



2020

ANNUAL REPORT HUM NETWORK LIMITED





MASALA
TV FOOD MAG

GLAM
Magazine





HU NETV

JIM WORK



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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 organization 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.



Duraid Qureshi

CEO's MESSAGE

The outbreak of COVID-19 has brought unprecedented challenges for mankind. Major disruptions in economic activity worldwide have also affected the socio-economic environment of our country. Despite such tough times, Hum Network Limited (HNL) did not compromise on providing quality & fresh content to the masses.

It is an incredible achievement that our financial results have significantly improved from last year because the company has taken certain measures to face the problems head-on. We have taken certain corrective measures in accordance with the situation without compromising on quality, the effect of which is reflected in our accounts. Being the market leader in the world of entertainment our viewers only expect top quality content from HNL.

Our venture, Hum News has also made headway by leaps and bounds. Due to its timely & balanced coverage of issues, along with the fact that the narrative of the common man is voiced on Hum News in an objective manner, our channel has been able to penetrate through the masses. The viewers of our news channel see it as a channel of the people, by the people, for the people.

Our film distribution unit has had to bear the brunt of the lockdowns. As reflected in our financials our film distribution revenue has decreased significantly due to the ongoing pandemic. However, your management being proactive and diligent as ever has already entered the digital industry and has been able to gain a strong foothold in the sector. Pakistan is a huge untapped market for digital content, and HNL has projects in the pipeline to tap that potential.

Our shareholders and stakeholders are also aware of the ongoing matter between major shareholders & management. Even though the details of the matter along with HNL responses are public information I would like to personally reassure you that HNL will stick to the letter of the law and come out of this subjudice matter stronger and united.

This pandemic has changed the norms of the world. New ideas, new methods, new systems for doing business are being designed & implemented. HNL, being the leader in innovation and creativity, will not only adopt such norms but will set the benchmark in their design and implementation.

As always I would like to thank all our stakeholders for their continued support. Without your trust & belief, HNL success would not have been possible. I would like to especially thank all the employees for their dedication and hard work that enables us to take the Company ahead.

Company Profile

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

HUM undoubtedly remains to be one of the finest entertainment providers in Pakistan. We have grown from owning the most popular drama channels to launching Pakistan's first 24-hour live cooking channel, printing our widely popular publications, becoming the most sought-after film distributors in the country and also launching our latest venture in the daunting news genre.

In its debut year, we are proud to state that HUM News has started to make its mark with the viewers and is continuously gaining popularity amongst the masses. The upward trending revenues are evidence to the fact that HUM News will continue to prosper in the future.

Not only that, but HUM Mart, our diversified business of e-commerce operations is in its initial phases and despite the volatile economic situation is striving to gain success.

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

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

Company Information

BOARD OF DIRECTORS

Chairman

Mr. Mazhar-ul-Haq Siddiqui

Directors

Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
Mr. Shunaid Qureshi
Lt. Gen. (R) Asif Yasin Malik
Mr. Sohail Ansar
Ms. Nabigha Nasser Masood
Mr. Muhammad Ayub Younus Hadi

Chief Executive Officer
Chief Financial Officer
Company Secretary
Head of Internal Audit

Mr. Duraid Qureshi
Mr. Muhammad Abbas Hussain
Mr. Mohsin Naeem
Mr. Kamran Shamshad Ahmed

AUDIT COMMITTEE

Chairman
Members

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

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairperson
Members

Mr. Sohail Ansar
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi

AUDITORS

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

INTERNAL AUDITORS

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

LEGAL ADVISOR

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

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
National Bank of Pakistan
The Bank of Punjab
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Habib Metropolitan Bank
MCB Bank Limited
Boston Private Bank & Trust
Barclays Bank PLC
Dubai Islamic Bank
Wells Fargo Bank

REGISTERED & HEAD OFFICE

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

REGISTRAR/TRANSFER AGENT

M/s. F.D. Registrar Services (Pvt.) Ltd
17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road Karachi-74000

WEBSITE

www.humnetwork.tv

PAKISTAN STOCK EXCHANGE LIMITED

HUMNL

Notice Of The 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of HUM Network Limited will be held on Friday, July 16, 2021 at 04:00 p.m. at Ground Floor, BRR Tower, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi to transact the following businesses:

Ordinary Business:

- 1- To confirm the minutes of the 9th Extraordinary General Meeting held on August 22, 2020.
- 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, 2020 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2020.
- 3- To appoint Auditors' of the Company for the financial year ending June 30, 2021 and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the name of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2021.

Any Other Business

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

By Order of the Board

Sd/-

Mohsin Naeem

Company Secretary

Dated: June 17, 2021

Place: Karachi

Notes:

1. Notice of Book Closure:

The Share Transfer Books of the Company will remain closed from July 09, 2021 to July 16, 2021 (both days inclusive). Transfer received in order by our Share Registrar, M/s. F.D. Registrar Services (Pvt.) Ltd. 17th Floor, Salma Trade Tower-A, I.I. Chundrigar Road Karachi-74000 at the close of business on July 08, 2021 will be considered in time for any entitlement, as recommended by the Board of Directors and for the purpose of attending the AGM.

2. Coronavirus Contingency - Participation in AGM through electronic means

- i) In view of the Coronavirus situation, the Securities and Exchange Commission of Pakistan (SECP) has, vide Circular No. 04 dated February 15, 2021 directed listed companies to provide facility for attending general meetings through electronic means as a regular feature.
- ii) Considering the above the Company has made arrangement to provide video-link facility to members who wish to participation in the AGM through electronic means.
- iii) To attend the AGM through video-link, Members are requested to register their following particulars by sending an email at mohsin.naeem@hum.tv with subject 'Video-Link Registration for HUM AGM'

Name of Member (s)	Folio / CDC Account Number/ CDC Participant ID	Number of Shares Held	CNIC/ Passport Number	Cell/Mobile Number	Email ID

- iv) The Video link and login credentials will be shared with the Members whose emails, containing all the required particulars as mentioned, are received at the given email address before the close of business hours i.e. 06:00 p.m. on July 14, 2021.
- v) In case any Members who want to attend the AGM personally are advised to follow SOPs for COVID-19 as prescribed by the Government.
- vi) For any queries, the Members may please contact at the aforesaid email.

3. 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 or can be downloaded from the Company's website.
- 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 working 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.
- vi) CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC), or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) the time of the meeting.

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his original CNIC or original passport at the time of meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

- vii) For attending meeting through video-link, cell number and email id of proxy, shall be provided on the duly signed proxy form.

4. Video-Conferencing Facility for attending AGM

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

The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

Consent for Video-Conferencing Facility

I/We, _____ of _____, being a member of Hum Network Limited, holder of _____ ordinary share (s) as per Register Follo/CDC Account No _____ hereby opt for video conference facility at _____, for participation at the Annual General Meeting to be held on July 16, 2021 or any adjournment thereof

Date: _____

Signature of member(s)

5. Change in Members Addresses:

Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s. F.D. Registrar Services (Pvt.) Ltd, 17th Floor, Salma Trade Tower-A, I.I. Chundrigar Road Karachi-74000.

6. Submission of Copies of Valid CNICs/NTN:

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

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

The Annual Report of the Company for the year ended June 30, 2020 has been placed on the Company's website at the below link: http://www.humnetwork.tv/Annual_Financial_Reports.html

8. Circulation of Annual Financial Statements for the year ended June 30, 2020 through CD:

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, the company has obtained approval from members in the 12th Annual General Meeting held on October 20, 2016. Pursuant to the approval of shareholders, as aforesaid, the Annual Audited Financial Statements of the Company for the year ended June 30, 2020, are being circulated to the members through CD.

9. Transmission of Annual Financial Statements and Reports and notice of meeting through Email:

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

For the convenience of shareholders, a Standard Request Form has been made available at our website -www.humnetwork.tv, to opt receiving of future annual reports through email or in hard copies or otherwise request for any hard copy of any accounts. The scanned copy of the duly filled & signed form may be emailed to the Company Secretary at mohsin.naeem@hum.tv or the same can be submitted through post/courier to Company's Share Registrar - M/s. F.D. Registrar Services (Pvt.) Ltd. 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road Karachi-74000.

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

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

- 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 30% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status latest by July 08, 2021.
- Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

The required information must reach our Share Registrar by the close of business on July 08, 2021; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- 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 July 16, 2021.
- 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 July 08, 2021.

11. E-DIVIDEND MANDATE (MANDATORY)

Under section 242 of Companies Act, 2017(Act), every listed company is required to pay dividend if any to their members compulsorily through electronic mode by directly crediting the same in their bank account provided by them. In terms of SRO No. 1145(I)/2017 dated 06 November 2017, it is mandatory for shareholders to provide their bank account details to receive their cash dividend directly into their bank accounts, failing which the company shall be bound to withhold dividend of those members who do not provide their bank details.

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

12. Unclaimed Dividend / Shares

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the company, which remain unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017.

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

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

13. Conversion of physical shares into book-entry form

Pursuant to Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shares are encouraged to convert their physical shares into book-entry form by depositing shares into Central Depository Company Pakistan Limited by opening CDC sub-account with any broker or investor accounts directly with CDC.

Pattern Of Shareholding

As on June 30, 2020

Number Of Shareholders	Shareholding Slab			Total Shares Held
	From		To	
374	1	To	100	8,175
394	101	To	500	180,133
399	501	To	1000	393,821
836	1001	To	5000	2,466,003
331	5001	To	10000	2,728,577
97	10001	To	15000	1,259,407
88	15001	To	20000	1,659,910
53	20001	To	25000	1,243,936
33	25001	To	30000	929,700
22	30001	To	35000	741,500
14	35001	To	40000	535,100
9	40001	To	45000	391,500
24	45001	To	50000	1,188,250
8	50001	To	55000	420,000
14	55001	To	60000	806,565
4	60001	To	65000	251,500
9	65001	To	70000	618,800
6	70001	To	75000	443,003
3	75001	To	80000	235,000
3	80001	To	85000	247,000
2	85001	To	90000	180,000
4	90001	To	95000	376,000
10	95001	To	100000	999,700
3	100001	To	105000	305,500
1	105001	To	110000	106,000
3	110001	To	115000	341,000
1	115001	To	120000	118,500
1	130001	To	135000	133,500
1	140001	To	145000	142,000
3	145001	To	150000	450,000
1	150001	To	155000	155,000
1	155001	To	160000	158,950
1	170001	To	175000	174,000
4	185001	To	190000	756,000
2	195001	To	200000	400,000
1	205001	To	210000	207,500
2	210001	To	215000	425,500
1	215001	To	220000	219,850
2	245001	To	250000	500,000
1	250001	To	255000	251,000
1	270001	To	275000	273,000
1	280001	To	285000	283,500

Number Of Shareholders	Shareholding Slab			Total Shares Held
	From	To		
2	295001	To	300000	600,000
1	300001	To	305000	305,000
1	315001	To	320000	319,500
1	325001	To	330000	326,000
1	355001	To	360000	357,750
1	395001	To	400000	400,000
1	510001	To	515000	515,000
1	520001	To	525000	524,900
1	525001	To	530000	526,500
1	545001	To	550000	550,000
1	550001	To	555000	552,000
1	630001	To	635000	633,150
1	735001	To	740000	739,000
1	745001	To	750000	750,000
1	910001	To	915000	914,500
1	960001	To	965000	960,200
1	995001	To	1000000	1,000,000
1	1015001	To	1020000	1,017,060
1	1570001	To	1575000	1,573,000
1	1595001	To	1600000	1,600,000
1	1650001	To	1655000	1,653,750
1	1895001	To	1900000	1,900,000
1	2660001	To	2665000	2,660,500
1	3375001	To	3380000	3,375,197
1	11595001	To	11600000	11,600,000
1	15095001	To	15100000	15,100,000
1	18995001	To	19000000	19,000,000
1	23715001	To	23720000	23,718,500
1	25995001	To	26000000	26,000,000
1	26585001	To	26590000	26,587,500
1	31995001	To	32000000	32,000,000
1	50865001	To	50870000	50,865,620
1	65940001	To	65945000	65,942,500
1	79030001	To	79035000	79,030,303
1	125025001	To	125030000	125,027,200
1	195705001	To	195710000	195,709,500
1	226960001	To	226965000	226,961,490
2806				945,000,000

Additional Information

As of June 30, 2020

Shareholders' Category	Shareholders	Shares Held	Percentage
Directors and their Spouse(s) and Minor Children			
Duraid Qureshi	3	229,622,000	24.30
Sultana Siddiqui	2	219,860	0.02
Mazhar Ul Haq Siddiqui	1	10	0.00
Mehtab Akbar Rashdi	1	10	0.00
Asif Yasin Malik	1	10	0.00
Sohail Ansar	1	1,000	0.00
Shunaid Qureshi	1	50,865,620	5.38
Hasan Rezaur Rahim	1	500	0.00
Nabigha Nasser Masood	1	10	0.00

Associated Companies, undertakings and related parties	-	-	-
Executives	3	566,750	0.06
Public Sector Companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful, Modaraba and Pension Funds	4	117,467,803	12.43
Mutual Funds			
Trustee NBP Stock Fund	1	1,573,000	0.17
General Public			
a. Local	2740	58,733,696	6.22
b. Foreign	2	21,500	0.00
Foreign Companies	7	414,736,700	43.89
Others	37	71,191,531	7.53
Totals	2806	945,000,000	100.00

Shareholders holding 10% or more voting interest	Share Held	Percentage
Mr. Duraid Qureshi	229,622,000	24.30
Kingsway Fund-frontier Consumer Franchises	195,709,500	20.71
Stichting General Holdings	125,027,200	13.23

Corporate Calendar

MEETINGS	DATE
Audit Committee Meeting to consider and approve the annual audited accounts of the Company for the year ended June 30, 2019	Oct 01, 2019
Board of Directors Meeting to consider the annual audited accounts of the Company for the year ended June 30, 2019	Oct 01, 2019
15th Annual General Meeting to consider accounts of the Company for the year ended June 30, 2019	Oct 25, 2019
Audit Committee Meeting to consider accounts of the Company for the Quarter ended September 30, 2019	Oct 25, 2019
Board of Directors Meeting to consider accounts of the Company for the Quarter ended September 30, 2019	Oct 26, 2019
Human Resource and Remuneration Committee Meeting to consider and discuss the cost-cutting measures including the right sizing of the employees in different departments	February 28, 2020
Audit Committee Meeting to consider accounts of the Company for the Quarter ended December 31, 2019	February 28, 2020
Board of Directors Meeting to consider accounts of the Company for the Quarter ended December 31, 2019	February 28, 2020
Audit Committee Meeting to consider accounts of the Company for the Quarter ended March 31, 2020	April 30, 2020
Board of Directors Meeting to consider accounts of the Company for the Quarter ended March 31, 2020	April 30, 2020

Six Years At A Glance

Key Financial Data

OPERATING DATA

	2015	2016	2017	2018	2019	2020
Revenue-Net	3,721,047,096	3,942,824,460	4,643,648,317	4,609,478,886	3,970,099,138	3,679,468,088
Cost of production	(1,791,616,731)	(2,313,660,029)	(2,669,283,288)	(2,853,147,800)	(3,495,240,846)	(2,756,142,547)
Transmission Cost	(84,201,837)	(86,465,867)	(86,925,178)	(177,878,025)	(193,223,194)	(139,069,102)
Gross profit	1,845,228,528	1,542,698,564	1,887,439,851	1,578,453,061	290,635,098	784,256,439

PROFIT/(LOSS) AFTER TAXATION

Profit/(Loss) before taxation	1,032,669,083	773,237,291	1,095,402,936	812,155,067	(454,725,557)	(136,120,065)
Taxation	(285,418,132)	(236,301,365)	(80,019,958)	(82,661,579)	(81,157,536)	22,881,574
Profit/(Loss) after taxation	747,250,951	536,935,926	1,015,382,978	729,493,488	(535,883,093)	(113,238,491)

