and are payable in monthly installments latest by November 2015. Taxes, repairs and replacement and insurance costs are to be borne by the muj'ir (lessor).

19. REVENUE – net

		2014	2013
		---------- Rupees	----------
Advertisement revenue		**3,873,281,067**	3,265,001,779
Less:	Sales tax	**518,409,473**	439,831,524
	Agency commission	**487,900,242**	412,264,288
	Discount to customers	**238,727,247**	208,650,205
		1,245,036,962	1,060,746,017
		2,628,244,105	2,204,255,762
Production revenue		**63,340,857**	36,430,000
Digital revenue		**5,567,902**	1,634,758
		68,908,759	38,064,758
Less:	Sales tax	**7,909,721**	218,316
	Agency commission	**2,230,380**	466,371
		10,140,101	684,687
		58,768,658	37,380,071
Subscription income		**183,337,447**	51,027,387
		2,870,350,210	2,292,663,220

20. COST OF PRODUCTION

	Note	2014	2013
		---------- Rupees ----------	
Cost of outsourced programs		**952,425,397**	653,534,906
Cost of in-house programs		**151,476,438**	96,726,622
Cost of inventory consumed		**325,480**	1,207,503
Salaries and benefits	20.1	**238,958,693**	203,261,216
Depreciation	4.3	**23,145,164**	22,378,794
Traveling and conveyance		**21,872,998**	18,480,466
Utilities		**11,186,460**	11,209,362
Rent, rates and taxes		**6,855,700**	4,166,559
Insurance		**7,939,129**	6,385,281
Repair and maintenance		**11,448,288**	10,152,116
Fee and subscription		**4,842,421**	2,315,000
Communication		**7,254,035**	5,447,685
Security charges		**2,861,432**	1,500,804
Amortisation	5.1	**2,658,608**	1,738,110
Consultancy		**3,687,435**	3,801,919
Donations	20.2	**91,490**	-
Printing and stationery		**622,498**	344,397
		1,447,651,666	1,042,650,740
In production television programs - opening		**5,918,111**	14,170,763
In production television programs - closing		**(6,998,811)**	(5,918,111)
		1,446,570,966	1,050,903,392
Released / unreleased programs - opening		**481,135,313**	635,864,418
Released / unreleased programs - closing		**(546,273,508)**	(481,135,313)
		1,381,432,771	1,205,632,497

20.1 Include Rs. 6,991,316/- (2013: Rs. 7,500,353/-) in respect of staff retirement benefits.

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

21. DISTRIBUTION COSTS

	Note	2014	2013
		---------- Rupees ----------	
Advertisement and promotion		**174,352,844**	110,400,853
Salaries and benefits	21.1	**128,292,060**	96,714,229
Traveling and conveyance		**14,758,258**	14,012,400
Rent, rates and taxes		**2,671,896**	2,592,244
Utilities		**3,796,399**	2,517,929
Depreciation	4.3	**5,269,375**	2,928,619
Communication		**4,101,573**	2,870,781
Insurance		**1,262,450**	987,922
Repair and maintenance		**2,860,076**	2,111,754
Fees and subscription		**1,588,558**	1,186,325
Security charges		**189,756**	151,151
Printing and stationery		**733,744**	579,405
Donations	21.2	**280,000**	-
Ijarah rental		**650,100**	617,825
		340,807,089	237,671,437

21.1 Include Rs. 4,298,065/- (2013: Rs. 4,698,497/-) in respect of staff retirement benefits.

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

	Note	2014	2013
		---------- Rupees ----------	

22. ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries and benefits	22.1	**193,611,524**	148,097,020
Technical advisory fee	22.2	**30,000,000**	30,000,000
Depreciation	4.3	**9,536,033**	11,386,496
Amortisation	5.1	**535,759**	587,859
Repair and maintenance		**10,085,551**	8,386,621
Communication		**2,805,058**	2,021,826
Traveling and conveyance		**12,583,088**	10,067,677
Fee and subscription		**10,097,183**	4,631,600
Utilities		**5,987,337**	4,426,943
Legal and professional charges		**9,461,783**	8,518,276
Printing, stationery and periodicals		**3,100,739**	2,006,929
Rent, rates and taxes		**9,069,783**	6,548,289
Insurance		**941,680**	710,497
Auditors' remuneration	22.3	**2,011,411**	1,709,406
Ijarah rentals		**1,294,368**	962,598
Security charges		**95,360**	61,000
Donations		**-**	200,000
		301,216,657	240,323,037

22.1 Include Rs. 2,668,399/- (2013: Rs. 4,029,654/-) in respect of staff retirement benefits.

22.2 Represent fee paid to director for technical advisory services rendered in terms of the technical advisory agreement duly approved by the Board of Directors of the Company.

22.3 Auditors' remuneration

	Note	2014	2013
		---------- Rupees ----------	
Audit fee		**700,000**	600,000
Half yearly review		**250,000**	250,000
Fee for audit of consolidated financial statements, review of statement of compliance with the Code of Corporate Governance and other certifications		**465,000**	384,998
Tax services		**245,000**	250,008
Out of pocket expenses		**351,411**	224,400
		2,011,411	1,709,406

23. OTHER INCOME

	Note	2014	2013
Income from financial assets			
Profit on deposit accounts		**17,590,023**	12,048,838
Reversal of provision for doubtful debt	10.1	**4,869,680**	-
Exchange loss		**(4,887,650)**	(2,970,566)
		17,572,053	9,078,272
Income from non financial assets			
Gain on disposal of operating fixed assets	4.2	**1,944,400**	534,724
Sale of magazines and DVDs		**79,289,365**	55,608,028
		81,233,765	56,142,752
		98,805,818	65,221,024

	Note	2014	2013
		---------- Rupees ----------	

24. FINANCE COSTS

	Note	2014	2013
Mark-up on short term running finance	24.1	**6,971,182**	6,604,794
Finance lease charges		**443,383**	483,293
Bank charges		**537,443**	405,858
		7,952,008	7,493,945

24.1 Running finance facilities available from commercial banks as at June 30, 2014 amounted to Rs. 300 million (2013: Rs. 300 million), which remained un-utilized as at the year end.

25. OTHER OPERATING EXPENSES

	2014	2013
	---------- Rupees ----------	
Workers' Welfare Fund		
Current	**16,465,789**	11,535,474
Prior	**7,296,192**	-
	23,761,981	11,535,474

26. TAXATION

	2014	2013
Current	**213,262,823**	156,981,777
Prior	**281,487**	(4,307,198)
	213,544,310	152,674,579
Deferred	**1,544,391**	24,766,459
	215,088,701	177,441,038

26.1 Reconciliation between tax expense and accounting profit

	2014	2013
Accounting profit before taxation	**806,823,677**	565,238,231
Tax at applicable rate of 34% (2013: 35%)	**274,320,050**	197,833,381
Tax effect of amounts not deductible / (taxable) for tax purposes	**5,671,784**	(4,448,564)
Tax effect of prior years	**281,487**	(4,307,198)
Tax effect of income exempt from tax	**(65,184,620)**	(11,636,581)
	215,088,701	177,441,038

27. EARNINGS PER SHARE – basic and diluted

		2014	2013
Profit after taxation	**Rupees**	**591,734,976**	387,797,193
			(Restated)
Weighted average number of ordinary shares outstanding during the year		**94,500,000**	94,500,000
			(Restated)
Earnings per share	**Rupees**	**6.26**	4.10

27.1 Basic earning per share has no dilution effect.

	2014	2013
	Rupees	

28. CASH GENERATED FROM OPERATIONS

	2014	2013
Profit before taxation	**806,823,677**	565,238,231
Adjustments for :		
Depreciation	**37,950,572**	36,693,909
Amortisation	**3,194,367**	2,325,969
Finance costs	**7,952,008**	7,493,945
Exchange loss	**4,887,650**	2,970,566
Profit on deposit accounts	**(17,590,023)**	(12,048,838)
Reversal of provision for doubtful debt	**(4,869,680)**	-
Gain on disposal of operating fixed assets	**(1,944,400)**	(534,724)
Workers' welfare fund	**16,465,789**	12,435,474
	46,046,283	49,336,301
Operating profit before working capital changes	**852,869,960**	614,574,532
Working capital changes		
Decrease / (increase) in current assets		
Inventories	**20,655,387**	(26,040,944)
Television program costs	**(14,994,741)**	91,924,250
Trade debts	**(89,181,526)**	(208,897,547)
Advances	**(93,262,416)**	(1,674,650)
Deposits and prepayments	**(3,766,901)**	(2,029,055)
Other receivables	**20,350,657**	(28,140,105)
	(160,199,540)	(174,858,051)
Increase in current liabilities		
Trade and other payables	**231,935,170**	20,648,294
	924,605,590	460,364,775

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial remuneration	**13,935,484**	-	**105,314,567**	14,040,000	-	80,575,284
Bonus	**95,221,084**	-	**14,343,817**	64,310,946	-	14,216,233
Retirement benefits	-	-	**7,562,851**	900,000	-	3,963,464
House rent	**6,270,968**	-	**39,455,251**	6,264,000	-	28,430,340
Utilities	**1,393,548**	-	**8,767,835**	1,296,000	-	6,317,857
Technical advisory fee	-	**30,000,000**	-	-	30,000,000	-
Fuel and conveyance	**466,449**	**1,035,238**	**10,141,088**	856,349	646,899	7,105,977
	117,287,533	**31,035,238**	**185,585,409**	87,667,295	30,646,899	140,609,155
Number	**1**	**2**	**80**	1	1	61

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

29.2 Aggregate amount charged in the financial statements for fee to three directors was Rs. 540,000/- (2013: Rs. 140,000/-).

30. TRANSACTIONS WITH RELATED PARTIES

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

Related Party	Nature of relationship	Nature of transactions	2014	2013
			---------- Rupees	----------
M.D. Production (Private) Limited	Chief Executive's spouse is Chief Executive Officer	Purchase of television programs	**266,775,000**	144,150,000
MNM Productions	Chief Executive's spouse is partner	Purchase of television programs	**63,500,000**	68,250,000
Creations	Chief Executive's Father-in-law is the owner	Purchase of television programs	-	74,550,000
Media Gurus	Chief Executive's Sister-in-law is the owner	Purchase of television Programs	-	92,800,000
HUM TV, Inc.	Wholly owned subsidiary	Investment in a subsidiary	-	10,043,250
HUM TV, Inc.	Wholly owned subsidiary	Collection on behalf of Hum Network Limited	**7,343,651**	36,865,802
HUM TV, Inc.	Wholly owned subsidiary	Subscription income	**31,211,250**	29,190,000
HUM TV, Inc.	Wholly owned subsidiary	Remittance from HUM TV, Inc.	**39,620,720**	33,247,374
HUM TV, Inc.	Wholly owned subsidiary	Payment made on behalf of HUM Network Limited	**21,054,291**	577,642
HUM TV, Inc.	Wholly owned subsidiary	Purchase of equipment on behalf of HUM Network Limited	-	6,799,919
HUM Network UK Limited	Wholly owned subsidiary	Investment in a subsidiary	**78,872,411**	-
Hum Network Limited - Employees' Provident Fund	Retirement fund	Contribution to fund	**13,957,780**	7,945,101
Hum Network Limited - Employees' Gratuity Fund	Retirement fund	Contribution to fund	-	79,164,793

31. PROVIDENT FUND

	2014	2013
	(Rupees in 000')	
	Un-Audited	Audited
31.1 Payable to provident fund	-	-

31.2 Details of the fund are as follows:

	2014	2013
Size of the fund	**36,730**	16,120
Cost of investments made	**11,174**	9,948
Percentage of investments made	**30%**	62%
Fair value of investments	**11,478**	10,857

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

	2014		2013	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
	Un-audited		Audited	
Treasury Bills	**9,776**	**26%**	-	-
Mutual funds	**1,398**	**4%**	9,948	62%
Total	**11,174**	**30%**	9,948	62%

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended June 30, 2014.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at June 30, 2014 and 2013 were as follows:

	2014	2013
	Rupees	
Liabilities against assets subject to finance lease	**4,358,673**	3,410,646
Trade and other payables	**545,007,065**	291,718,456
Accrued mark-up	**942,584**	-
Total debt	**550,308,322**	295,129,102
Cash and bank balances	**(106,516,721)**	(155,726,559)
Net debt	**443,791,601**	139,402,543
Issued, subscribed and paid-up capital	**945,000,000**	500,000,000
Unappropriated profit	**451,315,585**	956,330,609
Equity	**1,396,315,585**	1,456,330,609
Equity and liabilities	**1,840,107,186**	1,595,733,152
Gearing ratio	**24%**	9%

32.2 Credit risk and concentration of credit risk

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

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

The Company is mainly exposed to credit risk on trade debts, advances 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.

32.3 Credit quality of financial assets

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

		2014	2013
		---------- Rupees ----------	
Trade debts			
Customers with no defaults in the past one year		**466,878,923**	369,242,546
Customers with some defaults in past one year which have been fully recovered		**156,382,650**	141,382,332
		623,261,573	510,624,878
Bank balances			
	A1+	**94,229,360**	145,929,860
	A1	**-**	5,212,117
	A3	**12,151,540**	4,496,160
		106,380,900	155,638,137

32.4 Liquidity risk management

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 summarises the maturity profile of the Company's financial liabilities as at the following reporting dates:

2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
			Rupees		
Liabilities against assets subject to finance lease	-	-	1,624,380	2,734,293	4,358,673
Trade and other payables	31,157,210	353,977,559	159,872,296	-	545,007,065
Accrued mark-up	942,584	-	-	-	942,584
	32,099,794	353,977,559	161,496,676	2,734,293	550,308,322

2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
			Rupees		
Liabilities against assets subject to finance lease	-	-	1,839,197	1,571,449	3,410,646
Trade and other payables	-	123,032,022	168,686,434	-	291,718,456
		123,032,022	170,525,631	1,571,449	295,129,102

32.5 Foreign currency risk management

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

	2014	2013
	---------- US Dollars ----------	
Trade debts	**95,321**	-
Other receivables	**44,865**	250,232
Trade and other payables	**(1,243,150)**	(597,198)
Net payable	**(1,102,964)**	(346,966)

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

	---------- Rupees ----------	
Closing Exchange Rates (USD)	**99.45**	100.5

Sensitivity analysis:

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

	Change in US dollar rate (%)	Effect on profit --- Rupees ---
30 June 2014	**+10**	**(10,968,977)**
	-10	**10,968,977**
30 June 2013	+10	(3,487,008)
	-10	3,487,008

32.6 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 and bank balances. The Company manages these risks through risk management strategies. All the borrowings of the Company are obtained in the functional currency.