Financial Ratios

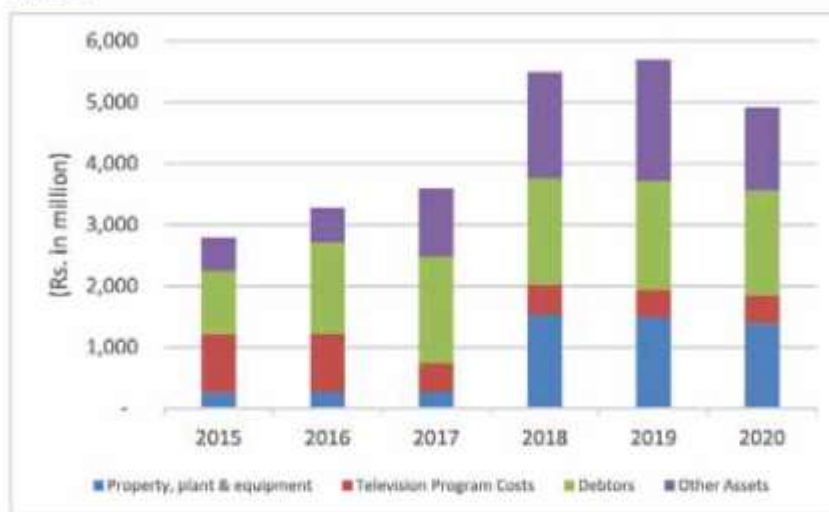
	2015	2016	2017	2018	2019	2020
Current Ratio	1.73	1.80	5.07	4.68	2.25	2.85
Quick ratio	1.73	1.80	5.06	4.65	2.24	2.83
Debt/ Equity Ratio	0.21	0.26	0.01	0.31	0.53	0.44
Cash flow per share- Rs. (Re-stated)*	0.01	0.01	0.40	0.18	0.16	0.15
Return on equity - %	44.72	26.29	33.20	19.75	(16.97)	(3.71)
Share Price per share - Rs. (Re-stated)*	16.09	10.28	11.74	8.09	3.17	12.55
Break-up value per share - Rs. (Re-stated)*	1.77	2.16	3.24	3.91	3.34	3.23
Gross Profit to Sales - %	49.59	39.13	40.65	34.24	7.30	21.31
Cost of Production To Sales - %	48.15	58.68	57.48	61.90	87.84	74.91
Administrative Expenses to Sales - %	11.10	11.04	12.02	11.50	12.54	12.91
Net profit / (Loss) to Sales - %	20.08	13.62	21.87	15.83	(13.47)	(3.08)
Interest Cover - number of times	48.86	21.25	58.30	28.38	(2.27)	0.43
Debtors Turnover (number of days)	89	117	127	138	161	173
Price earning ratio (Re-stated)*	20.35	18.09	10.93	10.48	(5.59)	(104.73)
Turn Over to Total Asset Ratio	1.36	1.24	1.33	0.86	0.71	0.77
Earning/(Loss) per share Rs. (Re-stated)*	0.79	0.57	1.07	0.77	(0.57)	(0.12)

*Calculated using 945,000,000 Shares

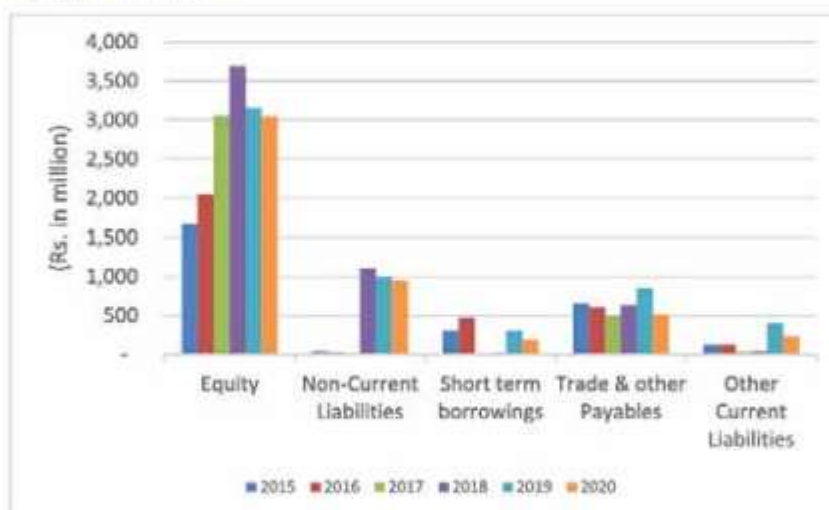
Graphical Presentation

Analysis of Statement of Financial Position and Profit & Loss Account

Assets



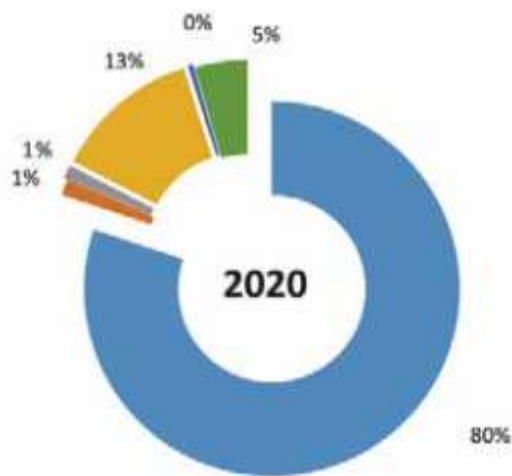
Equity & Liabilities



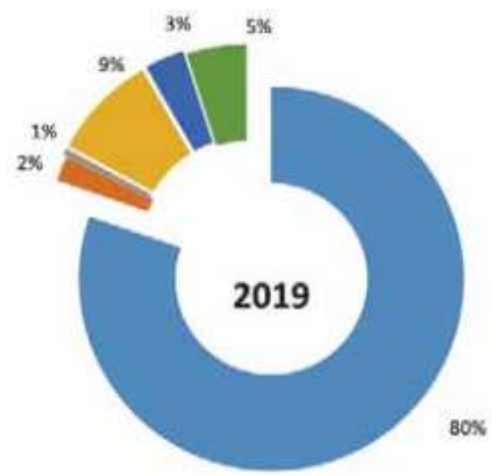
Sales and Cost of Sales



Break-up of Revenue Streams

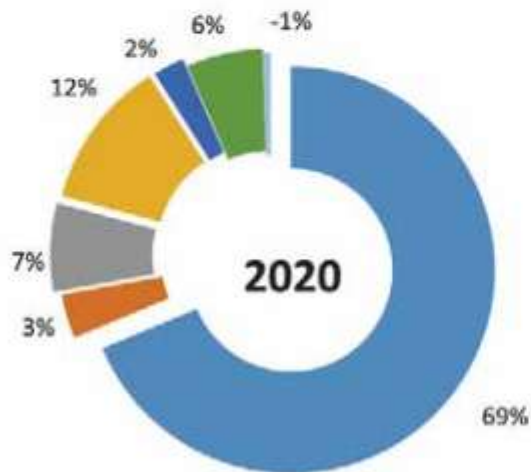


- Advertisement revenue - net
- Production revenue - net
- Digital revenue - net
- Subscription income - net
- Film distribution revenue - net
- Other income

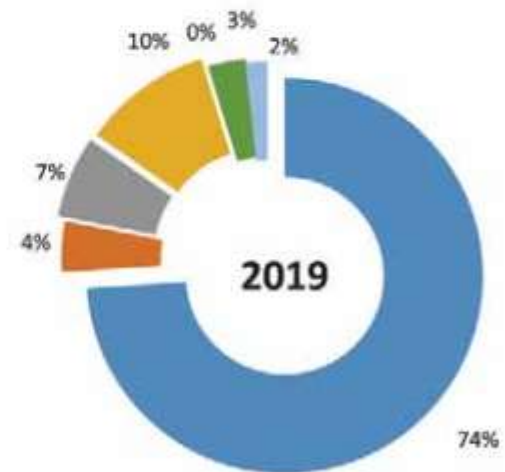


- Advertisement revenue - net
- Production revenue - net
- Digital revenue - net
- Subscription income - net
- Film distribution revenue - net
- Other income

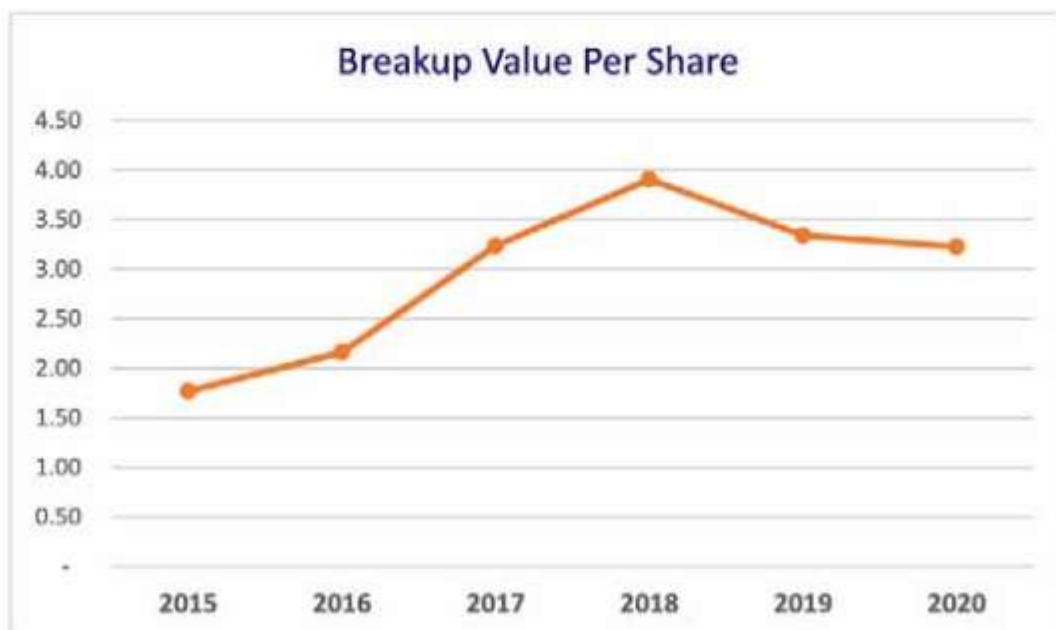
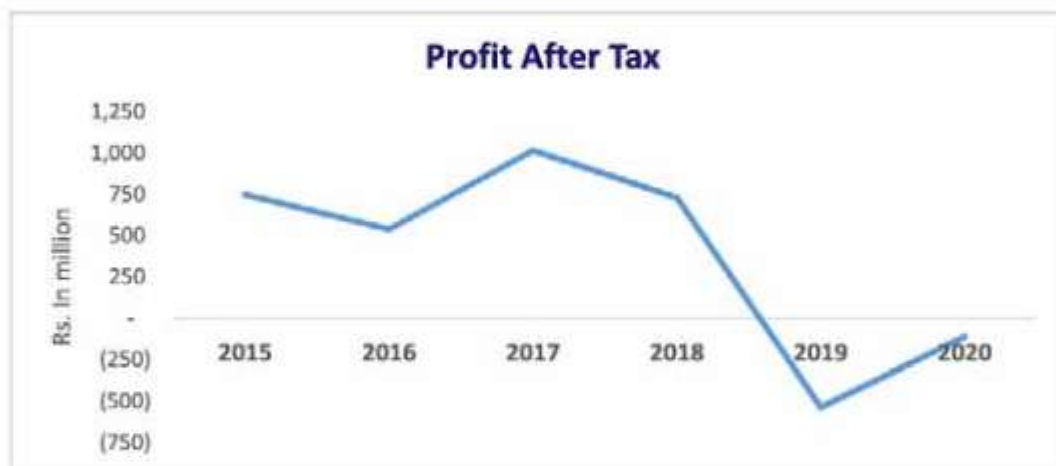
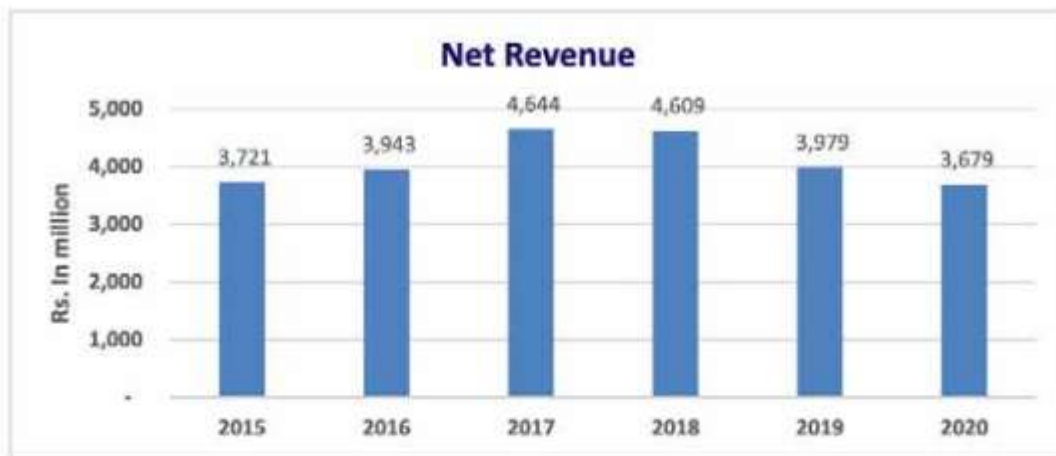
Break-up of Cost

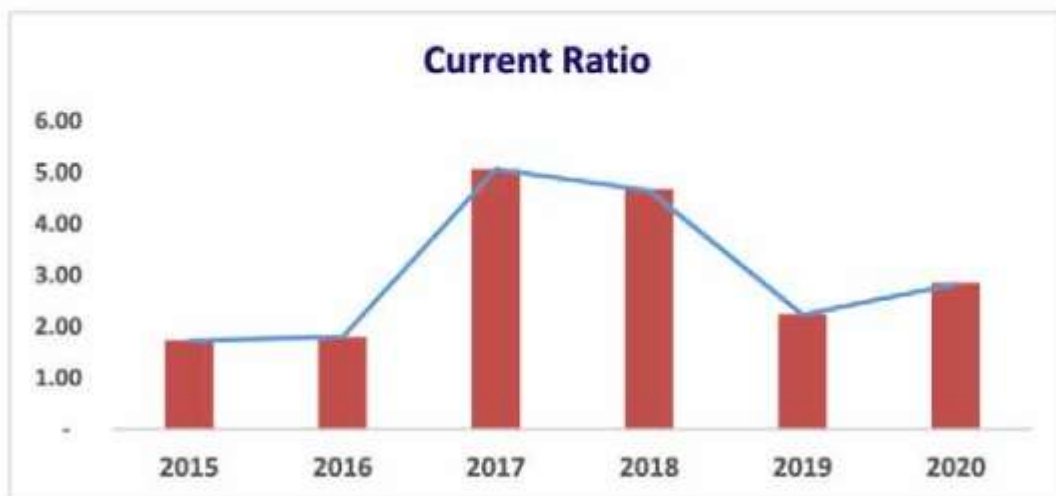


- Cost of production
- Transmission cost
- Distribution costs
- Administrative expenses
- Other expenses
- Finance costs
- Taxation



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







Building a better
working world

Independent Auditors' Review Report

To the members of HUM Network Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of HUM Network Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Sd/-

Ey Ford Rhodes
Chartered Accountants
Place: Karachi
Date: June 16, 2021

Statement Of Compliance With The Listed Companies (Code Of Corporate Governance) Regulations, 2019 (“The Regulations”)

HUM Network Limited (“the Company”)

for the year ended June 30, 2020

The Company has complied with the requirements of the Regulations in the following manner

1. The total of number of directors are 09 as per the following (As at June 30,2020):

Male	Six (6)
Female	Three (3)

2. The composition of the board is as follows (As at June 30, 2020):

Category	Name
Independent director	Mr. Sohail Ansar Ms. Nabigha Nasser Masood
Non-executive directors	Mr. Mazhar ul Haq Siddiqui Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Lt. Gen.(R) Asif Yasin Malik Mr. Hassan Reza-ur-Rahim
Executive directors	Ms. Sultana Siddiqui Mr. Duraidd Qureshi
Female directors	Ms. Sultana Siddiqui Mrs. Mahtab Akbar Rashdi Ms. Nabigha Nasser Masood

3. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
9. The Company is compliant with the requirements of Directors' Training Program provided in these Regulations. All the Directors except one have either attended the required training in prior years or stand exempted, as per criteria mentioned in the Code;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