Sensitivity analysis:

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

	Increase / decrease in basis points	Effect on profit before taxation Rupees
30 June 2014	**+100**	**677,902**
	-100	**(677,902)**
30 June 2013	+100	1,348,211
	-100	(1,348,211)

32.7 Equity price risk

Equity price risk is the risk that the fair value of the future cashflows of financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As of balance sheet date, the Company is not exposed to such risk.

32.8 Fair value of financial instruments

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

33. SUBSEQUENT EVENT

The Board of Directors in their meeting held on October 02, 2014 has recommended a final cash dividend of Rs. 1.5/- per share @ 15% amounting to Rs. 141,750,000/- on the existing paid-up value of the ordinary share capital for approval of shareholders in the Annual General Meeting.

34. DATE OF AUTHORIZATION

These financial statements have been authorised for issue on October 02, 2014 by the Board of Directors of the Company.

35. GENERAL

35.1 There were no material reclassification that could affect the financial statements.

35.2 The number of employees as at June 30, 2014 was 450 (2013: 424) and average number of employees during the year was 437 (2013: 422).

35.3 Figures have been rounded off to the nearest Rupee.

Sd/-	**Sd/-**
MAZHAR-UL-HAQ SIDDIQUI	**DURAID QURESHI**
Chairman	**Chief Executive**

CONSOLIDATED FINANCIAL STATEMENTS

Report of the Directors on Consolidated Financial Statements

The Board of Directors is pleased to present the Consolidated Audited Financial Statements of HUM Network Limited (the Company) and its subsidiaries HUM TV Inc and HUM Network UK Limited, for the year ended June 30, 2014.

Your Company holds 100% shares in the subsidiaries which are now actively involved in exploring advertising market in the United States, Canada, Middle East North Africa and Europe. The subsidiaries also serve as a platform for HUM Network to explore avenues greater distribution of the HUM Networks brands internationally and establish relations with advertisers, as well as to develop media materials and content targeted for the said audience.

The consolidated financials are as follows:	**2014**
Revenue – net	2,933,796,736
Gross Profit	1,412,801,114
Profit of the year	559,604,508
Earnings per share	5.92

The Directors' Report on Hum Network Limited for the year ended June 30, 2014 has been separately presented in the annual report

Date: October 02, 2014
Place: Karachi

For & on behalf of Board of Directors
Sd/-
Duraid Qureshi
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of HUM Network Limited (the Holding Company) and its subsidiary companies as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of subsidiary company namely HUM TV, Inc. was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the reports of such other auditors. The financial statements of the subsidiary company, namely HUM Network UK Ltd are unaudited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As referred to in the first paragraph of the report, the financial statements of the subsidiary company, namely HUM Network UK Ltd are unaudited. Hence, total assets of Rs. 43,700,823/- and net loss of Rs. 39,860,384/- pertaining to such subsidiary company have been incorporated in the consolidated financial statements based on the unaudited financial statements of the subsidiary company.

In our opinion, except for the possible effects of the matter described in the preceding paragraph, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

Date: October 02, 2014
Place: Karachi

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

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014	2013
		---------- Rupees	----------
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**216,066,054**	207,585,073
Goodwill		**1,288,013**	1,304,892
Intangible assets	5	**33,622,108**	9,923,463
Long term deposits	6	**21,861,356**	26,552,369
Television program costs	7	**248,419,271**	197,195,117
Deferred tax asset	8	**3,945,022**	5,725,778
		525,201,824	448,286,692
CURRENT ASSETS			
Inventories		**5,956,137**	26,611,524
Current portion of television program costs	7	**304,853,048**	289,858,307
Trade debts	9	**790,405,463**	686,257,871
Advances	10	**145,433,634**	52,171,218
Deposits and prepayments	11	**24,102,692**	9,296,070
Other receivables	12	**12,331,622**	8,046,312
Taxation – net		**-**	50,711,832
Cash and bank balances	13	**120,518,338**	232,725,438
		1,403,600,934	1,355,678,572
TOTAL ASSETS		**1,928,802,758**	1,803,965,264
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2013: 70,000,000) Ordinary shares of Rs.10/- each		**1,500,000,000**	700,000,000
Issued, subscribed and paid-up capital	14	**945,000,000**	500,000,000
Reserves		**412,156,569**	952,853,578
		1,357,156,569	1,452,853,578
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	15	**2,734,293**	1,571,449
CURRENT LIABILITIES			
Trade and other payables	16	**555,682,697**	346,182,927
Accrued mark-up		**942,584**	-
Unclaimed dividend		**4,250,835**	1,518,113
Taxation – net		**6,411,400**	
Current portion of liabilities against assets subject to finance lease	15	**1,624,380**	1,839,197
		568,911,896	349,540,237
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		**1,928,802,758**	1,803,965,264

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements.

Sd/-	**Sd/-**
MAZHAR-UL-HAQ SIDDIQUI	**DURAID QURESHI**
Chairman	**Chief Executive**

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		----------- Rupees ----------	
Revenue	18	**2,933,796,736**	2,329,446,804
Cost of production	19	**(1,381,432,771)**	(1,205,632,497)
Transmission cost		**(139,562,851)**	(97,890,383)
		(1,520,995,622)	(1,303,522,880)
Gross profit		**1,412,801,114**	1,025,923,924
Distribution costs	20	**(349,373,150)**	(247,596,037)
Administrative expenses	21	**(353,024,584)**	(263,684,378)
		710,403,380	514,643,509
Other income	22	**98,805,818**	65,221,024
Finance costs	23	**(8,090,957)**	(7,509,902)
Other operating expenses	24	**(23,761,981)**	(11,535,474)
Profit before taxation		**777,356,260**	560,819,157
Taxation	25	**(217,751,752)**	(175,823,523)
Profit after taxation		**559,604,508**	384,995,634
			(Restated)
Earnings per share – basic and diluted	26	**5.92**	4.07

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements.

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----------- Rupees ----------	
Profit after taxation	**559,604,508**	384,995,634
Other comprehensive income		
To be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in foreign subsidiary companies	**(3,551,517)**	779,556
Total comprehensive income for the year	**556,052,991**	385,775,190

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements.

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		----------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	**804,712,485**	519,110,619
Taxes paid		**(158,847,764)**	(125,697,667)
Finance costs paid		**(7,148,373)**	(13,881,267)
Profit received on deposit accounts		**17,590,023**	12,774,085
Gratuity paid		**-**	(79,164,793)
Long term deposits		**4,691,013**	(2,381,988)
Television program costs		**(51,224,154)**	83,860,671
Net cash generated from operating activities		**609,773,230**	394,619,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(31,493,304)**	(29,756,593)
Addition to capital work-in-progress		**(22,861,523)**	(31,965,369)
Addition to intangible assets		**(24,812,159)**	(1,465,000)
Proceeds from the disposal of operating fixed assets		**5,255,908**	1,292,230
Net cash used in investing activities		**(73,911,078)**	(61,894,732)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**948,027**	(1,579,531)
Dividends paid		**(649,017,279)**	(48,489,687)
Net cash used in financing activities		**(648,069,252)**	(50,069,218)
Net (decrease) / increase in cash and cash equivalents		**(112,207,100)**	282,655,710
Cash and cash equivalents at the beginning of the year		**232,725,438**	(49,930,272)
Cash and cash equivalents at the end of the year	13	**120,518,338**	232,725,438

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements.

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Reserves			Total
		Foreign exchange translation reserve	Unappropriated Profit	Sub-total	
		----------Rupees----------			
Balance as at June 30, 2012	500,000,000	259,809	616,818,579	617,078,388	1,117,078,388
Final dividend for the year ended June 30, 2012 @ 10%	-	-	(50,000,000)	(50,000,000)	(50,000,000)
Net profit for the year	-	-	384,995,634	384,995,634	384,995,634
Other comprehensive income	-	779,556	-	779,556	779,556
Total comprehensive income for the year	-	779,556	384,995,634	385,775,190	385,775,190
Balance as at June 30, 2013	500,000,000	1,039,365	951,814,213	952,853,578	1,452,853,578
Final dividend for the year ended June 30, 2013 @ 60%	-	-	(300,000,000)	(300,000,000)	(300,000,000)
Bonus shares issued during the year in the ratio of 2 ordinary share for every 5 ordinary shares held	200,000,000	-	(200,000,000)	-	-
First interim dividend for the year ended June 30, 2014 @ 15%	-	-	(105,000,000)	(105,000,000)	(105,000,000)
Second interim dividend for the year ended June 30, 2014 @ 15%	-	-	(105,000,000)	(105,000,000)	(105,000,000)
Bonus shares issued during the year in the ratio of 2.45 ordinary share for every 7 ordinary shares held	245,000,000	-	(245,000,000)	-	-
Third interim dividend for the year ended June 30, 2014 @ 15%	-	-	(141,750,000)	(141,750,000)	(141,750,000)
Net profit for the year	-	-	559,604,508	559,604,508	559,604,508
Other comprehensive income	-	(3,551,517)	-	(3,551,517)	(3,551,517)
Total comprehensive income for the year	-	(3,551,517)	559,604,508	556,052,991	556,052,991
Balance as at June 30, 2014	**945,000,000**	**(2,512,152)**	**414,668,721**	**857,156,569**	**1,357,156,569**

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements.

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. THE GROUP AND ITS OPERATIONS

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

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

The 'Group' consists of

Holding Company

HUM Network Limited

Subsidiary Companies

	2014	2013
	Percentage of holding	
HUM TV, Inc.	**100%**	100%
HUM Network UK LTD	**100%**	-

1.2 Nature of operations of subsidiaries

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

2. STATEMENT OF COMPLIANCE

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

2.1 New / Revised Standards, Interpretations and Amendments

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

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

IAS 19 – Employee Benefits –(Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

Improvements to Accounting Standards issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the Requirements for Comparative Information

IAS 16 –Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

2.2 Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet effective

The following 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:

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 10 – Consolidated Financial Statements	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41 – Agriculture: Bearer Plants	01 January 2016
IAS 19 - Employee Contributions	01 July 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014
IFRIC 21 – Levies	01 January 2014

The Group is currently evaluating the impact of the above standards and interpretation on the Group's consolidated financial statements in the period of initial application.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 1, 2014. The Group expects that such improvements to the standards will not have any impact on the Group's consolidated financial statements in the period of initial application.

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

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

3.2 Basis of consolidation

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

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

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

3.3 Significant accounting judgments and estimates

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

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

Property, plant and equipment and intangible assets

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

Income taxes

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

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

Trade debts

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

Television program costs

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

3.4 Fixed assets and depreciation

3.4.1 Property, plant and equipment

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

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in Note 4.1. Depreciation on additions is charged from the month in which the asset is available to use and no depreciation is charged for the month in which asset was disposed off.

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

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

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

Leased

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

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

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

3.4.2 Capital work-in-progress

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

3.5 Business combination and goodwill

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

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

3.6 Intangible assets

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

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

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

3.7 Television program costs

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

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

3.8 Inventories

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

3.9 Trade debts

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

3.10 Loans, advances and other receivables

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

3.11 Taxation

Current

The charge for current taxation is based on taxable income, earned from local as well as foreign operations at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available.

Deferred

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

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

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

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

3.12 Cash and cash equivalents

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

3.13 Long term and short term borrowings

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

3.14 Trade and other payables

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

3.15 Provisions

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

3.16 Revenue

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

Revenue from barter transactions are considered realized when goods or services are exchanged, and the amount of the proceeds and cost, as well as economic benefits, can be clearly measured. Revenue is recognized at the market value of the bartered item or service and may be adjusted with an additional cash payment / receipt.

Production revenue is recognised when production work is completed.

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

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

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

3.17 Staff retirement benefits

Defined contribution plan

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

3.18 Financial instruments

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

3.19 Off setting of financial assets and liabilities

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

3.20 Foreign currency translations

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

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

3.21 Borrowing costs

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

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

3.22 Ijarah rentals

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

3.23 Dividend and appropriation to reserves

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

3.24 Impairment

3.24.1 Financial assets

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

3.24.2 Non-financial assets

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

3.25 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT	Note	2014	2013
		---------- Rupees ----------	
Operating fixed assets	4.1	**199,008,368**	199,401,075
Capital work-in-progress	4.4	**17,057,686**	8,183,998
		216,066,054	207,585,073

4.1 Operating fixed assets

2014

	Cost: As at July 01, 2013	Cost: Additions/ (Deletion)	Cost: As at June 30, 2014	Accumulated depreciation: As at July 01, 2013	Accumulated depreciation: Charge for the year (Note 4.3)	Accumulated depreciation: As at June 30, 2014	Book value as at June 30, 2014	Depreciation Rate % per annum
	Rupees							
Leasehold land	63,257,901	-	63,257,901	8,401,516	1,327,721	9,729,237	53,528,664	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	20,700,041	3,382,088	24,082,129	9,738,750	10
Leasehold improvements	41,879,784	1,090,538	42,970,322	31,873,019	5,261,062	37,134,081	5,836,241	33
Furniture and fittings	8,979,621	9,478,016	18,457,637	3,892,534	1,381,981	5,274,515	13,183,122	10
Vehicles	35,514,997	8,180,720	32,657,357	22,891,947	1,880,692	17,045,787	15,611,570	33
		(11,038,360)			(7,726,852)			
Audio visual equipment	114,602,227	5,319,407	119,921,634	79,740,033	7,972,324	87,712,357	32,209,277	25
					-			
Uplinking equipment	60,917,624	1,285,833	62,203,457	19,722,252	5,730,008	25,452,260	36,751,197	10
Office equipment	36,770,537	1,626,378	38,396,915	22,253,427	4,105,323	26,358,750	12,038,165	15
Computers	47,371,434	11,972,097	59,343,531	38,703,699	6,714,566	45,418,265	13,925,266	33
	443,115,004	38,952,989	471,029,633	248,178,468	37,755,765	278,207,381	192,822,252	
	-	(11,038,360)		-	(7,726,852)			
Leased								
Vehicles	6,725,441	3,371,230	10,096,671	2,260,902	1,583,753	3,910,555	6,186,116	33
2014	**449,840,445**	**42,324,219**	**481,126,304**	**250,439,370**	**39,339,518**	**282,117,936**	**199,008,368**	
	-	**(11,038,360)**	-	-	**(7,726,852)**	-	-	