<ol style="list-style-type: none"> a. Audit Committee <ul style="list-style-type: none"> Mr. Sohail Ansar – Chairman (Independent) Mr. Shunaid Qureshi (Non-Executive) Mrs. Mahlab Akbar Rashdi (Non-Executive) Lt. Gen. (R) Asif Yasin Malik (Non-Executive) 	<ol style="list-style-type: none"> b. Human Resource and Remuneration Committee <ul style="list-style-type: none"> Mr. Sohail Ansar – Chairman (Independent) Ms. Sultana Siddiqui (Executive) Mrs. Mahlab Akbar Rashdi (Non-Executive)
---	---
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of the meetings of the committees were as follows:
 - a. Audit Committee – Four (4) quarterly meetings during the financial year ended June 30, 2020.
 - b. Human Resource and Remuneration Committee – One (1) meeting during the financial year ended June 30, 2020.
15. The Board has set up an effective internal audit function and has also outsourced the internal audit function to M/s. KPMG Taseer Hadi & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For & on behalf of Board of Directors

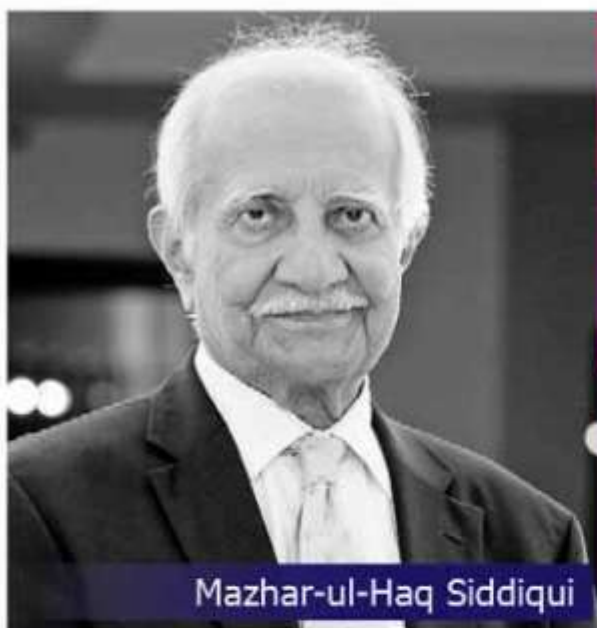


DURAIQ QURESHI
Chief Executive

Date: June 14, 2021
Place: Karachi



MAZHAR-UL-HAQ SIDDIQUI
Chairman & Director



Mazhar-ul-Haq Siddiqui

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

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

Accountability

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

Responsibilities

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

Legal Duties

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

Risk Management

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

Qualifications

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

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

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

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

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

For the financial year ended 30 June 2020, the Board's overall performance and effectiveness has been assessed as 'Satisfactory' in achieving Company's objectives. It's also important to highlight the key role played by the Committees (Audit Committee, Human Resource and Remuneration Committee) in underscoring and directing towards areas of improvements and recommending practical solutions

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



Mr. Mazhar-ul-Haq Siddiqui

Chairman of the Board

Date: June 14, 2021

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

بورڈ آف ڈائریکٹرز نے کمپنی کی گورننس کے لئے اعلیٰ سطحی اتھارٹی قائم کی ہے جس میں منتخب افراد شامل ہیں جو شیئر ہولڈرز کے مفادات کی نمائندگی کریں گے۔ وہ اس بات کو یقینی بناتے ہیں کہ چیف ایگزیکٹو آفیسر کے اسٹرٹجک فیصلے کمپنی اور شیئر ہولڈرز کے لئے سودمند ثابت ہوں۔ بی او ڈی کی رہنمائی اور چانچ پرنٹل کے ذریعے ای او سٹکٹ عملی کے تحت وسائل کمپنی کے مقاصد کی تکمیل میں مؤثر انداز میں استعمال کریں گے۔

احتساب:

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

ذمہ داریاں:

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

قانونی فرائض:

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

رиск مینجمنٹ:

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

اہلیت:

ڈائریکٹران کے اشتباہات میں منتخب ہونے والے اراکین کا رد ہاری پر فیشنل ہیں جو بورڈ کی قدر میں اپنی مہارت، تجربے اور مضبوط اقدار سے اضافہ کرتے ہیں۔

اس کے علاوہ بورڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ ۲۰۱۷ء کے تحت بورڈ اراکین کی مجموعی کارکردگی جانچنے کے لئے سالانہ بنیادوں پر تفتیش کی جاتی ہے۔

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

خصوص اور طویل مدتی مقاصد میں تنظیم سازی، مؤثر فیصلہ سازی، بورڈ مینٹننسز مؤثر بنانا اور اپنی اپنی ذمہ داریوں کا درست تعین شامل ہیں۔ مجموعی تفتیش مندرجہ ذیل اجزاء پر مشتمل ہے:

- ☆ کتنے احسن انداز میں بورڈ نے اپنے فرائض انجام دیئے ہیں؟
- ☆ بورڈ کا کردار کیسا رہا؟
- ☆ ایگزیکٹو ڈائریکٹر کے ساتھ بورڈ کے تعلقات کیسے ہیں؟
- ☆ انفرادی سطح پر بورڈ اراکین کی کارکردگی
- ☆ بورڈ کے جیئر کو فیڈ بیک

مالی سال ۲۰۲۰ جون ۲۰۲۰ء کے اختتام تک کمپنی کے مقاصد کی تکمیل میں بورڈ کی مجموعی کارکردگی تسلی بخش رہی۔ یہ ذیلی کمیٹیوں کے کلیدی کردار کا ذکر کرنا اہم ہے جیسا کہ آڈٹ کمیٹی، ہیومن ریسورس اور معاوضہ کمیٹی جنہوں نے عملی حل تجویز کئے اور کئی شعبوں میں کمی اور اصلاحات کی نشاندہی کی۔

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



جناب مظہر الحق صدیقی

چئیرمین بورڈ

مورخہ: ۱۴ جون ۲۰۲۱ء

Directors' Report

The Directors of Hum Network Limited (HNL) present the Annual Report together with the Company's audited financial statement for the year ended 30 June 2020.

Financial Performance

During the current year net revenue of the Company has been decreased by Rs. 300 million mainly due to economic instability and political uncertainty. Some signs of economic recovery emerged towards the end of the calendar year, but was cut short with the appearance of the COVID-19 pandemic.

However, gross profit of the Company has been increased by Rs. 494 million compared to last financial year resulting in gross profit margin of 21.3% (FY2019: 7.3%). The reason of significant increase was mainly due to efficient cost management strategies and effective cost cuttings which resulted in maintaining the cost within the required parameters.

The overall loss per share of the Company has been reduced from 0.57 to 0.12 compared to last financial year.

Principal Activities

HNL is undoubtedly one of the leading media networks of Pakistan and has predominantly been an entertainment provider for more than a decade now. HUM is already Pakistan's most admired media brand, and our content reaches millions of people through our domestic and international bouquet of channels and multiple distribution platforms worldwide, films, digital, print media and live events. Broadcasting portfolio consists of satellite channels namely HUM TV, HUM News, HUM Sitaray, HUM Masala and HUM World (including separate beams for North America, UK & Middle East).

The External Environment

The outbreak of Coronavirus (COVID-19) pandemic globally and in Pakistan caused significant disturbance and slowdown of economic activity. In many countries, businesses were being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company demonstrated its ability & potential to stay ahead of the industry, with a sharp focus on keeping its viewers entertained and well informed during these times of crisis.

HNL implemented strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to HNL. In line with the guidelines issued by the Government, the Company implemented key measures across every touch point to safeguard its Human Capital. HNL has always been agile in adapting to change, which made the transition to 'Work from Home' operations swift and smooth, ensuring minimal disruption to the viewers and maintaining business continuity. All meetings across business verticals and functions were conducted seamlessly, with optimal utilization of digital solutions. We ensured that the employees had access to all critical business applications with uninterrupted support while working from home, with zero compromise on data and content security. Strong proactive steps were taken in transforming the workspace, keeping social distancing norms at the fore. All the necessary safety and hygiene protocols were followed for the critical verticals functioning from office, including alternate seating arrangements, implementing a clean desk policy and temperature screening at all entry points. Frequent sanitization of all surfaces was maintained, and hand sanitizers were placed at all strategic locations within the office premises.

Achievements & Recognition

Continuing its position since 2017, in 2019 as well HUM TV won the award for the Best Urdu Channel of the Year in "Asian Viewers Television Awards-2019" held in London-UK.

Operational Performance

Despite pricing challenges and overall downward trend in the industry, the network maintained and grew its dominance.

Hum Tv

HUM TV has always been unique in presenting topics that highlight social issues to bring awareness amongst people. Its approach in presenting such topics while maintaining the entertainment factor makes it popular not only in Pakistan but throughout the world. This year we continued to offer viewers with the best of Pakistani dramas like "Khaas", "Ishq Zahe Naseeb", "Yeh Dil Mera", "Pyar Ke Sadqay", "Sabaal" etc. which were highly appreciated by the audiences.

During the period, a mega project "End-e-Wafa" in collaboration with Inter Services Public Relations was a mesmerizing blend of friendship, love, sacrifices, patriotism and fun altogether. This multi-starrer project was a massive hit and received overwhelming response from the audience.

Hum News

HUM News is continuously making its mark among the news genre of Pakistan. HUM News has engaged the audience with its informative talk shows, detailed news bulletins and news alerts presented by renowned anchorpersons. Although in its nascent stage, HUM News has created huge impact by its reporting, programming and investigative pieces.

Hum Sitaray

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

Hum Masala

The first 24 hours cooking channel HUM Masala, being an integral part of every household, has added to its content a series of new cooking and informative shows introducing many different recipes, cooking experts, professional chefs and health consultants which have been overwhelmed by food mavens.

Hum Films

Under the banner of HUM Films, blockbuster movies like "Bin Roye" and "Parwaaz Hai Junoon" have contributed to the revival of cinema in Pakistan.

During the period, another blockbuster movie "Superstar" was launched which turned out to be a massive hit and people continued to flock to cinemas throughout Eid.

Digital Media Division

Digital Media has continued its consistent growth in the year 2019-20. One of the major breakthroughs includes significant growth on social media platforms (Facebook, Instagram, Twitter and YouTube) following the implementation of revamped Social Media Strategy. Another milestone is the major digital sponsorship by huge brands like Kashmir, Singer Pakistan, Master Paints and OPPO for Hum Awards and Dramas.

Direct sales (local web advertisers) have been another business avenue that has grown significantly this year as we have open opportunities for digital sponsorship.

Events & Brand Activation

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

Hum Awards

Arguably Pakistan's most glamorous awards ceremony, the 'Hum Awards 2019', was held in Houston, United States in October 2019. Boasting a night of glitz and glamour, extravagant performances and a star-studded list of attendees; Hum Awards 2019 was indeed a dazzling affair. In future as well, HUM Network aims to hold the awards and other events internationally to portray the soft image of Pakistan to audience overseas.

Bridal Couture Week (BCW)

The 17th edition of the Pakistan's biggest and most sought-after bridal fashion show, the Bridal Couture Week, 2019 was held in Lahore in December 2019. The bridal extravaganza presented the latest bridal trends by established and emerging fashion designers. The event has continued to exceed expectations with each passing show.

Hum Style Awards

The 4th edition of the Hum Style Awards was held in January 2020 with a focus on style and entertainment that aimed to not only showcase the industry in the best light possible but also to reward excellence.

Masala Family Festival

Pakistan's biggest and much-anticipated festival, Masala Family Festival was organized at Lahore in November 2019 and at Karachi in February 2020 which included musical performances, magic and comedy segments, live cooking demonstrations, dance and singing competitions and a chance to meet their favourite celebrity chefs.

Hum Women Leaders Awards

In another landmark step, HNL aimed to honour and celebrate iconic women from across the country and abroad in a ceremony that has no equal at the moment. The inaugural edition of "HUM Women Leaders Award" patronized by the President of Pakistan in February 2020 was an event that would be remembered for a long time because of its grandeur, its elegance and bringing people from different fields and appreciating their contribution in their respective fields.

Hum Social Media Awards

COVID-19 has also changed the way the awards are held. The first-ever digital award was held in October 2020, it was a show different from the many award shows held all the year round is the fact that HUM Social Media Awards 2020 was the largest internationally recognized social media platform. Not only it was the first digitally based award show that has Facebook onboard, it is also the first one to recognize deserving individuals working in different fields on the basis of their social media presence.

Human Resource Management

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

Core Values

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

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

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

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

Risk Management

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

Corporate Social Responsibility

During this COVID-19 crisis, HNL being a socially responsible organization launched the "HUMDARD" initiative for the segment of the society that were most effected by lockdown and needed immediate support comprising of daily wage workers, street vendors or people who have lost jobs due to business closures. As a part of the HUMDARD initiative, the HUM Family contributed one day's salary to a special fund and the Company also contributed an equal amount to the aforementioned fund. Many corporate organisations also joined HNL in this noble cause.

HUM News also organized a telethon to raise awareness for the cause and collection of funds which was a huge success.

Employee Training & Development

As part of our annual appraisal exercise, each employee is assessed and counseled on individual basis. Training sessions are

arranged on the basis of needs identified which creates growth opportunities for employees and provide us with highly motivated and trained resource.

Global Reach

The fifth edition of the Pakistan's biggest cricketing event, the "Pakistan Super League" was broadcasted exclusively in UK on HUM Masala Europe which broke the rating records. In order to increase its footprint globally, HNL continued to expand its content syndication.

Magazines And Publications

During the year the Company discontinued publication of Newline Magazine and Glam 360 Magazine, however, the Company continues to publish Masala Tv Food Mag.

The decision to discontinue the publication was based on the shift in the consumer trend from print medium to digital medium and the Company has projected that these contents are more profitable on digital platform as compared to printed publication.

Election Of Directors

The term of Board expired on August 22, 2020 and fresh election was scheduled for August 2020. Since the number of eligible candidates were equal to the number of directors fixed for election, the Company made the announcement on August 13, 2020 under section 159(4) of the Companies Act, 2017. The aforesaid election of directors was questioned by the ineligible candidates. Consequently, the elected directors also filed Suit. The Honourable Sindh High Court through Order dated: 21.08.2020 has directed the Company that the elections scheduled to be held on August 22, 2020 would be postponed and rescheduled subject to the final decision by the learned single Judge of CMA No. 6787 of 2020 in Suit No. 968/2020.

Reasons For Delay Of Accounts

As detailed above, the election of directors was subjudiced and the aforesaid orders were still in-force, the management of the Company was not in a position to prejudge the outcome of the cases and call a board meeting for approval of the financial statements.

In this regard, the Company sought clarification from Securities and Exchange Commission of Pakistan as well as filed an application before the Hon'ble High Court of Sindh as to whether the Company can hold a board meeting for the approval of the financial statement and convening the annual general meeting

On that the Commission has provided clarification that the previous board can continue to act in the performance of its functions. The aforesaid letter of the Commission has been placed on the record of the Hon'ble High Court of Sindh during the hearing on May 24, 2021 and was taken on record by the Hon'ble High Court of Sindh in the presence of the counsels of the parties.

In view of the aforesaid, the Company proceeded with the related formalities to convene a meeting of the existing board in order for approval of the financial statements for the year ended June 30, 2020 and convening the annual general meeting for laying these financial statements before the shareholders.

Future Prospects & Challenges

As the second wave of COVID-19 continues to spread rapidly around the world, the global economy is under pressure. This has also impacted the fragile economy of Pakistan. However, the government of Pakistan is taking various economics measures to stabilise the economy and it is expected that Pakistan will overcome this economic pain in the coming periods.

HNL is closely monitoring the situation and like other sectors of the economy, we are expecting the advertising market also to be under pressure. However, our business and financial strategies, and the operational decisions are designed to move HNL from strength to strength, and to ensure that its independence is preserved in a sustainable way during these economic crisis.

Our business and financial strategies, and the operational decision that stem from sustainability of business leadership in the competitive environment, concentration on additional revenues from digitisation, rationalisation on costs across different heads, strengthening our expansion in the international markets, minimising risks and generating revenues from different avenues. These strategies are designed to move HNL from strength to strength, and to ensure that its independence is preserved in a sustainable way.

Credit Rating

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

Board Composition & Remuneration

Composition of the Board and the names of members of Board Committees may be referred to Statement of Compliance with CCG at Page No 26

Furthermore, the Board of Directors has a formal policy and transparent procedures for remuneration of its directors in accordance with Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019.

Pattern Of Shareholding

Pattern of shareholding as on June 30, 2020 is annexed with the annual report.

Meeting Of The Directors

During the year, four (4) Board of Directors, four (4) Audit Committee meetings and one (1) Human Resource & Remuneration (HR & R) Committee meetings were held. Attendance by each Director was as follows:

Name of Director	Board of Directors Attendance	Audit Committee Attendance	HR & R Committee
Mr. Mazhar-ul-Haq Siddiqui	4	-	-
Ms. Sultana Siddiqui	3	-	1
Mr. Sohail Ansar	4	4	1
Mrs. Mahtab Akbar Rashdi	4	4	1
Mr. Shunaid Qureshi	3	3	-
Ms. Nabigha Nasser Masood	4	-	-
Lt. Gen. (R) Asif Yasin Malik	3	4	-
Mr. Duraid Qureshi	4	-	-
Mr. Hasan Reza-ur-Rahim	3	-	-

Auditors

The present auditors Messer EY Ford Rhodes Chartered Accountants shall retire and may be considered for re-appointment for the year 2020-21.

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 departure from the best practices of transfer pricing.
- Outstanding taxes and levies are given in the Notes to the Financial Statement.
- Trading of Shares by the Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary, their spouse and minor children:

	Acquisition	Transfer
CEO	-	-
Director	-	582,000
CFO & Company Secretary	-	-
Spouses & Minor Children	-	-

Dividend And Appropriations

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

June 14, 2021
Karachi



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman & Director

ڈائریکٹرز رپورٹ

ہم نیٹ ورک لمیٹڈ (ایچ این ایل) کے ڈائریکٹرز ۳۰ جون ۲۰۲۰ کو ختم ہونے والے مالیاتی سال کے لئے سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

مالیاتی کارکردگی:

دوران سال کمپنی کی خاص آمدنی میں ۳۰۰ ملین کی کمی ہوئی جس کی بنیادی وجہ معاشی عدم استحکام اور سیاسی عدم استحکام ہے۔ سال کے اختتام پر اقتصادی بحالی کے کچھ اشارے ظاہر ہوئے لیکن کورونا وبا کے باعث ان میں کمی ہوگئی۔

تاہم، کمپنی کے مجموعی منافع میں ۳۹۴ ملین روپے کا اضافہ ہوا جس کا موازنہ گذشتہ سال کے مجموعی منافع کے مارجن ۳۔۳۱٪ (مالیاتی سال ۲۰۱۹-۲۰۲۰) سے کیا جاسکتا ہے۔ اس اضافے کی وجہ بنیادی طور پر لاگت کے انتظام کی موثر حکمت عملی اور لاگت کی موثر کنٹرول کی وجہ سے تھی جس کے نتیجے میں مطلوبہ پیرامیٹرز میں لاگت کو برقرار رکھا گیا۔

گذشتہ مالیاتی سال کے مقابلہ میں کمپنی کافی حصص مجموعی خسارہ ۵۷۔۰ سے ۱۲۔۰ ہو گیا۔

اہم سرگرمیاں:

بلاشبہ ایچ این ایل پاکستان کے مایہ ناز میڈیا نیٹ ورکس میں سے ایک ہے اور ایک دہائی سے زائد عرصہ سے بنیادی طور پر تفریح فراہم کنندہ ہے۔ ہم پہلے ہی پاکستان کا مشہور میڈیا برانڈ ہے، اور اپنے نظریات کو گلوبل اور چین الاقوامی مارکیٹوں، فلموں، ڈیجیٹل، پرنٹ میڈیا اور براہ راست تقریبات میں ٹیلی ویژن کے ذریعے متعدد دل چھو لینے والے پروگرام صارفین تک پہنچاتا ہے۔ براؤز کا سٹنگ پورٹ فولیو سیلاٹس، جینل، ہام ہی وی، ہم نڈز، ہم ستارے، ہم مصالحو اور ہم ورلڈ (بشمول شمالی امریکہ، یو کے اور مشرق وسطی) پر مشتمل ہیں۔

بیرونی ماحول:

عالمی سطح پر پاکستان میں کورونا وبا کے پھیلاؤ کے باعث معاشی سرگرمیاں سست روی کا شکار ہوئیں۔ بہت سے ممالک میں، کاروبار کو طویل عرصے تک یا غیر معینہ مدت تک اپنے آپریشنز بند رکھنے یا محدود کرنے پر مجبور کیا جا رہا تھا۔ وبا کے پھیلاؤ پر قابو پانے کے لئے کئے جانے والے اقدامات، بشمول سفری پابندی، قرنطین، سماجی فاصلہ اور غیر ضروری خدمات کی بندش سمیت دنیا بھر کے کاروباری امور میں نمایاں رکاوٹوں کا باعث بنا، جس کے نتیجے میں معاشی سست روی کا سامنا کرنا پڑا۔ کمپنی نے بحران کے ان اوقات میں اپنے ناظرین کی تفریح اور آگاہی کے ساتھ، انڈسٹری سے آگے رہنے کی اپنی صلاحیت اور قابلیت کا مظاہرہ کیا۔

ایچ این ایل نے وبا کے پھیلاؤ سے غصے اور اسے کم کرنے کے لئے اپنے دفاتر میں سخت اقدامات نافذ کئے کیونکہ عملے کی صحت اور حفاظت ایچ این ایل کے لئے خصوصی اہمیت کی حامل ہے۔ حکومت کی طرف سے جاری کردہ رہنما اصولوں کے مطابق، کمپنی نے اپنے ہیومن کینٹریل کی حفاظت کے لئے ہر شیج پرائسٹ پر کلیدی اقدامات نافذ کئے۔ ایچ این ایل ہمیشہ تبدیلی کے لئے موافقت میں متحرک رہا ہے، جس نے ”گھر سے کام“ کے عمل کو تیز اور ہموار کر دیا، جس سے دیکھنے والوں کو کم سے کم رکاوٹ اور کاروبار کے تسلسل کو برقرار رکھنے کو یقینی بنایا جاسکا۔ کاروباری عمودی اور افعال سے متعلق تمام مینٹنز بغیر کسی رکاوٹ کے، ڈیجیٹل سلوشنز کے زیادہ سے زیادہ استعمال کے ساتھ منعقد کی گئیں۔ ہم نے اس بات کو یقینی بنایا کہ ملازمین کو اعداد و شمار اور مواد کی حفاظت پر بناء کسی تکھوتے کے گھر سے کام کرتے ہوئے بلا روک ٹوک تعاون کے ساتھ تمام کاروباری امور تک رسائی حاصل ہو۔ سماجی فاصلہ کے اصولوں کو بالائے طاق رکھتے ہوئے، کام کی جگہ کو تبدیل کرنے میں مضبوط فعال اقدامات کیے گئے۔ دفتر سے کام کرنے والے اہم عمودی حصوں کے لئے تمام ضروری حفاظتی اور حفاظتی صحت پر ڈوکول کی عبوری کی گئی، جس میں بیٹھنے کے متبادل انتظامات، کلین ڈیسک پالیسی پر عمل درآمد اور تمام داخلی مقامات پر درجہ حرارت کی جانچ شامل ہیں۔ تمام سطحوں کی متواتر صفائی ستھرائی برقرار رکھی گئی، اور دفتر کے احاطے کے اندر تمام اہم مقامات پر ہینڈ سینیٹائزر رکھے گئے تھے۔

کامیابیاں اور پہچان:

سال ۲۰۱۷ کے بعد سے اپنی حیثیت کو برقرار رکھتے ہوئے اسی طرح سال ۲۰۱۹ میں ہم نی وی نے لندن یو کے میں منعقدہ ”ایشین ویورز ٹیلی ویژن ایوارڈز ۲۰۱۹“ میں بہترین اردو چینل آف دی ایئر کا ایوارڈ حاصل کیا۔

کمپنی کی کارکردگی:

انڈسٹری میں قیمتوں کے زوال کے باوجود ہیٹ ورگ نے اپنی اہمیت کو برقرار رکھا۔

ہم ٹی وی:

ہم ٹی وی ہمیشہ ایسے موضوعات پیش کرنے میں اذکھارہا ہے جو لوگوں میں شعور اجاگر کرنے کے لئے معاشرتی امور کو اجاگر کرتا ہے۔ تفریحی عنصر کو برقرار رکھتے ہوئے اس طرح کے موضوعات پیش کرنے میں اس کا انداز صرف پاکستان بلکہ پوری دنیا میں مقبول ہے۔ اس سال ہم ناظرین کو ”خاص“، ”عشق زہے نصیب“، ”یہ دل میرا“، ”بیار کے صدقے“، ”ثبات“ وغیرہ جیسے بہترین ڈرامے پیش کرتے رہے جسے شائقین نے بے حد سراہا۔ اس عرصے کے دوران، انٹرنیٹ ویسٹ پلگ ریلیشنز کے اشتراک سے ایک میگا پروجیکٹ ”عہد وفا“، دوستی، محبت، قربانیوں، حب الوطنی اور تفریح کا یکساں مرکب تھا۔ یہ ٹیلی انٹار پر ڈیجیٹل بردست ہٹ رہا اور سامعین کی جانب سے اسے زبردست پزیرائی ملی۔

ہم نیوز:

پاکستان کی خبروں میں ہم نیوز مسلسل اپنی شہرت بنا رہا ہے۔ ہم نیوز نے معروف منظر پر سنز کے ذریعہ پیش کردہ اپنے معلوماتی ناک شو، تفصیلی نیوز لیٹین اور نیوز الرٹس کے ساتھ سامعین ساتھ شامل رہا۔ اگرچہ اس کے ابتدائی مرحلے میں، ہم نیوز نے اپنی رپورٹنگ، پروگرامنگ اور تقابلی نگاروں کی وجہ سے کافی اثر پیدا کیا ہے۔

ہم ستارے:

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

ہم مصالحہ:

پہلا 24 گھنٹے کا کونگ چینل ہم مصالحہ جسے ہر خواتین نے پسند کیا اور اس نے ہزاروں ناظرین کیلئے کونگ فچر کی حیثیت حاصل کی۔ اس مدت کے دوران ہم مصالحہ نے مزید سیریز کا اضافہ کیا جس میں کونگ اور معلوماتی پروگرامز کے علاوہ کئی مصالحت جات، کونگ ایکسپریٹ، پیشہ ورانہ شیف اور صحت سے متعلق کنسلٹنٹ کو متعارف کروایا ہے۔

ہم فلمز:

ایچ ایم فلمز کے تین سٹریٹس، ”بن روئے“ اور ”پرواز ہے جنوں“ جیسی ہلکے سسٹم فلموں نے پاکستان میں سینما کی بحالی میں اہم کردار ادا کیا۔

دوران سال، ایک اور ہلکے سسٹم مووی ”سپر اسٹار“ لانچ کی گئی جو زبردست ہٹ ثابت ہوئی اور لوگ پوری میڈیٹیم گھروں کا رخ کرتے رہے۔

ڈیجیٹل میڈیا ڈویژن:

ڈیجیٹل میڈیا ڈویژن نے سال 2019-20ء میں مستقل طور پر اپنی گروتھ برقرار رکھی۔ ایک اہم پیش رفت میں سوشل میڈیا پلیٹ فارمز (فیس بک، انسٹاگرام، ٹویٹر اور یوٹیوب) میں جدید سوشل میڈیا حکمت عملی کے نفاذ کے بعد نمایاں گروتھ شامل ہے۔ بڑے براڈ زہیے کشمیر، بنگلہ پاکستان، ماسٹر پینٹس اور اوپو برائے ہم ایوارڈ اور ڈراموں کی اہم ڈیجیٹل اسپانسرشپ ایک اور سنگ میل ہے۔ براہ راست فروخت (مقامی ویب ایڈورٹائزنگ) ایک اور کاروباری مقام رہا جو اس سال نمایاں طور پر بڑھا ہے کیونکہ ہمارے پاس ڈیجیٹل اسپانسرشپ کے مواقع موجود ہیں۔

تھریڈ اور برانڈ کی سرگرمیاں:

گزشتہ دوہائی کے دوران ایچ ایم ایل نے ڈرامہ، فیشن، فوڈ، پاکستان کی میوزک انڈسٹری میں سپورٹنگ کے حوالے سے اہم کردار ادا کیا ہے۔

ہم ایوارڈز:

پاکستان کی سب سے گھمڑا ہوا ایوارڈز کی تقریب "ہم ایوارڈز ۲۰۱۹" ۱۰ اکتوبر ۲۰۱۹ء میں ریاستہائے متحدہ امریکہ کے یوٹین میں منعقد ہوئی۔ ایک رات میں گھنٹوں اور گھنٹوں پر فائز مٹس اور اسٹارز کی بڑی تعداد کے ساتھ ہم ایوارڈز ۲۰۱۹ء واقعی ایک حیرت انگیز تقریب تھی۔ مستقبل میں بھی، ایچ ایم نیٹ ورک کا مقصد بیرون ملک مقیم سائمن کے لئے پاکستان کی بہتر ایچ کو پیش کرنے کے لئے بین الاقوامی سطح پر ایوارڈز اور دیگر پروگراموں کا انعقاد کرنا ہے۔

برائڈل کوچ ویک (بی سی ڈیو)

پاکستان کے سب سے بڑے اور انتہائی تیزی سے بڑھنے والے برائڈل فیشن شو، برائڈل کوچ ویک ۲۰۱۹ء کا نئے او ایس ایلیٹین ڈسمبر ۲۰۱۹ء میں لاہور میں منعقد ہوا۔ تیزی سے بڑھنے والے پاکستانی اور عالمی فیشن ڈیزائنرز کے برائڈل فرینڈز کو پیش کیا اور ہرگز نہ بڑھنے والے شو میں اس پروگرام کی امیدوں میں مزید اضافہ ہو رہا ہے۔

ہم اسٹائل ایوارڈز:

ہم اسٹائل ایوارڈز کا چوتھا ایلیٹین جنوری ۲۰۲۰ء میں منعقد کیا گیا اور یہ اس بات کی تصدیق تھی کہ پاکستان کے اسٹائلش ایوارڈز کو منظم طور پر منعقد کیا گیا تھا تا کہ ملک میں انٹرٹینمنٹ کے بارے میں کامیابی حاصل کی جائے۔

مصالحہ فیملی فیشنل

پاکستان کا ایک بڑا اور کامیاب فیملی فیشنل مصالحہ فیملی فیشنل ہے جس کا انعقاد نومبر ۲۰۱۹ء کو لاہور اور فروری ۲۰۲۰ء کو کراچی میں کیا گیا جس میں میڈیکل پر فائز مٹس، جادو اور کامیڈی، براہ راست کوئنگ کا مظاہرہ، ڈانس اور گانوں کا مقابلہ اور اپنے پیسہ دینے والے شیف کے ساتھ ملاقات کا موقع دیا گیا۔

ہم دو مین لیڈر ایوارڈز:

ایک اور ہم قدم میں، ایچ این ایل کا مقصد ایک تقریب میں ملکی اور غیر ملکی مشہور خواتین کی تعظیم کا جشن منانا تھا جن کی اس وقت کوئی برابری نہیں ہے۔ فروری ۲۰۲۰ء میں صدر پاکستان کی سرپرستی میں "ہم دو مین لیڈر ایوارڈز" کا افتتاحی ایلیٹین ایک ایسا پروگرام تھا جسے اس کی عظمت، خوبصورتی اور مختلف شعبوں سے لوگوں کو لانے اور اپنے اپنے شعبوں میں ان کے تعاون کو سراہنے کی جگہ سے طویل عرصے تک یاد رکھا جائے گا۔

ہم سوشل میڈیا ایوارڈز:

کورونا وبا نے ایوارڈز کے انعقاد کے انداز کو بھی تبدیل کر دیا ہے۔ پہلا ڈیجیٹل ایوارڈ اکتوبر ۲۰۲۰ء میں منعقد ہوا، جو ایک ایسا شو تھا جو پورے سال میں جاری کئی ایوارڈ شو سے مختلف تھا، یہ حقیقت ہے کہ ہم سوشل میڈیا ایوارڈز ۲۰۲۰ء بین الاقوامی سطح پر تسلیم شدہ سوشل میڈیا پلیٹ فارم تھا۔ یہ نہ صرف پہلا ڈیجیٹل ایوارڈ شو تھا جس میں فیس بک آن بورڈ تھا، بلکہ یہ پہلا پروگرام ہے جو اپنے سوشل میڈیا کی موجودگی کی بنا پر مختلف شعبوں میں کام کرنے والے مستحق افراد کو بھی تسلیم کرتا ہے۔