2013

	Cost: As at July 01, 2012	Cost: Additions/ (Deletion)	Cost: As at June 30, 2013	Accumulated depreciation: As at July 01, 2012	Accumulated depreciation: Charge for the year (Note 4.3)	Accumulated depreciation: As at June 30, 2013	Book value as at June 30, 2013	Depreciation Rate % per annum
	Rupees							
Leasehold land	63,257,901	-	63,257,901	7,073,795	1,327,721	8,401,516	54,856,385	2.04 - 2.13
Building on leasehold land	33,820,879	-	33,820,879	17,317,953	3,382,088	20,700,041	13,120,838	10
Leasehold improvements	35,646,052	6,233,732	41,879,784	27,379,242	4,493,777	31,873,019	10,006,765	33
Furniture and fittings	7,670,875	1,308,746	8,979,621	3,047,109	845,425	3,892,534	5,087,087	10
Vehicles	34,305,080	3,186,417	35,514,997	18,970,019	5,165,296	22,891,947	12,623,050	33
		(1,976,500)			(1,243,368)			
Audio visual equipment	100,641,817	14,034,930	114,602,227	71,398,682	8,391,497	79,740,033	34,862,194	25
		(74,520)			(50,146)			
Uplinking equipment	37,127,693	23,789,931	60,917,624	16,230,476	3,491,776	19,722,252	41,195,372	10
Office equipment	34,468,834	2,301,703	36,770,537	17,952,339	4,301,088	22,253,427	14,517,110	15
Computers	41,534,375	5,837,059	47,371,434	32,835,373	5,868,326	38,703,699	8,667,735	33
	388,473,506	56,692,518	443,115,004	212,204,988	37,266,994	248,178,468	194,936,536	
	-	(2,051,020)	-	-	(1,293,514)	-	-	
Leased								
Vehicles	4,249,000	2,476,441	6,725,441	1,173,271	1,087,631	2,260,902	4,464,539	33
2013	**392,722,506**	**59,168,959**	**449,840,445**	**213,378,259**	**38,354,625**	**250,439,370**	**199,401,075**	
	-	**(2,051,020)**	-	-	**(1,293,514)**	-	-	

4.2 Disposal of operating fixed assets:

Vehicles	Cost	Accumulated depreciation	Book value	Sale price	Gain	Mode of disposal	Particulars of buyer
	----------	----------	Rupees	----------	----------		
Car	1,859,000	1,301,300	557,700	1,300,000	742,300	Tender	
Car	1,669,000	1,168,300	500,700	1,333,500	832,800	Tender	
Car	669,000	468,300	200,700	570,000	369,300	Tender	
Car	900,450	630,315	270,135	270,135	-	Employee scheme	Nayyar Rubab
Car	880,855	616,599	264,256	264,256	-	Employee scheme	Muhammad Aqeel
Car	1,863,250	1,304,275	558,975	558,975	-	Employee scheme	Maimoona Siddiqui
Car	1,358,925	951,247	407,678	407,678	-	Employee scheme	Naufil Aftab
Car	918,940	643,258	275,682	275,682	-	Employee scheme	Abbas Hussain
Car	918,940	643,258	275,682	275,682	-	Employee scheme	Usman Khalid Khuwaja
	11,038,360	**7,726,852**	**3,311,508**	**5,255,908**	**1,944,400**		

		Note	2014	2013
			Rupees	
4.3	**Depreciation for the year has been allocated as follows:**			
	Cost of production	19	**23,145,102**	22,378,794
	Distribution costs	20	**5,269,375**	2,928,619
	Administrative expenses	21	**10,925,041**	13,047,212
			39,339,518	38,354,625

		2014	2013
4.4	**Capital work in progress**		
	Opening balance	**8,183,998**	5,630,402
	Additions during the year	**22,861,523**	31,965,961
	Transfers to operating fixed assets	**(10,830,915)**	(29,412,365)
	Transfers to intangible assets	**(3,156,920)**	-
	Closing balance	**17,057,686**	8,183,998

5. INTANGIBLE ASSETS

2014

Description	Cost: As at July 01, 2014	Cost: Additions	Cost: As at June 30, 2014	Accumulated amortisation: As at July 01, 2013	Accumulated amortisation: for the year (Note 5.1)	Accumulated amortisation: As at June 30, 2014	Book value as at June 30, 2014	Amortisation rate % per annum
	Rupees							
Computer softwares	10,374,542	5,886,406	16,260,948	8,317,167	1,851,476	10,168,643	6,092,305	20 – 33
License fee	10,500,000	21,382,673	31,882,673	4,707,780	1,776,417	6,484,197	25,398,476	6.67
Trade Mark	3,172,500	700,000	3,872,500	1,098,632	642,541	1,741,173	2,131,327	20
2014	**24,047,042**	**27,969,079**	**52,016,121**	**14,123,579**	**4,270,434**	**18,394,013**	**33,622,108**	

2013

Description	Cost: As at July 01, 2012	Cost: Additions	Cost: As at June 30, 2013	Accumulated amortisation: As at July 01, 2012	Accumulated amortisation: For the year (Note 5.1)	Accumulated amortisation: As at June 30, 2013	Book value as at June 30, 2013	Amortisation rate % per annum
	Rupees							
Computer softwares	10,374,542	-	10,374,542	7,120,298	1,196,869	8,317,167	2,057,375	20 – 33
License fee	10,500,000	-	10,500,000	4,007,430	700,350	4,707,780	5,792,220	6.67
Trade Mark	1,707,500	1,465,000	3,172,500	669,882	428,750	1,098,632	2,073,868	20
2013	**22,582,042**	**1,465,000**	**24,047,042**	**11,797,610**	**2,325,969**	**14,123,579**	**9,923,463**	

		Note	2014	2013
			Rupees	
5.1	**Amortisation for the year has been allocated as follows:**			
	Cost of production	19	**2,658,610**	1,738,110
	Distribution cost	20	**538,033**	-
	Administrative expenses	21	**1,073,791**	587,859
			4,270,434	2,325,969

6. LONG TERM DEPOSITS

Security deposits

	2014	2013
- Lease	**1,027,050**	704,550
- Rent	**1,211,240**	1,213,288
- Trade	**19,492,560**	24,364,025
- Others	**130,506**	270,506
	21,861,356	26,552,369