ہیومن ریسورس مینجمنٹ:

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

کورونا پیوز:

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

اس مقصد کیلئے ہم ٹیٹ ورک فیملی نے درج ذیل اقدامات کئے ہیں:-

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

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

ریسک مینجمنٹ:

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

کارپوریٹ معاشرتی ذمہ داری:

گورنناؤپاء کے اس مجاز کے دوران، ایچ این ایل نے ایک معاشرتی ذمہ دار تنظیم ہونے کے ناطے معاشرے کے متوسط طبقہ کیلئے جو سب سے زیادہ لاگ ڈالوں سے متاثر ہوئے ہیں اور جو روزانہ اجرت کی بنیاد پر مزدوری کرتے ہیں، بچیوں میں فروخت کرتے ہیں جنہیں امداد کی ضرورت ہے جو کاروبار بند ہونے کی وجہ سے ملازمت سے محروم ہو گئے ہیں ان کے لئے ”ہمدرد“ کا آغاز کیا۔ ہمدرد اقدام کے ایک حصے کے طور پر ہم فیملی نے ایک دن کی تجویز کا خصوصی فنڈ میں حصہ دیا اور کمپنی نے مذکورہ فنڈ میں بھی اتنی ہی رقم کی شراکت کی۔ زیادہ تر کارپوریٹ تنظیمیں بھی اس عظیم مقصد میں ایچ این ایل میں شامل ہوئیں۔

ہم تیز رفتاری سے فنڈز کے حصول اور اسباب کے لئے شعور بیدار کرنے کے لئے ٹیلی ویژن کا اہتمام بھی کیا جو ایک بہت بڑی کامیابی تھی۔

ملازمین کی تربیت اور ترقی:

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

عالمی رسائی:

پاکستان کے سب سے بڑے کرکٹ ایونٹ کے پانچویں ایڈیشن، ”پاکستان سپر لیگ“ کو خصوصی طور پر برطانیہ میں ہم مصالحوں پر نشر کیا گیا جس نے ریٹنگ کے ریکارڈ توڑ دیے۔ عالمی سطح پر اس کے نقوش کو بڑھانے کے لئے ایچ این ایل نے اپنے نظریے کو بڑھانا جاری رکھا۔

میگزین اور پبلیکیشن:

دوران سال کمپنی نے نیوز لائن میگزین اور ٹیم ۶ میگزین کی اشاعت بند کر دی، تاہم کمپنی مصالحوں کی وی فوڈ میگ کی اشاعت جاری رکھے ہوئے ہے۔

اشاعت کو بند کرنے کا فیصلہ صارفین کے رجحان کو پرنٹ میڈیم سے ڈیجیٹل میڈیم میں منتقل کرنے پر مبنی تھا اور کمپنی نے پیش گوئی کی ہے کہ طباعت اشاعت کے مقابلے میں یہ مشمولات ڈیجیٹل پلیٹ فارم پر زیادہ منافع بخش ہیں۔

ڈائریکٹرز کے انتخابات:

بورڈ کی یہ اجلاس ۱۳ اگست ۲۰۲۰ کو ختم ہو گئی تھی اور نئے انتخاب اگست ۲۰۲۰ کو ہونا تھے۔ چونکہ اہل امیدواروں کی تعداد انتخابات کے لئے مقرر کردہ ڈائریکٹرز کی تعداد کے برابر تھی، لہذا آئینی نے ۱۳ اگست ۲۰۲۰ کو گلیئر ایکٹ ۲۰۱۷ء کے سیکشن ۱۵۹ (۴) کے تحت یہ اعلان کیا۔ امیدواروں کے ذریعہ ڈائریکٹرز کے مذکورہ بالا انتخاب پر سوال اٹھائے گئے تھے۔ چنانچہ منتخب ڈائریکٹرز نے بھی مقدمہ دائر کر دیا۔ معزز ہائی کورٹ آف سندھ نے آرڈر کے ذریعے مورخہ: ۲۱/۸/۲۰۲۰ کو کچھٹی کو ہدایت کی کہ ۱۳ اگست ۲۰۲۰ کو ہونے والے انتخابات ملتوی کر دیے جائیں جو کہ مقدمہ نمبر ۲۰۲۰/۹۶۸/۲۰۲۰ میں سی ایم اے نمبر ۷۸۷/۲۰۲۰/۲۰۲۰ بج کے حتیٰ فیصلے سے شروٹ ہوں گے۔

اکاؤنٹس میں تاخیر کے اسباب:

جیسا کہ اوپر بیان کیا گیا ہے، ڈائریکٹرز کا انتخاب محکمہ امور مذکورہ بالا احکامات ابھی بھی نافذ ہیں، کمپنی کی انتظامیہ اس معاملے کے نتائج سے تعصب کی پوزیشن میں نہیں تھی کے مالی بیانات کی منظوری کے لئے بورڈ کا اجلاس طلب کرے۔

اس سلسلے میں، کمپنی نے سیکرٹریز اینڈ انکیپیج کمیشن آف پاکستان سے وضاحت طلب کی اور ساتھ ہی ساتھ ہائیکورٹ آف سندھ کے روبرو بھی درخواست دائر کی کہ آیا کمپنی مالی بیانات اور سالانہ جنرل میٹنگ کی منظوری اور اجلاس بلانے کے لئے بورڈ کا اجلاس منعقد کر سکتی ہے۔

اس پرمیشن نے وضاحت فراہم کی کہ گزشتہ بورڈ اپنے فرائض کی کارکردگی میں کام جاری رکھ سکتا ہے۔ کمیشن کا مذکورہ لیٹر ۲۳ مئی ۲۰۲۱ کو سماعت کے دوران سندھ کی ہائیکورٹ کے ریکارڈ پر رکھا گیا اور اسے سندھ ہائیکورٹ نے فریقین کے وکیلوں کی موجودگی میں ریکارڈ پر لیا۔

مذکورہ بالا کے پیش نظر، کمپنی نے متعلقہ ذمہ دار وائسوں کے ساتھ آگے بڑھتے ہوئے موجودہ بورڈ کا اجلاس ۳۰ جون ۲۰۲۰ کو ختم ہونے والے مالی بیانات کی منظوری کے لئے طلب کیا اور ان مالی بیانات کو شیئر ہولڈرز کے سامنے پیش کرنے کے لئے سالانہ جنرل اجلاس طلب کیا۔

مستقبل کی حکمت عملی اور چیلنجز:

چونکہ دنیا بھر میں کورونا وائرس کی دوسری لہر تیزی سے پھیلی جا رہی ہے، عالمی معیشت دباؤ میں ہے۔ اس سے پاکستان کی ٹازک معیشت بھی متاثر ہوئی ہے۔ تاہم، حکومت پاکستان معیشت کے استحکام کے لئے مختلف معاشی اقدامات اٹھا رہی ہے اور توقع کی جا رہی ہے کہ آنے والے ادوار میں پاکستان اس پر قابو پائے گا۔

ایچ این ایل موجودہ صورتحال پر کڑی نظر رکھے ہوئے ہے اور معیشت کے دوسرے شعبوں کی طرح، ہم توقع کر رہے ہیں کہ ایپلورنٹنگ مارکیٹ بھی دباؤ میں رہے گی۔ تاہم، ہماری کاروباری اور مالی حکمت عملی، اور آپریشنل فیصلے ایچ این ایل کو مزید تقویت دینے اور اس معاشی بحران کے دوران اس کی آزادی کو ایک مستحکم طریقے سے محفوظ رکھنے کے لئے مرتب کئے گئے ہیں۔

ہماری کاروباری اور مالی حکمت عملی، اور آپریشنل فیصلے جو کہ مسابقتی ماحول، ڈیجیٹلائزیشن سے اضافی آمدنی پر توجہ مرکوز کرنے، مختلف ہیڈز کے اخراجات پر دلیل سے وضاحت کرنے پر، بین الاقوامی مارکیٹ میں ہماری توسیع کو مستحکم کرنے، خطرات کو کم کرنے اور آمدنی میں اضافہ کرنے کے ذریعے مرتب کئے جاتے ہیں۔

یہ حکمت عملی ایچ این ایل کو مزید تقویت دینے کیلئے تیار کی گئی ہے، اور اس بات کا یقین کرنے کے لئے کہ اس کی آزادی کو مستحکم طریقے سے محفوظ رکھا جائے۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پاکرا) نے طویل مدتی اور مختصر مدتی ریٹنگ برائے ایچ این ایل اے + اور اے ۱ مرتب کی ہے، یہ درجہ بندیوں کریڈٹ کے خطرے کی کم توقع اور مارکیٹ میں نیٹ ورک کی مضبوط پوزیشن کو ظاہر کرتی ہیں۔

بورڈ کی تشکیل اور معاوضہ:

بورڈ کی تشکیل اور بورڈ کمیٹی کے ممبران کے کام کا حوالہ سی. بی. پی پرائیویٹ آف کمپلائنس سولہ ستمبر ۲۰۱۹ پر دیا گیا ہے۔

مزید یہ کہ بورڈ آف ڈائریکٹرز نے اپنے ڈائریکٹرز کے معاوضوں کے لئے کمپنیز ایکٹ ۲۰۱۷ اور اسٹاکس کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۹ کے مطابق واضح پالیسی اور طریقہ کار مرتب کیا ہے۔

شیئر ہولڈنگ کا پیرن:

شیئر ہولڈنگ کا پیرن ۳۰ جون ۲۰۲۰ء سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کی میٹنگ:

دوران سال بورڈ آف ڈائریکٹرز کی چار آڈٹ کمیٹی کی چار اور ایک ایمنس ریورس اور اجرتی کمیٹی (ایچ آر آر) کی بیٹنگز منعقد کی گئی تھیں۔ ہر ڈائریکٹر کی شرکت درج ذیل ہے:

ڈائریکٹر کے نام	بورڈ آف ڈائریکٹرز کی شرکت	آڈٹ کمیٹی کی شرکت	ایچ آر آر کمیٹی
جناب مظہر الحق صدیقی	۳	-	-
مس سلطانہ صدیقی	۳	-	۱
جناب کبیل انصاری	۳	۳	۱
مسز مہتاب اکبر راشدی	۳	۳	۱
جناب شہید قریشی	۳	۳	-
مس حفیظہ نصیر مسعود	۳	-	-
لیفٹیننٹ جنرل (ریٹائرڈ) آصف یحیٰی ملک	۳	۳	-
جناب رید قریشی	۳	-	-
جناب حسن رضا الرحیم	۳	-	۱

آڈیٹرز:

موجودہ آڈیٹرز میسرز ای وائی فور ڈی وائی چارٹرڈ اکاؤنٹنٹس جو کہ ریٹائر ہوئے ہیں ممکن ہے کہ اس سال ۲۰۲۰ء کے لئے ان کا دوبارہ تقرر کیا جائے۔

نظم و ضبط اور مالیاتی رپورٹنگ کا فریم ورک:

- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کمپنی کے فلو اور ایکٹیوٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ☆ کمپنی کے کھاتے مناسب طریقہ سے رکھے جاتے ہیں۔
- ☆ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور سالانہ فیصلوں پر مبنی ہوتے ہیں۔
- ☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- ☆ انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ☆ آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ نظم و ضبط کے حوالے سے کمپنی میں کارپوریٹ گورننس کو عملی طور پر نافذ کیا ہے جو کہ لسٹنگ ریگولیشن میں درج ہے اور اس سے کوئی انحراف نہیں کیا گیا ہے۔

- ☆ فرانسفر کی قیمت بہتر طریقے سے اور کمپنی کے مفاد میں مرتب کی ہے۔
- ☆ واجب الادا ایکسچر اور دیگر واجبات مالیاتی حسابات کے نوٹس میں ویسے ملے ہیں۔
- ☆ چیف ایگزیکٹو آفیسرز، ڈائریکٹرز، چیف فنانسئل آفیسر اور کمپنی ٹیکریٹری، ان کی بیگمات اور بچے تجارتی شیئرز میں اہل نہیں ہوتے۔

منتهی	حصول	
-	-	چیف ایگزیکٹو آفیسر
۵۸۲,۰۰۰	-	ڈائریکٹر
-	-	سی ایف اداور کمپنی ٹیکریٹری
-	-	بیگمات اور نابالغ بچے

ڈویڈنٹ اور مناسبت:

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

بورڈ آف ڈائریکٹرز کی جانب سے

مورے ۱۴ جون ۲۰۲۱ء

کراچی



مظہر الحق صدیقی
چیئر مین و ڈائریکٹر



دریہ قریشی
چیف ایگزیکٹو

Report Of The Directors On Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to submit the Annual Consolidated Financial Statements along with the Auditor's Report thereon for the year ended June 30, 2020.

The Group consists of another wholly owned local subsidiary Skyline Publications (Private) Limited and three wholly owned foreign subsidiaries in US, UK and UAE namely HUM TV Inc., Hum Network UK Limited and HUM Network FZ-LLC respectively. Another subsidiary by the name of HUM Mart (Private) Limited is an entirely different field i.e. an e-commerce operations by the brand name of Hum Mart.

The group recorded revenue of Rs. 4,645 million and loss after tax of Rs. 247 million for the financial year ended 2020. The results translate into loss per share of Re. 0.20.

The Directors' Report on HUM Network Limited for the year ended June 30, 2020 has been separately presented in the annual report.

June 14, 2021
Karachi



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman & Director

مجموعی مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم مالیاتی سال ۲۰۲۰ جون ۲۰۲۰ء کے لئے سالانہ مجموعی مالیاتی گوشوارے جمع آؤ بیگز رپورٹ پیش کر رہے ہیں۔

مندرجہ بالا کمپنی کے علاوہ ایک اور اندرون ملک مکمل ذیلی کمپنی اسکاٹی لائن پیپلیکیشن (پرائیویٹ) لمیٹڈ اور بیرون ملک الحاق شدہ جس میں یو ایس، یو کے اور یو اے ای شامل ہیں جہاں پر نیٹ ورک بنام ہم فی وی انکارپوریشن، ہم نیٹ ورک یو کے لمیٹڈ اور ہم نیٹ ورک ایف ڈی۔ ایل ایل سی ہیں۔

مالیاتی سال ۲۰۲۰ء میں گروپ نے منافع ۶۳۵ ملین روپے اور بعد از ٹیکس خسارہ مبلغ ۴۳ ملین روپے حاصل کیا ہے۔ یہ نتائج آئی ۲۰۲۰ء روپے فی شیئر کے تحت ترمیمی دی گئی ہے۔

ہم نیٹ ورک لمیٹڈ پر مالیاتی سال ۲۰۲۰ جون ۲۰۲۰ء کی ڈائریکٹر رپورٹ سالانہ رپورٹ میں تلخود سے پیش کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مورخہ ۱۳ جون ۲۰۲۱ء
کراچی



مظہر الحق صدیقی
چئیرمین و ڈائریکٹر



وریہ قریشی
چیف ایگزیکٹو

Code of Conduct

1. Introduction

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

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

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

2. Conflicts Of Interest:

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

3. Gifts And Entertainment

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

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

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

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

4. Relationships With Clients And Suppliers

Employees should avoid investing in or acquiring a financial interest for their own accounts in any business organization that has a contractual relationship with the Company, or that provides goods or services, or both, to the Company if such investment or interest could influence or create the impression of influencing their decisions in the performance of their duties on behalf of the Company.

5. Public Officials

All dealings between employees or directors of the company and public officials should be transparent.

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

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

6. Political Contributions

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

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

7. Personal Gain

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

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

8. Inside Information

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

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

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

9. Disclosure Of Confidential Information

Certain records, reports, papers, processes, plans and methods of the company or to which the company has been permitted access are considered to be secret and confidential by the company or the party who has permitted access thereto, and employees and Directors are prohibited from revealing information concerning such matters without proper authorization.

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

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

10. Authorization And Recording Of Transactions And Safekeeping Of Assets

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

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

The use of company funds or assets for any unlawful or improper purpose is strictly prohibited and those responsible for the

accounting and record keeping functions are expected to be vigilant in ensuring enforcement of this prohibition. The recorded accountability for assets will be compared with the existing assets at reasonable intervals and appropriate action will be taken with respect to any differences.

11. Discrimination-free Work Environment

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

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

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

12. Protection Of The Environment

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

The company is committed to the protection of the environment. To comply with this commitment, the company's policy is to meet or exceed all applicable governmental requirements. Employees must report to their superior all circumstances in which toxic substances are spilled or released into the environment. Violations of environmental laws, even if unintentional, can carry severe penalties, and could result in the prosecution of the company or the employees involved or both.

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

13. Competition And Trade Practice Standards

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

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

14. Standards Of Conduct

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

15. Distribution

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

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

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

Whistle-Blowing Policy

1. Purpose

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

2. Policy

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

3. Requirement Of Policy

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

4. On What Should One Blow The Whistle

What is reportable misconduct?

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

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

Reportable conduct falls into the following categories:

4.1 Illegal or unlawful conduct

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

4.2 Un-procedural conduct

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

4.3 Unethical conduct

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

4.4 Wasteful conduct

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

5. Whistle-blower Protection

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

6. Whistle-blowing Procedures

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

Designated Persons (DPs)

The

- Company secretary, and
- Head of Internal Audit

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

Access to the Designated Person

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

Medium of Reporting

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

Follow up Procedure

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

UNCONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the members of Hum Network Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Hum Network Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2020 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

Key audit matter	How the matter was addressed in our audit
1. Net realizable value of television program costs	
<p>As of the year end, the balance of television program costs amounted to Rs. 466,123,750 which represents unamortized cost of completed television programs and television programs in production.</p> <p>As per the accounting policy of the Company, television program costs and acquired television program licenses and rights are charged to expense based on the ratio of the revenues earned till date to total revenues to be earned from the program including future estimated revenues, less cost expensed in prior years on an individual program basis.</p> <p>Allocation of television program costs over several accounting periods based on estimates of revenue involve significant judgement of the management which may have a significant impact on the unconsolidated financial statements. For this reason, we have identified this area as key audit matter.</p> <p>Refer notes 3.5, 8 and 24 to the unconsolidated financial statements.</p>	<p>Our audit procedures amongst others, comprised reviewing the appropriateness of the accounting policy of the Company in accordance with the applicable financial reporting standards. Further, we obtained understanding of the revenue estimation and amortization process of the Company.</p> <p>In this regard, we selected a sample of television programs and considered the factors used by the management for revenue estimation and amortization of television program cost including;</p> <ul style="list-style-type: none"> • historic experience of revenue earned by similar programs; • ratings of the program from available evidences; • rates used by the Company and its fluctuation based on the trend analysis; and • we also considered subsequent events which may have an impact on unamortized cost. <p>We also evaluated whether adequate disclosures have been made in the accompanying unconsolidated financial statements in accordance with the applicable financial reporting standards.</p>
Key audit matter	How the matter was addressed in our audit
1. Impairment assessment of investment in subsidiary companies	
<p>As disclosed in note 6, the Company carries an investment in subsidiary companies amounting to Rs 328.898 million.</p> <p>In respect of the above investment in subsidiary companies, the impairment triggers were identified by the management and accordingly, impairment tests were carried out in accordance with the requirements of the applicable accounting standards. Such impairment tests involve estimation of future cash flows from the operations of the above entities to determine the recoverable amount in respect of the above referred investments.</p> <p>Due to the management judgments and estimates and other uncertain factors involved in these impairment tests carried out by the management, we have considered the determination of the recoverable amount of investments as a Key Audit Matter.</p>	<p>Our key procedures in relation to the impairment tests carried out by the management for investment in subsidiary companies were as follows:</p> <ul style="list-style-type: none"> • we considered the triggers and indicators requiring impairment assessment in respect of the above assets; • we assessed the appropriateness of the methodology used by the management for carrying out the impairment test in accordance with the requirements of the applicable accounting standards; • we reviewed the key inputs and assumptions used to prepare the future cash flow projection of the respective entities including the commercial assumptions used for this purpose. We involved our internal specialists to perform such review. In this regard, we also considered the business plan of the subject entities and the actual results achieved in relation to the previous plan; • we also applied sensitivity analysis on key assumptions and evaluated the results; and <p>We also assessed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with the financial reporting standards.</p>

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

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

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

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

Responsibility of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditor's Responsibility for the audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatements of the unconsolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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


Sd/-

EY Ford Rhodes
Chartered Accountant
Place: Karachi
Date: June 16, 2021


UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020


	Note	2020 ----- Rupees -----	2019 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,365,363,429	1,494,444,226
Intangible assets	5	32,107,487	45,543,151
Long term investments	6	328,898,481	368,898,451
Long term deposits	7	24,781,979	24,479,812
Television program costs	8	360,737,951	227,228,617
Deferred tax asset	9	144,885,503	57,032,586
		2,256,774,830	2,217,626,843
CURRENT ASSETS			
Inventories		16,984,145	19,532,155
Current portion of television program costs	8	105,385,799	213,385,799
Trade debts	10	1,716,753,677	1,776,702,967
Short term investments	11	241,505,092	838,041,574
Advances	12	90,637,954	116,418,606
Trade deposits and short-term prepayments	13	22,254,922	16,632,975
Other receivables	14	129,893,353	166,594,761
Taxation – net		182,756,633	175,896,680
Cash and bank balances	15	141,629,483	152,042,869
		2,647,801,058	3,475,248,386
Non-current asset held for sale	16	16,507,087	-
TOTAL ASSETS		4,921,082,975	5,692,875,229
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 1,500,000,000 (2019: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	945,000,000	945,000,000
Unappropriated profit		2,104,074,108	2,212,120,835
		3,049,074,108	3,157,120,835
NON-CURRENT LIABILITIES			
Long term lease liabilities	18	103,701,273	11,263,903
Long term financing	19	837,839,369	978,644,795
		941,540,642	989,908,698
CURRENT LIABILITIES			
Trade and other payables	20	492,872,413	839,873,143
Advance from customers		13,629,128	7,132,512
Accrued mark-up		2,860,434	5,490,094
Short term borrowings	21	189,067,264	299,853,260
Unclaimed dividend		5,948,490	5,948,490
Unpaid dividend		205,159	205,159
Current portion of long term lease liabilities	18	29,573,737	15,432,771
Current portion of long term financing	19	196,311,600	371,910,267
		930,468,225	1,545,845,696
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		4,921,082,975	5,692,875,229

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.


DURAID QURESHI
Chief Executive

HUM NETWORK LIMITED


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- Rupees -----	2019 -----
Revenue	23	3,679,468,088	3,979,099,138
Cost of production	24	(2,756,142,547)	(3,495,240,846)
Transmission cost		(139,069,102)	(193,223,194)
		(2,895,211,649)	(3,688,464,040)
Gross profit		784,256,439	290,635,098
Distribution costs	25	(279,841,775)	(314,061,819)
Administrative expenses	26	(475,129,826)	(498,793,978)
Other income	27	173,651,157	210,738,932
Other expenses	28	(97,605,189)	-
Operating profit / (loss)		105,330,806	(311,481,767)
Finance costs	29	(241,450,871)	(143,243,790)
Loss before taxation		(136,120,065)	(454,725,557)
Taxation	30	22,881,574	(81,157,536)
Loss after taxation		(113,238,491)	(535,883,093)
Loss per share – basic and diluted (Rupee)	31	(0.12)	(0.57)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	2020 ----- Rupees -----	2019 -----
Loss after taxation	(113,238,491)	(535,883,093)
Other comprehensive income for the year		
Items that will not be reclassified subsequently to statement of profit or loss		
Re-measurement gains on defined benefits plan - net of tax	5,191,764	-
Total comprehensive loss for the year	<u>(108,046,727)</u>	<u>(535,883,093)</u>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Revenue Reserve	
		Unappropriated profit Rupees	Total
Balance as at June 30, 2018	945,000,000	2,748,003,928	3,693,003,928
Loss for the year	-	(535,883,093)	(535,883,093)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(535,883,093)	(535,883,093)
Balance as at June 30, 2019	945,000,000	2,212,120,835	3,157,120,835
Loss for the year	-	(113,238,491)	(113,238,491)
Other comprehensive income	-	5,191,764	5,191,764
Total comprehensive loss for the year	-	(108,046,727)	(108,046,727)
Balance as at June 30, 2020	945,000,000	2,104,074,108	3,049,074,108

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- Rupees -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	280,429,530	184,859,153
Taxes paid		(71,831,296)	(116,268,662)
Finance costs paid		(244,080,531)	(140,185,225)
Profit received on deposit accounts		13,005,882	21,567,375
Long term deposits		(302,167)	673,794
Television program costs		(133,509,334)	28,941,545
Net cash used in operating activities		(156,287,916)	(20,412,020)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(40,798,620)	(189,706,736)
Additions to intangible assets		(1,008,000)	(17,800,092)
Short term investments - net		593,856,977	(239,016,684)
Long term investments		-	(80,000,020)
Dividend received		150,000	6,191,500
Proceeds from disposal of operating fixed assets		45,841,494	5,251,124
Net cash generated from / (used in) investing activities		598,041,851	(515,080,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(24,977,232)	(4,943,496)
Long term financing – net		(316,404,093)	244,686,062
Net cash (used in) / generated from financing activities		(341,381,325)	239,742,566
Net increase / (decrease) in cash and cash equivalents		100,372,610	(295,750,362)
Cash and cash equivalents at the beginning of the period		(147,810,391)	147,939,971
Cash and cash equivalents at the end of the period		(47,437,781)	(147,810,391)
Cash and cash equivalents			
Cash and bank balances		141,629,483	152,042,869
Short-term running finance		(189,067,264)	(299,853,260)
		(47,437,781)	(147,810,391)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND ITS OPERATIONS

1.1 HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange.

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

1.3 Impact of COVID-19 on the unconsolidated financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

Despite the challenging operating environment, the Company has been able to continue its operations by implementing strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to Company.

The Company expects that like other sectors of the economy, the media and entertainment industry also to be under pressure. However, the business and financial strategies, and the operational decision are designed to move the Company from strength to strength, and to ensure operations in a sustainable way during these economic crisis. The management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of television program costs, provisions and contingent liabilities under IAS 37.

The Company carried out an assessment including financial and non-financial consideration such as debt covenant compliance, liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the unconsolidated financial statements.

1.4 Geographical location and address of business units

Registered office	Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
Head office – Karachi	B.R.R Tower, Hassan Ali Street, Off. I.I. Chundrigar Road
City offices – Karachi	Alfalah Court, I.I Chundrigar Road
City office – Islamabad	2A, I&T center, sector G-6/1
City office – Lahore	House # 58, R-24, Masson Road
City office – Peshawar	Plot No. 7-A, 29 The Mall, Peshawar Cantonment
City office – Quetta	House # 3, Phase II, Shahbaz town
City office – Multan	Ghous-e-Azam Road, Bismillah Colony

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

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

2.2 Accounting Convention

These unconsolidated financial statements have been prepared on the basis of historical cost convention, except otherwise specifically stated.

2.3 New and amended standards

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

IFRS 9	-	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	-	Regulatory Deferral Accounts
IFRS 16	-	Leases
IFRS 16	-	COVID 19 Related Rent Concessions (Amendments)
IAS 19	-	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	-	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	-	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3	-	Business Combinations - Previously held Interests in a joint operation
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	-	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	-	Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 - Leases

IFRS 16 'Leases' supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as properties utilized as office premises.

The Company adopted IFRS 16 with effect from July 01, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with similar characteristics. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases).

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;
- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Company has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as at June 30, 2019 as follows:

The impact of adoption of IFRS 16 as at July 01, 2019 is as follows:

	Rupees
Operating lease commitments as at June 30, 2019	266,259,176
Impact of discounting	<u>(107,479,909)</u>
Total lease liability as at July 01, 2019	<u>158,779,267</u>
Weighted average incremental borrowing rate as at July 01, 2019	<u>14.11%</u>

The impact of the amendment of IFRS 16 "COVID 19 Related Rent Concessions" did not have any material impact on the Company.

	Rupees
Assets	
Property, plant & equipment - right-of-use asset	159,642,866
Prepayments	<u>(863,599)</u>
Total Assets	<u>158,779,267</u>
Liabilities	
Lease liabilities	<u>158,779,267</u>
Deferred taxation	<u>(250,444)</u>

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standards and amendments		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to conceptual framework (Amendments)	01 January 2022
IFRS 7, IFRS 9 & IAS 39	Interest rate benchmark reforms (Amendments)	01 January 2020
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 1	Classification of liabilities as current or non-current (Amendments)	01 January 2022*
IAS 16	Proceeds before intended use (Amendments)	01 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract (Amendments)	01 January 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

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

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Property, plant and equipment and intangible assets (note 4 & 5)

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

Investment in subsidiaries (note 6)

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

Television program costs (note 8)

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

Income taxes (note 9)

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.

Impairment of financial assets (note 3.7)

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Company's various customer that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 37.5.

Contingencies (note 22)

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

Leases- Estimating the incremental borrowing rate (note 18)

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Leases- Determination of the lease term for lease contracts with extension and termination options (note 18)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Property, plant and equipment****3.1.1 Operating fixed assets**

These are stated at cost less accumulated depreciation and impairment, if any.

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

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

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

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

3.1.2 Right-of-use assets

The Company recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful life, except for the leases in which ownership of the underlying assets transfer to the lessee by the end of the lease term or cost of right of use assets reflects that the lessee will exercise a purchase option, the Company depreciate those right of use asset over the useful life of the underlying asset.

3.1.3 Capital work-in-progress

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

3.2 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the unconsolidated statement of financial position.

3.3 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 statement of profit or loss in the expense category consistent with the function of the intangible asset.

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

3.4 Investments in subsidiaries

Subsidiary is a entity over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control. In assessing control, potential voting rights that are currently exercisable are taken into account.

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Such impairment losses or reversal of impairment losses are recognised in the statement of profit or loss. These are classified as 'long term investment' in the unconsolidated financial statements.

3.5 Television program costs

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

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

3.6 Inventories

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

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Under IFRS 9 Financial assets are classified, at initial recognition, as subsequently measured at following:

- (a) at amortised cost
- (b) at fair value through profit or loss (FVTPL); and
- (c) at fair value through other comprehensive income (FVTOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

(a) At amortised cost

A financial asset is measured at amortised Cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) At fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(c) At fair value through other comprehensive income

A debt instruments is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in unconsolidated statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

These assets are subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)

These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As at the date of statement of financial position, Company is not having any equity instrument designated at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. Exchange gain or losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 Advance from customers (Contract Liability)

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Company performs under the contract.

3.10 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.11 Deposits, advances, prepayments and other receivables excluding financial assets

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.12 Current versus non-current classification

The Company presents assets and liabilities in the unconsolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.13 Taxation

Current

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

Deferred

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

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

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

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

3.14 Cash and cash equivalents

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

3.15 Share capital

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

3.16 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.16.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

ii) Determination of the lease term for lease contracts with extension and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

iii) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

iv) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of office premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.17 Borrowings

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

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

3.18 Unclaimed and unpaid dividend

Dividend declared by the Company, in the preceding three years, which remains unclaimed or unpaid as on the statement of financial position date is recognized as unpaid dividend. Dividend declared and payable prior to the preceding three years from the statement of financial position date are recognized as unclaimed dividend.

3.19 Provisions

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

3.20 Revenue recognition

Advertising revenues are recognized at a point in time when the related advertisement or commercial appears before public i.e. aired.

Production revenue: Production revenue is recognised at a point in time when production work appears before public.

Digital revenue: Advertising revenues from digital properties are recognized on the basis of number of impressions on the advertisement aired on website.

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

Film Distribution Revenues: Revenue from film distribution is recognized at a point in time upon receipt of related sales reports from cinemas.

Credit limits in contract with customers ranges from 2 to 90 days.

3.21 Other income

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

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

Dividend income is recognized when it is declared and right to receive is established.

Interest / markup income is recognized on accrual basis.

Other revenues are accounted for on an accrual basis.

3.22 Expenses

Expenses are recorded when incurred based on the accrual basis of accounting. Distribution costs and administrative expenses include direct and indirect costs not specifically part of cost of production. Allocations between cost of production, distribution and administrative expenses, when required, are made on a consistent basis.

3.23 Staff retirement benefits**Defined contribution plan**

The Company operates a funded and approved 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.