		Note	2014	2013
			---------- Rupees ----------	
7.	**TELEVISION PROGRAM COSTS**			
	Unreleased / released less amortisation		**546,273,508**	481,135,313
	In production		**6,998,811**	5,918,111
			553,272,319	487,053,424
	Less: Current portion		**304,853,048**	289,858,307
			248,419,271	197,195,117
8.	**DEFERRED TAX**			
	Deductible temporary differences			
	Provision for doubtful debts		**8,716,140**	10,635,957
	Others		**10,145,552**	13,829,356
			18,861,692	24,465,313
	Taxable temporary differences			
	Accelerated tax depreciation / amortisation allowances		**(14,916,670)**	(18,739,535)
			3,945,022	5,725,778
9.	**TRADE DEBTS – unsecured**			
	Considered good		**790,405,463**	686,257,871
	Considered doubtful		**26,412,547**	31,282,227
			816,818,010	717,540,098
	Less: Provision for doubtful debts	9.1	**26,412,547**	31,282,227
			790,405,463	686,257,871
9.1	**The movement in provision for doubtful debts is as follows:**			
	Balance as at the beginning of the year		**31,282,227**	31,720,019
	Reversal of provision during the year	22	**(4,869,680)**	-
	Written off during the year		**-**	(437,792)
	Balance as at the end of the year		**26,412,547**	31,282,227
9.2	**The aging of trade debts as at June 30 is as follows:**			
	Neither past due nor impaired		**637,338,865**	514,605,784
	Past due but not impaired			
	- 60 to 90 days		**110,016,079**	154,740,447
	- over 90 days		**43,050,519**	16,911,640
			790,405,463	686,257,871
10.	**ADVANCES - unsecured, considered good**			
	Advances to:			
	- producers	10.1	**105,544,383**	35,610,583
	- suppliers		**35,354,409**	14,474,154
	- employees against salary		**661,099**	450,606
	- executives against salary		**459,910**	462,438
	- employees against expenses		**3,413,833**	1,173,437
			145,433,634	52,171,218

10.1 Include Rs. 18,999,746/- and Rs. 3,220,820/- paid to M.D Production (Private) Limited and MNM Productions, related parties.

	Note	2014	2013
		Rupees	
11. DEPOSITS AND PREPAYMENTS			
Deposits		**13,745,131**	1,542,180
Prepayments		**10,357,561**	7,753,890
		24,102,692	9,296,070
12. OTHER RECEIVABLES – considered good			
Receivable in respect of sale of DVDs		**4,618,745**	4,443,416
Sales tax receivable		**2,924,458**	2,101,517
Others		**4,788,419**	1,501,379
		12,331,622	8,046,312
13. CASH AND BANK BALANCES			
Cash in hand		**135,821**	88,422
Cash at bank			
- in current accounts		**48,233,700**	94,405,232
- in deposit accounts	13.1	**72,148,817**	138,231,784
		120,382,517	232,637,016
		120,518,338	232,725,438

13.1 These carry profit at the rates ranging from 8.5% to 9% (2013: 8.5% to 9%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
(Number of shares)			Rupees	
		Ordinary shares of Rs. 10/- each		
50,000,000	50,000,000	Fully paid in cash	**500,000,000**	500,000,000
44,500,000	-	Issued as fully paid bonus shares	**445,000,000**	-
94,500,000	50,000,000		**945,000,000**	500,000,000

14.1 Include 13,230,000 (2013: 7,000,000) shares representing 14 (2013:14) percent holding by Jahangir Siddiqui & Co. Ltd. – a related party.

15. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		2013	
	Minimum Lease payments	Present value	Minimum lease payments	Present value
	Rupees			
Not later than one year	**1,997,179**	**1,624,380**	2,141,284	1,839,197
Later than one year and not later than five years	**2,920,096**	**2,734,293**	1,478,063	1,571,449
Total minimum lease payments	**4,917,275**	**4,358,673**	3,619,347	3,410,646
Less: Financial charges allocated to future periods	**558,602**	**-**	208,701	-
Present value of minimum lease payments	**4,358,673**	**4,358,673**	3,410,646	3,410,646
Less: Current portion shown under current liabilities	**1,624,380**	**1,624,380**	1,839,197	1,839,197
	2,734,293	**2,734,293**	1,571,449	1,571,449

15.1 The above represent finance leases entered into by the Holding Company with local banks for vehicles. Total lease rentals due under various lease agreements amount to Rs. 4.917million (2013: Rs.3.619 million) and are payable in monthly installments latest by 2016.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 HoldingCompany. In case of termination of agreement, the HoldingCompany has to pay the entire rent for the unexpired period. Thesecarry interest rate of 3 months KIBOR plus 2 (2013: 2.15) percent per annum.

16. TRADE AND OTHER PAYABLES

	2014	2013
	---------- Rupees	----------
Creditors	**292,850,010**	152,490,156
Accrued liabilities	**190,319,246**	117,272,639
Withholding tax payable	**19,014,653**	6,701,891
Sales tax payable	**3,287,189**	3,271,960
Advances from customers	**27,638,254**	51,507,947
Workers' welfare fund	**16,465,789**	11,535,474
Others	**6,107,556**	3,402,860
	555,682,697	346,182,927

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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

17.2 Commitments

i) Purchase of television programs commitments with M.D Production (Private) Limited and MNM Productions, related parties as at June 30, 2014 amounted to Rs. 74,810,000/-and Rs. 22,500,000/- (2013: Rs. 34,750,000/-andRs 6,000,000/-) respectively. Commitment for purchase of television programs with other than related parties as at June 30, 2014 amounted to Rs. 350,748,875/-(2013: Rs. 218,054,964/-).

ii) Commitment for rentals under Ijarah finance agreement:

	2014	2013
	---------- Rupees	----------
Within one year	**1,574,844**	1,852,062
After one year but not more than five years	**439,485**	2,014,329
	2,014,329	3,866,391

Represents Ijarah Finance Facility entered into with Islamic Bank in respect of a vehicle. Total Ijarah payments due under the agreement is Rs. 2.014 million (2013: Rs. 3.866 million) and are payable in monthly installments latest by November 2015. Taxes, repairs and replacement and insurance costs are to be borne by the muj'ir (lessor).

		Note	2014	2013
			---------- Rupees ----------	
18.	**REVENUE – net**			
	Advertisement revenue		**3,977,758,697**	3,335,614,530
	Less: Sales tax		**518,409,473**	439,831,524
	Agency commission		**497,720,096**	416,903,455
	Discount to customers		**238,727,247**	208,650,205
			1,254,856,816	1,065,385,184
			2,722,901,881	2,270,229,346
	Production revenue		**63,340,857**	36,430,000
	Digital revenue		**5,567,902**	1,634,758
			68,908,759	38,064,758
	Less: Sales tax		**7,909,721**	218,316
	Agency commission		**2,230,380**	466,371
			10,140,101	684,687
			2,781,670,539	2,307,609,417
	Subscription income		**152,126,197**	21,837,387
			2,933,796,736	2,329,446,804
19.	**COST OF PRODUCTION**			
	Cost of outsourced programs		**952,425,397**	653,534,906
	Cost of in-house programs		**151,476,438**	96,726,622
	Cost of inventory consumed		**325,480**	1,207,503
	Salaries and benefits	19.1	**238,958,693**	203,261,216
	Depreciation	4.3	**23,145,102**	22,378,794
	Amortisation	5.1	**2,658,610**	1,738,110
	Traveling and conveyance		**21,872,998**	18,480,466
	Utilities		**11,186,460**	11,209,362
	Rent, rates and taxes		**6,855,700**	4,166,559
	Insurance		**7,939,129**	6,385,281
	Repair and maintenance		**11,448,288**	10,152,116
	Fee and subscription		**4,842,421**	2,315,000
	Communication		**7,254,035**	5,447,685
	Security charges		**2,861,494**	1,500,804
	Consultancy		**3,687,433**	3,801,919
	Printing and stationery		**622,498**	344,397
	Donations	19.2	**91,490**	-
			1,447,651,666	1,042,650,740
	In production television programs - opening		**5,918,111**	14,170,763
	In production television programs - closing		**(6,998,811)**	(5,918,111)
			1,446,570,966	1,050,903,392
	Released / unreleased programs - opening		**481,135,313**	635,864,418
	Released / unreleased programs - closing		**(546,273,508)**	(481,135,313)
			1,381,432,771	1,205,632,497