Defined benefit plan

The Company operated an unfunded gratuity scheme for all its permanent employees up till June 30, 2012. Effective July 1, 2012 the Company discontinued the gratuity scheme for all the permanent employees except for the Chief Executive Officer (CEO). However, during the year 30 June 2013 the Company had transferred the entire liability to a recognized gratuity fund scheme. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at 30 June 2020 and based on the actuarial valuation, the Company had recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in unconsolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in unconsolidated statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to unconsolidated statement of profit or loss.

3.24 Foreign currency transactions and translations

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

3.25 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.

3.26 Dividend and appropriation to reserves

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

3.27 Contingencies

Contingencies are disclosed when the Company has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.28 Earnings per share

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

3.29 Functional and presentation currency

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

3.30 Segment Reporting

Segment reporting is based on the reporting operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the senior management of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

	Note	June 30, 2020	June 30, 2019
4 PROPERTY, PLANT AND EQUIPMENT		----- Rupees -----	
Operating fixed assets	4.1	1,219,674,736	1,435,412,292
Right of use assets	4.5	129,754,816	-
Capital work-in-progress	4.6	15,933,877	59,031,934
		<u>1,365,363,429</u>	<u>1,494,444,226</u>

4.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value as at	Depreciation Rate
	As at	Additions** / transfers from ROUA*** / (reclassification)**	As at	As at	Charge / transfers from ROUA*** / (disposals) for the year	As at		
	July 01, 2019	** / (disposals)	June 30, 2020	July 01, 2019	/ (disposals) for the year	June 30, 2020	June 30, 2020	% per annum
Rupees								
Owed								
Leasehold land *	756,571,184	59,434,093 ** (21,857,901) ****	794,147,376	35,225,961	15,774,426 (5,350,814) ****	45,649,573	748,497,803	2.04 - 2.13
Building on leasehold land *	108,035,404	1,655,107 **	109,690,511	43,695,854	7,872,184	51,568,038	58,322,473	10
Leasehold improvements	188,134,558	3,823,116 ** (9,614,920)	182,342,754	129,454,459	35,773,814 (9,518,771)	155,709,502	26,633,252	33
Furniture and fittings	40,059,637	-	40,059,637	16,316,634	3,523,693	19,840,327	20,219,310	10
Vehicles	119,771,101	50,667 ** 43,489,295 *** (82,097,244)	81,213,819	63,310,048	17,154,385 28,576,912 *** (52,391,854)	56,651,491	24,562,328	33
Audio visual equipment	556,239,801	10,685,802 ** (6,869,698)	560,035,905	235,682,865	86,724,488 (3,637,750)	318,969,423	241,066,482	25
Uplinking equipment	75,484,263	-	75,484,263	42,947,419	3,745,261	46,692,680	28,791,583	10
Office equipment	129,742,605	1,015,779 ** (15,656,728)	115,099,656	62,715,064	13,415,583 (8,495,473)	67,635,184	47,484,472	15
Computers	169,571,397	6,188,514 ** (297,700)	175,462,211	124,231,384	27,411,494 (297,700)	151,345,178	24,117,033	33
June 30, 2020	2,143,609,950	83,033,078 ** 43,489,295 *** (21,857,901) **** (114,538,290)	2,133,736,132	753,779,508	211,395,338 28,576,912 *** (5,350,814) **** (74,341,548)	914,061,396	1,219,674,736	
Rupees								
	Cost			Accumulated depreciation			Book value as at	Depreciation Rate
	As at	Additions** / (disposals)	As at	As at	Charge / transfers from ROUA*** / (disposals) for the year	As at		
	July 01, 2018		June 30, 2019	July 01, 2018	/ (disposals) for the year	June 30, 2019	June 30, 2019	% per annum
Owed								
Leasehold land *	756,571,184	- **	756,571,184	19,754,650	15,471,311	35,225,961	721,345,223	2.04 - 2.13
Building on leasehold land *	106,118,604	1,916,800 **	108,035,404	35,918,120	7,785,734	43,695,854	64,339,550	10
Leasehold improvements	182,636,901	5,497,657 **	188,134,558	92,297,171	37,157,288	129,454,459	58,680,099	33
Furniture and fittings	37,646,652	2,412,985 **	40,059,637	12,659,362	3,457,272	16,316,634	23,743,003	10
Vehicles	103,536,060	24,785,442 *** (8,550,401)	119,771,101	43,499,443	25,660,162 *** (5,849,557)	63,310,048	56,481,053	33
Audio visual equipment	419,736,894	136,539,907 *** (37,000)	556,239,801	134,547,902	101,367,718 *** (22,935)	235,682,585	320,367,116	25
Uplinking equipment	65,279,927	10,204,336 ***	75,484,263	36,165,835	6,781,584 ***	42,947,419	32,536,844	10
Office equipment	126,524,780	3,217,825 **	129,742,605	46,804,272	15,910,792	62,715,064	67,027,541	15
Computers	157,805,581	13,134,336 ** (1,368,520)	169,571,397	96,945,325	28,624,418 (1,336,359)	124,231,384	45,340,013	33
	1,955,656,583	197,709,288 ** (9,955,921)	2,143,609,950	518,784,080	242,206,279 (7,210,851)	753,779,508	1,389,830,442	
Leased								
Vehicles	74,996,451	16,282,063 (14,366,890)	76,911,624	24,158,284	16,770,254 (9,598,764)	31,329,774	45,581,850	33
Audio visual equipment	19,440,000	- (19,440,000)	-	12,737,250	- (12,737,250)	-	-	25
Uplinking equipment	9,660,000	- (9,660,000)	-	2,680,650	- (2,680,650)	-	-	10
	104,096,451	16,282,063 (43,466,890)	76,911,624	39,576,184	16,770,254 (25,016,664)	31,329,774	45,581,850	
June 30, 2019	2,059,953,034	213,991,351 (53,422,811)	2,220,521,574	558,360,264	258,976,533 (32,227,515)	785,109,282	1,435,412,292	

* Includes asset under common ownership under Diminishing Musharaka arrangement.

** Additions of Rs. 83,033,078 (June 30, 2019: Rs. 197,709,288), as shown above, include an amount of Rs. 59,434,093 (June 30, 2019: Rs. 78,286,438) transferred from capital work in progress during the period.

*** Includes transfers from leased to owned assets. (Refer note 4.5)

**** Reclassified to non-current assets held for sale. (Refer note 16)

***** Transferred to right of use assets on adoption of IFRS-16 'Leases' as fully explained in note 2.3 to these unconsolidated financial statements.

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

Location	Addresses	Total Area
Karachi	Plot No. 10/11 hassan ali street, off I.I. Chundrigar road.	2,070 sq yard
Karachi	Plot no. 125, national highway, phase 1 Pakistan Defence Officers Housing Authority.	1,451 sq yard
Islamabad	Plot No.2A, I&T centre sector G-6/1.	30,610 sq.ft
Islamabad	6-7 km, kashmir highway, adjacent to Sector H-17	303 sq yard

4.3 Depreciation for the period on operating fixed assets has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of production	24	168,740,193	183,619,450
Distribution costs	25	1,141,360	2,812,761
Administrative expenses	26	41,513,785	47,527,658
		<u>211,395,338</u>	<u>233,959,869</u>

4.4 The details of operating fixed assets disposed / written off, during the period are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (Gain)	Modes of Disposals	Particulars of Buyer
Audio visual equipment	2,660,880	1,931,910	728,970	490,459	238,511	Negotiation	Akbar Engineering
	925,000	366,146	558,854	794,000	(235,146)	Insurance claim	Adamjee Insurance
Office equipment	14,565,955	8,011,275	6,554,680	2,684,826	3,869,854	Negotiation	Akbar Engineering
Vehicles	23,861,755	11,598,304	12,263,451	16,884,843	(4,621,392)	As per Company Policy	Duraidd Qureshi (Chief Executive)
	20,667,940	14,467,558	6,200,382	6,200,382	-	As per Company Policy	Sultana Siddiqui, a related party
	8,300,000	5,810,000	2,490,000	1,800,000	690,000	Negotiation	Mr. Muhammad Ali Asif
	7,777,500	5,444,250	2,333,250	4,198,192	(1,864,942)	As per Company Policy	Mr. Ather Viqar Azim, an employee
	6,260,250	4,382,175	1,878,075	2,488,880	(610,805)	As per Company Policy	Ms. Maimona Siddiqui, an employee
	5,810,600	4,067,013	1,743,587	2,050,832	(307,245)	As per Company Policy	Mr. Hassan Jawad, an employee
	2,608,210	1,825,747	782,463	1,131,961	(349,498)	As per Company Policy	Mr. Nomaan un Nabi, an employee
	1,918,900	1,343,230	575,670	763,100	(187,430)	As per Company Policy	Mr. Omer Nasir, an employee
	1,693,000	1,185,100	507,900	507,900	-	As per Company Policy	Mr. Manan Zafar, an employee
Items having book value of less than Rs. 500,000	17,488,300	13,908,840	3,579,460	5,846,119	(2,266,659)	Negotiation	Various
June 30, 2020	<u>114,538,290</u>	<u>74,341,548</u>	<u>40,196,742</u>	<u>45,841,494</u>	<u>(5,644,752)</u>		
June 30, 2019	<u>9,955,921</u>	<u>7,210,851</u>	<u>2,745,070</u>	<u>5,251,124</u>	<u>(2,506,054)</u>		

	Note	2020 ----- Rupees -----	2019 -----
4.5 Right of use assets			
As at July 01, 2019			
Cost (Impact of initial application of IFRS 16)	2.3	159,642,866	-
Transfer from operating fixed assets - book value	4.1	45,581,850	-
Net book value		<u>205,224,716</u>	<u>-</u>
Year ended June 30, 2020			
Opening net book value		205,224,716	-
Additions		4,701,600	-
Change due to modification during the year		(31,925,299)	-
Transfer to operating fixed assets- book value	4.1	(14,910,383)	-
Less: Depreciation charge for the period		<u>(33,335,818)</u>	<u>-</u>
Closing net book value		<u>129,754,816</u>	<u>-</u>
As at June 30, 2020			
Cost		165,841,496	-
Accumulated depreciation		<u>(36,086,680)</u>	<u>-</u>
Net book value		<u>129,754,816</u>	<u>-</u>
Land and building		108,023,399	-
Vehicles		<u>21,731,417</u>	<u>-</u>
		<u>129,754,816</u>	<u>-</u>

4.5.1 The right-of-use assets are depreciated on straight line basis over the remaining lease term.

4.5.2 Depreciation for the period on right of use assets has been allocated as follows:

	Note	2020 ----- Rupees -----	2019 -----
Cost of production	24	20,321,304	-
Distribution costs	25	2,120,139	-
Administrative expenses	26	<u>10,894,375</u>	<u>-</u>
		<u>33,335,818</u>	<u>-</u>

Breakup of depreciation of right-of-use assets by class of underlying asset is as follows:

	2020 ----- Rupees -----	2019 -----
Land and building	19,037,661	-
Vehicles	<u>14,298,157</u>	<u>-</u>
	<u>33,335,818</u>	<u>-</u>

	2020 ----- Rupees -----	2019 ----- Rupees -----
4.6 Capital work-in-progress		
Leasehold Land	<u>15,933,877</u>	<u>59,031,934</u>
4.6.1 Movement in capital work-in-progress during the period:		
Balance at beginning of the year	59,031,934	39,849,659
Additions during the period	16,336,036	97,468,713
Transfers during the period	(59,434,093)	(78,286,438)
Balance at end of the period	<u>15,933,877</u>	<u>59,031,934</u>

5 INTANGIBLE ASSETS

	Cost			Accumulated amortization			Book value as at	Amortisation rate
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	For the period	As at June 30, 2020	as at June 30, 2020	% per annum
Computer softwares	58,335,718	-	58,335,718	29,077,132	8,414,953	37,492,085	20,843,633	20 – 33
License fee	10,500,000	-	10,500,000	8,909,880	475,544	9,385,424	1,114,576	6.67
Trade mark	32,713,500	1,008,000	33,721,500	18,019,055	5,553,167	23,572,222	10,149,278	20
June 30, 2020	101,549,218	1,008,000	102,557,218	56,006,067	14,443,664	70,449,731	32,107,487	

	Cost			Accumulated amortization			Book value as at	Amortisation rate
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	For the year	As at June 30, 2019	as at June 30, 2019	% per annum
Computer softwares	45,652,626	12,683,092	58,335,718	21,811,725	7,265,407	29,077,132	29,258,586	20 – 33
License fee	10,500,000	-	10,500,000	8,209,530	700,350	8,909,880	1,590,120	6.67
Trade mark	27,596,500	5,117,000	32,713,500	12,656,330	5,362,725	18,019,055	14,694,445	20
June 30, 2019	83,749,126	17,800,092	101,549,218	42,677,585	13,328,482	56,006,067	45,543,151	

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
5.1 Amortisation for the period has been allocated as follows:			
Cost of production	24	10,649,802	9,722,368
Administrative expenses	26	3,793,862	3,606,114
		<u>14,443,664</u>	<u>13,328,482</u>

6 LONG TERM INVESTMENTS – unquoted subsidiaries

	Country of Incorporation	Holding / Note	2020 ----- Rupees -----	2019 ----- Rupees -----
HUM TV, Inc	United States of America	100%		
10,000 Common stock at \$ 0.01 (\$ 100)			8,603	8,603
Advance for future issue of shares (\$ 200,000)			18,716,750	18,716,750
			18,725,353	18,725,353
HUM Network UK Ltd	United Kingdom	100%		
553,677 Ordinary Share of 1 GBP (GBP 553,677)			95,923,751	95,923,751
Sky Line Publication (Private) Limited	Pakistan	100%		
3,999,997 Ordinary Shares of Rs. 10 each			39,999,970	39,999,970
Provision for impairment		6.1	(39,999,970)	-
			-	39,999,970
HUM Network FZ LLC	United Arab Emirates	100%		
2,400 Ordinary Shares of AED 1000 each (AED 2,400,000)			69,802,371	69,802,371
Advance for future issue of shares (AED 175,431)			4,446,966	4,446,966
			74,249,337	74,249,337
HUMM Co. (Private) Limited	Pakistan	100%		
4 ordinary shares of Rs. 10 each			40	40
HUM Mart (Private) Limited	Pakistan	70%		
14,000,000 ordinary shares of Rs. 10 each			140,000,000	140,000,000
			328,898,481	368,898,451

- 6.1 The Company owns 100% shareholding of Sky Line Publication (Private) Limited (Skyline) as at 30 June 2020 (2019: 100%). The principle business of the subsidiary is publishing a monthly English magazine and production and sales of documentary films. The subsidiary company has incurred a loss after tax amounting to Rs. 12.085 million and accumulated loss amounting to Rs. 88.526 million. As at year end the Company is carrying its investment in Skyline as a subsidiary company at cost less impairment losses, if any.

Skyline is not generating sufficient cashflows and profits and there is no recoverability of investment foreseen in future period by the Company therefore, the management has decided to impair the full cost of investment.

- 6.2 The Company carried out a review of the recoverable amount of the investment in subsidiaries. The Company estimated the recoverable amount by using value-in-use method and market approach and based on that amount concluded that the recoverable amount is higher than the carrying amount. The key assumptions in the value-in-use calculations are the terminal growth rate and the risk-adjusted pre-tax discount rate.