19.1 Include Rs. 6,991,316/-(2013: Rs. 7,500,353/-) in respect of staff retirement benefits.

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

	Note	2014	2013
		---------- Rupees ----------	
20. DISTRIBUTION COSTS			
Advertisement and promotion		**174,727,949**	114,098,253
Salaries and benefits	20.1	**134,060,486**	102,941,429
Traveling and conveyance		**15,076,774**	14,012,400
Rent, rates and taxes		**3,701,544**	2,592,244
Utilities		**3,796,399**	2,517,929
Depreciation	4.3	**5,269,375**	2,928,619
Amortization	5.1	**538,033**	-
Communication		**4,168,669**	2,870,781
Insurance		**1,286,491**	987,922
Repair and maintenance		**2,860,076**	2,111,754
Fees and subscription		**1,588,558**	1,186,325
Security charges		**189,755**	151,151
Printing and stationery		**733,745**	579,405
Training		**445,196**	-
Operating lease rental		**650,100**	617,825
Donation	20.2	**280,000**	-
		349,373,150	247,596,037

20.1 Include Rs. 4,298,065/- (2013: Rs. 4,698,497/-) in respect of staff retirement benefits.

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

	Note	2014	2013
		---------- Rupees ----------	
21. ADMINISTRATIVE EXPENSES			
Salaries and benefits	21.1	**220,805,394**	159,652,076
Technical advisory fee	21.2	**30,000,000**	30,000,000
Depreciation	4.3	**10,925,041**	13,047,212
Amortisation	5.1	**1,073,791**	587,859
Repair and maintenance		**10,359,016**	8,556,604
Communication		**3,981,433**	2,611,853
Traveling and conveyance		**17,108,645**	11,188,184
Fee and subscription		**11,480,985**	4,771,420
Utilities		**6,298,901**	4,643,825
Legal and professional charges		**16,614,227**	11,982,448
Printing, stationery and periodicals		**3,182,604**	2,111,429
Rent, rates and taxes		**12,083,424**	8,586,919
Insurance		**4,201,341**	1,474,205
Auditors' remuneration	21.3	**3,520,047**	3,071,606
Operatiang lease rentals		**1,294,368**	962,598
Security charges		**95,367**	61,000
Donations		**-**	375,140
		353,024,584	263,684,378

21.1 Include Rs.2,668,399/- (2013: Rs. 4,125,142/-) in respect of staff retirement benefits.

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

	Note	2014	2013
		---------- Rupees ----------	
21.3 Auditors' remuneration			
Audit fee		**1,898,252**	1,718,950
Half yearly review		**250,000**	250,000
Fee for audit of consolidated financial statements and other certifications		**400,000**	384,998
Tax services		**620,384**	493,258
Out of pocket expenses		**351,411**	224,400
		3,520,047	3,071,606

22. OTHER INCOME

	Note	2014	2013
Income from financial assets			
Profit on deposit accounts		**17,590,023**	12,048,838
Reversal of provision for doubtful debts	9.1	**4,869,680**	-
Exchange loss		**(4,887,650)**	(2,970,566)
		17,572,053	9,078,272
Income from non financial assets			
Gain on disposal of operating fixed assets	4.2	**1,944,400**	534,724
Magazine, DVD sale and others		**79,289,365**	55,608,028
		81,233,765	56,142,752
		98,805,818	65,221,024

23. FINANCE COSTS

	2014	2013
Mark-up on short term running finance	**6,971,182**	6,604,794
Finance lease charges	**443,383**	483,293
Bank charges	**676,392**	421,815
	8,090,957	7,509,902

23.1 Running finance facilities available from commercial banks as at June 30, 2014 amounted to Rs. 300 million (2013: Rs. 300 million), which remained un-utilized as at the year end.

24. OTHER OPERATING EXPENSES

	2014	2013
	---------- Rupees ----------	
Workers' Welfare Fund		
Current	**16,465,789**	11,535,474
Prior	**7,296,192**	-
	23,761,981	11,535,474

25. TAXATION

	2014	2013
Current	**215,689,509**	157,105,251
Prior	**281,487**	(4,307,198)
	215,970,996	152,798,053
Deferred	**1,780,756**	23,025,470
	217,751,752	175,823,523

25.1 Reconciliation between tax expense and accounting profit	2014	2013
	---------- Rupees	----------
Accounting profit before taxation	**777,356,260**	560,819,157
Tax at applicable rate of 34% (2013: 35%)	**264,301,128**	196,286,705
Net tax effect of amounts not deductible / (taxable) for tax purposes	**18,353,757**	(4,519,403)
Tax effect of prior years	**281,487**	(4,307,198)
Tax effect of income exempt from tax	**(65,184,620)**	(11,636,581)
	217,751,752	175,823,523

26. EARNINGS PER SHARE – basic and diluted

		2014	2013
Profit after taxation	**Rupees**	**559,604,508**	384,995,634
			(Restated)
Weighted average number of ordinary shares outstanding during the year		**94,500,000**	94,500,000
			(Restated)
Earnings per share	**Rupees**	**5.92**	4.07

26.1 Basic earning per share has no dilution effect.

27. CASH GENERATED FROM OPERATIONS	2014	2013
	---------- Rupees	----------
Profit before taxation	**777,356,260**	560,819,157
Adjustments for :		
Depreciation	**39,339,518**	38,354,625
Amortisation	**4,270,434**	2,325,969
Finance costs	**8,090,957**	7,509,902
Exchange difference on translation of foreign subsidiaries	**(3,551,517)**	779,556
Exchange loss	**4,887,650**	2,970,566
Profit on deposit accounts	**(17,590,023)**	(12,048,838)
Reversal of provision for doubtful debts	**(4,869,680)**	-
Gain on disposals of operating fixed assets	**(1,944,400)**	(534,724)
Workers' welfare fund	**16,465,789**	12,435,474
	45,098,728	51,792,530
Operating profit before working capital changes	**822,454,988**	612,611,687
Working capital changes		
(Increase)/ Decrease in current assets		
Inventories	**20,655,387**	(26,040,944)
Television program costs	**(14,994,741)**	79,121,086
Trade debts	**(99,277,912)**	(209,746,575)
Advances	**(93,262,416)**	(1,196,150)
Deposits and prepayments	**(14,806,622)**	(3,580,904)
Other receivables	**(4,285,310)**	(3,887,628)
	(205,971,614)	(165,331,115)
Increase in current liabilities		
Trade and other payables	**188,229,111**	71,830,047
Cash generated from operations	**804,712,485**	519,110,619

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----------	----------	---------- Rupees	----------	----------	----------
Managerial remuneration	13,935,484	-	122,403,367	14,040,000	-	94,975,684
Bonus	95,221,084	-	14,343,817	64,310,946	-	14,216,233
Retirement benefits	-	-	7,562,851	900,000		3,963,464
House rent	6,270,968	-	39,455,251	6,264,000	-	28,430,340
Utilities	1,393,548	-	8,767,835	1,296,000	-	6,317,857
Technical advisory fee	-	30,000,000	-	-	30,000,000	-
Fuel and conveyance	466,449	1,035,238	10,141,088	856,349	646,899	7,105,977
	117,287,533	31,035,238	202,674,209	87,667,295	30,646,899	155,009,555
Number	1	2	82	1	1	63

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

28.2 Aggregate amount charged in the consolidated financial statements for fee to two directors was Rs.540,000/- (2013: Rs. 140,000/-).

29. TRANSACTIONS WITH RELATED PARTIES

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

Related Party	Nature of relationship	Nature of transactions	2014	2013
			---------- Rupees	---------- Restated
MD production	Chief Executive's spouse is chief executive officer	Purchase of television programs	266,775,000	144,150,000
MNM Productions	Chief Executive's spouse is partner	Purchase of television programs	63,500,000	68,250,000
Creations	Chief Executive's Father-in-law is the owner	Purchase of television programs	-	74,550,000
Media Gurus	Chief Executive's Sister-in-law is the owner	Purchase of television programs	-	92,800,000
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	13,957,780	7,945,101
Hum Network Limited Employees' Gratuity Fund	Retirement fund	Contribution to fund	-	79,164,793
Ms. Moomal Shunaid	Spouse of a Director	Managerial remuneration	8,752,800	8,173,200

30. PROVIDENT FUND

	2014	2013
	(Rupees in 000')	
	Un-Audited	Audited
30.1 Payable to provident fund	-	-

30.2 Details of the fund are as follows:

	2014	2013
Size of the fund	**36,730**	16,120
Cost of investments made	**11,174**	9,948
Percentage of investments made	**30%**	62%
Fair value of investments	**11,478**	10,857

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

	2014		2013	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
	Un-audited		Audited	
Treasury Bills	**9,776**	**26%**	-	-
Mutual funds	**1,398**	**4%**	9,948	62%
Total	**11,174**	**30%**	9,948	62%

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

31.1 Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended June 30, 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at June 30, 2014 and 2013 were as follows:

	2014	2013
	---------- Rupees ----------	
Liabilities against assets subject to finance lease	**4,358,673**	3,410,646
Trade and other payables	**555,682,697**	346,182,927
Accrued mark-up	**942,584**	-
Total debt	**560,983,954**	349,593,573
Cash and bank balances	**(120,518,338)**	(232,725,438)
Net debt	**440,465,616**	116,868,135
Issued, subscribed and paid-up capital	**945,000,000**	500,000,000
Unappropriated profit	**412,156,569**	952,853,578
Equity	**1,357,156,569**	1,452,853,578
Equity and liabilities	**1,797,622,185**	1,569,721,713
Gearing ratio	**25%**	7%

31.2 Credit risk and concentration of credit risk

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

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

The Group is exposed to credit risk on trade debts, loans and advances and long-term deposits. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.

31.3 Credit quality of financial assets

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

	2014	2013
	---------- Rupees ----------	
Trade debts		
Customers with no defaults in the past one year	**480,956,215**	373,223,452
Customers with some defaults in past one year which have been fully recovered	**156,382,650**	141,382,332
	637,338,865	514,605,784
Bank balances		
A1+	**94,229,360**	145,929,860
A+	**14,001,617**	76,998,879
A1	**-**	5,212,117
A3	**12,151,540**	4,496,160
	120,382,517	232,637,016

31.4 Liquidity risk management

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

Year ended 30 June 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rupees				
Liabilities against assets subject to finance lease			1,624,380	2,734,293	4,358,673
Trade and other payables	31,157,210	364,653,191	159,872,296	-	555,682,697
Accrued mark-up	942,584	-	-	-	942,584
	32,099,794	364,653,191	161,496,676	2,734,293	560,983,954

Year ended 30 June 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rupees				
Liabilities against assets subject to finance lease	-	-	1,839,197	1,571,449	3,410,646
Trade and other payables	-	127,246,493	218,936,434	-	346,182,927
	-	127,246,493	220,775,631	1,571,449	349,593,573

31.5 Foreign currency risk management

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

	2014	2013
	US Dollars	
Trade debts	**237,229**	39,611
Deposits	**11,375**	11,375
Trade and other payables	**(1,314,702)**	(639,133)
Net (payable) / receivable	**(1,066,098)**	(588,147)

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

	2014	2013
	Rupees	
Closing Exchange Rates (USD)	**99.45**	100.5

Sensitivity analysis:

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

	Change in US dollar rate (%)	Effect on profit ---Rupees---
30 June 2014	**+10**	**(10,602,345)**
	-10	**10,602,345**
30 June 2013	+10	(5,910,877)
	-10	5,910,877

31.6 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 and bank balances. The Group manages these risks through risk management strategies. All the borrowings of the Group are obtained in the functional currency.

Sensitivity analysis:

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

	Increase / decrease in basis points	Effect on profit before taxation Rupees
30 June 2014	**+100**	**677,902**
	-100	**(677,902)**
30 June 2013	+100	1,348,211
	-100	(1,348,211)

31.7 Equity price risk

Equity price risk is the risk that the fair value of the future cashflows of financial instruments will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As of balance sheet date, the Group is not exposed to such risk.

31.8 Fair value of financial instruments

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

32. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in their meeting held on October 02, 2014 has recommended a final cash dividend of Rs. 1.5/- per share @ 15% amounting to Rs. 141,750,000/- on the existing paid-up value of the ordinary share capital for approval of shareholders in the Annual General Meeting.

33. DATE OF AUTHORIZATION

These consolidated financial statements have been authorised for issue on October 02, 2014 by the Board of Directors of the Holding Company.

34. GENERAL

34.1 There were no material reclassifications that could affect the consolidatedfinancial statements.

34.2 The number of employees of the Holding Company as at June 30, 2014 was 450 (2013: 427) and average number of employees during the year was 437 (2013: 424).

34.3 Figures have been rounded off to the nearest Rupee.

Sd/-	**Sd/-**
MAZHAR-UL-HAQ SIDDIQUI	**DURAID QURESHI**
Chairman	**Chief Executive**

FORM OF PROXY

The Company Secretary,
HUM NETWORK LIMITED
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 the Annual General Meeting (AGM) of the Company to be held on **Monday, October 27, 2014 at 07:00 P.M** at **Al Manzar Hall 1st Floor, Arts Council of Pakistan, Karachi** and / or any Adjournment thereof.

As witness my / our hand / seal this ______________ day of ___________ _________________ 2014.

Signed by ____ in the presence of:

Witness:

1. Name:

   Signature____

   Address: ____

   ____

   CNIC or Passport No.:

   ____

Signature on Revenue Stamp of Appropriate Value of Rs.5/-

The Signature should agree with the
Specimen registered with the Company

2. Name:

   Signature____________________________

   Address: ____________________________

   ____

   CNIC or Passport No.:

   ____

Note:

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

For CDC Account Holders/Corporate Entities:

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

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

HUM NETWORK LIMITED

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