	2020 ----- Rupees -----	2019 ----- Rupees -----
7 LONG TERM DEPOSITS		
Security deposits		
- Lease	1,322,057	665,550
- Rent	6,921,458	7,041,458
- Trade	13,402,934	13,402,934
- Others	3,135,530	3,369,870
	24,781,979	24,479,812
8 TELEVISION PROGRAM COSTS		
Unreleased / released less amortisation	427,380,500	386,400,500
In production	38,743,250	54,213,916
	466,123,750	440,614,416
Less: Current portion	(105,385,799)	(213,385,799)
	360,737,951	227,228,617

	Note	2020 ----- Rupees -----	2019 -----
9 DEFERRED TAX ASSET			
Deductible temporary differences arising in respect of:			
Unused tax credits on subscription income		89,558,636	56,028,518
Provisions		46,431,207	-
Unrealised loss on short term investments - net		1,388,007	1,004,068
Long term lease liabilities - net		830,469	-
Accelerated tax depreciation and amortisation		6,677,184	-
		<u>144,885,503</u>	<u>57,032,586</u>
10 TRADE DEBTS – unsecured			
Considered good	10.4 & 10.5	1,716,753,677	1,776,702,967
Considered doubtful		47,026,912	47,026,912
		<u>1,763,780,589</u>	<u>1,823,729,879</u>
Less: Provision for doubtful debts	10.3	(47,026,912)	(47,026,912)
		<u>1,716,753,677</u>	<u>1,776,702,967</u>
10.1 Particulars of receivable from foreign jurisdictions:			
United Arab Emirates		94,599,792	80,144,846
United Kingdom		100,932,674	109,041,527
United States of America		97,452,537	255,563,623
		<u>292,985,003</u>	<u>444,749,996</u>
These receivables are on contract basis and there are no defaulting parties as of June 30, 2020 and June 30, 2019.			
		2020 ----- Rupees -----	2019 -----
10.2 Include amount receivable from the following related parties:			
HUM TV Inc.		73,370,300	231,026,837
HUM Network UK Limited		100,932,674	109,041,527
		<u>174,302,974</u>	<u>340,068,364</u>
10.3 Provision for doubtful debts			
Opening balance		47,026,912	47,026,912
Charge for the year		-	-
Closing balance		<u>47,026,912</u>	<u>47,026,912</u>
10.4 The aging of trade debts from other than related parties is as follows:			
Neither past due nor impaired		900,247,483	964,693,549
Past due but not impaired			
- 01 to 30 days		351,056,402	296,343,770
- 31 to 60 days		232,427,652	106,919,361
- Over 60 days		58,719,166	68,677,923
		<u>1,542,450,703</u>	<u>1,436,634,603</u>
10.5 The aging of trade debts from related parties is as follows:			
Neither past due nor impaired		-	-
Past due but not impaired			
- 01 to 30 days		-	-
- 31 to 60 days		-	-
- Over 60 days		-	-
		<u>174,302,974</u>	<u>340,068,364</u>
		<u>174,302,974</u>	<u>340,068,364</u>
10.6 The maximum amount outstanding from related parties at any time during the period calculated by reference to month end balances are as follows:			
		2020 ----- Rupees -----	2019 -----
HUM TV Inc.		243,651,336	231,026,837
HUM Network UK Limited		100,932,674	109,041,527
		<u>344,584,010</u>	<u>340,068,364</u>

		2020	2019
		----- Rupees -----	
11	SHORT TERM INVESTMENTS		
	At fair value through profit or loss		
	United Bank Limited 16,000 TFCs having face value of Rs. 5,000 each	-	80,000,000
	Meezan Bank Ltd, Tier II Modaraba Sukuks	-	98,997,624
	Bank of Punjab 2,033 TFCs having face value of Rs.99,860 each	11.1 198,901,230	-
	U Microfinance Bank Limited 8,400 TFCs having face value of Rs.4,994 each	11.1 42,603,862	-
	Quoted Shares		
	Habib Bank Limited 60,000 shares having market value of Rs. 113.26 each	-	6,795,600
	Sui Northern Gas Pipelines Limited 60,000 shares having market value of Rs. 69.49 each	-	4,169,400
	International Steels Limited 50,000 shares having market value of Rs. 39.71 each	-	1,985,500
	Mutual Fund		
	Askari High Yield Scheme 2,958,712 units having net asset value (NAV) of Rs.102.3976	-	302,965,055
	BMA Empress Cash Fund 8,045,078 shares having market value of Rs.10.158 each	-	81,721,902
	At amortised cost		
	Term Deposit Receipts	11.1 -	250,000,000
	Accrued Profit Thereon	-	11,406,493
		-	261,406,493
		241,505,092	838,041,574
11.1	These carry interest ranging from 8.68% to 16.98% (2019: 9.25% to 12.2%).		
12	ADVANCES - unsecured, considered good		
	Interest free advances to:		
	- Producers	52,272,091	85,583,578
	- Suppliers	27,970,135	25,145,355
	- Employees	9,738,189	5,032,134
	- Executives	657,539	657,539
		90,637,954	116,418,606

	Note	2020 ----- Rupees -----	2019 -----
13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Rent		664,500	664,500
- Trade		1,997,207	1,997,207
- Others		1,137,974	933,974
		<u>3,799,681</u>	<u>3,595,681</u>
Prepayments			
- Insurance		15,972,890	10,152,815
- Rent		268,498	1,050,135
- Other		2,213,853	1,834,344
		<u>18,455,241</u>	<u>13,037,294</u>
		<u>22,254,922</u>	<u>16,632,975</u>
14 OTHER RECEIVABLES – considered good			
Sales tax receivable	14.1	101,406,385	89,985,440
Due from related parties	14.2	85,471,159	71,486,212
Income/mark-up accrued		69,589	5,123,109
Other		551,439	-
		<u>187,498,572</u>	<u>166,594,761</u>
Provision for impairment	14.5	(57,605,219)	-
		<u>129,893,353</u>	<u>166,594,761</u>
14.1	As per rule 3(5) of Sindh Sales Tax Special Procedure (withholding) Rule, 2014, registered persons as recipient of advertisement services shall withheld whole of sales tax applicable on the person providing advertisement services. Accordingly, the company is unable to adjust its input tax deducted on purchases of taxable goods and services as 100% of the output tax on the Company's taxable services are being withheld by the recipient of these services. However, Company is in correspondence with the relevant authorities through its legal advisor to resolve the matter.		
14.2	Due from related parties		
HUM TV, Inc.		26,951,421	20,785,391
HUM Mart (Private) Limited		914,519	223,116
Sky Line Publications (Private) Limited		57,605,219	50,477,705
		<u>85,471,159</u>	<u>71,486,212</u>
14.3	The aging of receivables from related parties is as follows:		
Neither past due nor impaired		1,433,365	22,386,092
Past due but not impaired			
- 60 to 90 days		574,813	888,701
- over 90 days		83,462,981	48,211,419
		<u>85,471,159</u>	<u>71,486,212</u>
14.4	The maximum amount outstanding from related parties at any time during the period calculated by reference to month end balances are as follows:		
HUM TV, Inc.		26,951,421	20,785,391
HUM Mart (Private) Limited		914,519	223,116
Skyline Publications (Private) Limited		57,605,219	50,477,705
		<u>85,471,159</u>	<u>71,486,212</u>
14.5	Provision for impairment		
Balance at the beginning of the year		-	-
Provision made during the year		(57,605,219)	-
Balance at the end of the year		<u>(57,605,219)</u>	<u>-</u>
15 CASH AND BANK BALANCES			
Cash in hand		476,780	906,823
Cash at banks			
- in current accounts		19,998,153	47,439,276
- in deposit accounts	15.1	121,154,550	103,696,770
		<u>141,152,703</u>	<u>151,136,046</u>
		<u>141,629,483</u>	<u>152,042,869</u>

15.1 These carry profit at the rates ranging from 6.5% to 11.25% (30 June 2019: 8% to 10.25%) per annum.

16 NON-CURRENT ASSET HELD FOR SALE

During the year, the management of the Company intended to sell land owned by the Company located in Karachi having fair value of Rs. 472,958,100 based on the independent valuation.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020 (Number of shares)	2019	2020 Rupees	2019 Rupees
Ordinary shares of Re. 1/- each			
500,000,000	500,000,000	500,000,000	500,000,000
445,000,000	445,000,000	445,000,000	445,000,000
945,000,000	945,000,000	945,000,000	945,000,000

- 17.1 As at June 30, 2020, institutions and others held 604,969,034 and 340,030,966 shares, respectively (June 30, 2019: 527,163,899 and 417,836,101). Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

	Note	2020 Rupees	2019 Rupees
18 LONG TERM LEASE LIABILITIES			
Opening balance		26,696,674	31,640,170
Impact of initial application of IFRS 16	2.3	158,779,267	-
Balance as at 1 July		185,475,941	31,640,170
Additions during the period	4.5	4,701,600	15,665,850
Change due to modification during the year		(31,925,299)	-
Mark up on lease liabilities	29	22,515,209	2,834,642
Less: Lease rentals paid		(47,492,441)	(23,443,988)
Closing balance	18.1	133,275,010	26,696,674
Current portion of long-term lease liabilities		29,573,737	15,432,771
Long-term lease liabilities		103,701,273	11,263,903

- 18.1 Includes lease finance facility entered into by the Company with commercial banks for vehicles amounting to Rs 115,000,000 (June 2019: Rs. 115,000,000) out of which Rs. 101,173,870 (June 2019: Rs. 88,303,326) remains unutilized at period end. Lease rentals are payable in monthly installments latest by September 2022.

	Note	2020 Rupees	2019 Rupees
19 LONG TERM FINANCING - secured			
Islamic banks			
Diminishing Musharaka - I	19.1	409,771,846	550,555,062
Diminishing Musharaka - II	19.2	312,195,127	400,000,000
		721,966,973	950,555,062
Less: current maturity		(169,835,542)	(257,640,427)
		552,131,431	692,914,635
Conventional bank			
Term Finance Loan	19.2	312,183,996	400,000,000
Less: current maturity		(26,476,058)	(114,269,840)
		285,707,938	285,730,160
		837,839,369	978,644,795

- 19.1 Represent Diminishing Musharaka facility carrying profit at the rate of 6 months KIBOR plus 1% (June 2019: 6 months KIBOR plus 1%) per annum. The financing is repayable by 24 June 2023 in 48 equal monthly instalments commencing after a grace period of 12 months from the date of first disbursement i.e. from June 2018. The loan is secured by way of registered mortgage over the building on leasehold land.

- 19.2 Represent Diminishing Musharaka and Term Finance Loan carrying profit at the rate of 6 months KIBOR plus 1% (June 2019: 6 months KIBOR plus 1%) per annum. The financing is repayable in 48 equal monthly instalments commencing after a grace period of 18 months from the date of first disbursement i.e. December 2017. During the year, the Company has availed the principal deferment facility for LTFF offered by the SBP through BPRD circular no. 13 of 2020 to ease adverse effects of the COVID-19 and to provide relief to the businesses. Hence, the financing is repayable by December 2023. Financing is secured by way of Equitable Mortgage over registered office, first pari passu constructive mortgage charge over land and first hypothecation charge over plant, machinery & equipment.

		2020	2019
	Note	----- Rupees -----	-----
20 TRADE AND OTHER PAYABLES			
Creditors	20.1	309,271,132	611,909,478
Accrued liabilities		77,654,739	142,684,435
Due to related party - HUM Network FZ LLC		46,791,822	43,783,425
Withholding tax payable		42,230,593	20,494,352
Payable to provident fund	20.2	1,273,701	987,442
Others		15,650,426	20,014,011
		<u>492,872,413</u>	<u>839,873,143</u>

20.1 Include amount payable to the following related parties:

M.D Production (Private) Limited	95,940,684	312,232,779
Digital Entertainment World (Private) Limited	45,002,945	24,942,409
	<u>140,943,629</u>	<u>337,175,188</u>

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

		2020	2019
	Note	----- Rupees -----	-----
21 SHORT TERM BORROWINGS – secured			
Short-term running finance– conventional banks	21.1	<u>189,067,264</u>	<u>299,853,260</u>

21.1 Represent facilities obtained from various conventional banks amounting to Rs. 425,000,000 (June 2019: Rs. 475,000,000) out of which Rs. 235,932,736 (June 2019: Rs. 175,146,740) remains unutilized at period end. These facilities carrying markup ranging from 1 month to 3 month KIBOR + 0.75% to 1%. (June 2019: 3 month KIBOR + 0.75% to 1%). These facilities are secured by way of pari passu charge and first hypothecation charge on all current assets of the Company.

21.2 The Company has local bill discounting facilities amounting to Rs. 175,000,000 (June 2019: Rs. 125,000,000) which remain unutilized at the period end. These facilities carrying mark-up rates ranging from 3 months KIBOR + 0.9% to 1% (June 2019: 3 months KIBOR + 0.9% to 1%). These facilities secured by way of pari passu charge and first hypothecation charge on all current assets of the Company.

21.3 The Company has facility against letters of credit aggregating to Rs. 50,000,000 (June 2019: Rs. 50,000,000) which remain unutilized at the period end. These facilities secured by way of lien over import documents.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

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

The tax authorities passed an order under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2014 whereby a tax demand of Rs. 168,166,692 was created. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) (CIR (A)) in respect of the aforesaid order, which is pending adjudication.

Furthermore, the Company has obtained stay from recovery of tax in respect of the above tax demand from the Sindh High Court (the Court), till the decision of appeal. 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.

22.1.1 For tax related matters, refer note 30 to these unconsolidated financial statements.

22.2 Commitments

- 22.2.1** Purchase of television programs commitments with M.D Production (Private) Limited - a related party as at June 30, 2020 amounted to Rs. 155,579,500 (June 30 2019: Rs. 393,586,400). Commitment for purchase of television programs with other than related parties as at June 30, 2020 amounted to Rs. 84,222,500 (June 30, 2019: Rs. 68,207,000).

	Note	2020 ----- Rupees	2019 -----
23 REVENUE – net			
Advertisement revenue		3,086,247,606	3,362,428,689
Production revenue		51,495,210	87,819,118
Digital revenue		42,880,157	21,039,618
Subscription income		483,802,784	370,467,542
Film distribution revenue		15,042,331	137,344,171
	23.1 / 23.2	<u>3,679,468,088</u>	<u>3,979,099,138</u>
23.1 Revenue is net off the following items:			
Sales tax		440,971,672	478,955,790
Discount to customers		248,715,703	266,972,231
		<u>689,687,375</u>	<u>745,928,021</u>
23.2 Represents revenue from the following geographical regions:			
Asia		3,402,041,047	3,651,114,354
America		277,427,041	327,984,784
		<u>3,679,468,088</u>	<u>3,979,099,138</u>
24 COST OF PRODUCTION			
Cost of outsourced programs		1,480,732,577	1,789,111,264
Cost of in-house programs		238,684,117	419,551,943
Cost of inventory consumed		343,582	-
Salaries and benefits	24.1	676,880,163	839,859,606
Depreciation	4.3 & 4.5.2	189,061,497	183,619,450
Traveling and conveyance		39,778,606	52,225,442
Utilities		16,375,383	20,007,980
Rent, rates and taxes		1,839,183	27,286,202
Insurance		22,813,782	25,322,528
Repair and maintenance		20,734,444	20,949,609
Fee and subscription		59,054,645	48,087,109
Communication		17,554,272	17,048,129
Security charges		612,213	1,959,292
Amortisation	5.1	10,649,802	9,722,368
Consultancy		4,956,391	4,726,256
Printing and stationery		1,581,224	843,212
		<u>2,781,651,881</u>	<u>3,460,320,390</u>
In production television programs – opening		54,213,916	91,472,116
In production television programs - closing		(38,743,250)	(54,213,916)
		<u>2,797,122,547</u>	<u>3,497,578,590</u>
Released / unreleased programs - opening		386,400,500	384,062,756
Released / unreleased programs - closing		(427,380,500)	(386,400,500)
		<u>2,756,142,547</u>	<u>3,495,240,846</u>
24.1 Include Rs. 26,580,044 (2019: Rs. 34,826,310/-) in respect of staff retirement benefits.			

25 DISTRIBUTION COSTS

	Note	2020 Rupees	2019 Rupees
Advertisement and promotion		135,202,148	137,878,951
Salaries and benefits	25.1	122,174,629	150,432,615
Traveling and conveyance		9,815,760	12,911,306
Rent, rates and taxes		8,808	548,062
Utilities		867,803	1,047,213
Depreciation	4.3 & 4.5.2	3,261,499	2,812,761
Communication		1,391,337	1,444,235
Insurance		2,716,465	3,069,355
Repair and maintenance		2,186,613	2,032,173
Fees and subscription		1,984,746	1,577,788
Printing and stationery		231,967	307,360
		<u>279,841,775</u>	<u>314,061,819</u>

25.1 Include Rs. 4,987,023 (2019: Rs. 6,656,202/-) in respect of staff retirement benefits.

26 ADMINISTRATIVE EXPENSES

Salaries and benefits	26.1	214,452,376	244,493,042
Technical advisory fee	26.2	41,400,000	41,400,000
Depreciation	4.3 & 4.5.2	52,408,160	47,527,658
Amortisation	5.1	3,793,862	3,606,114
Repair and maintenance		27,738,789	32,341,618
Communication		4,371,987	4,870,597
Traveling and conveyance		52,926,755	33,698,232
Fee and subscription		7,880,334	9,345,583
Utilities		24,561,629	20,219,093
Legal and professional charges		10,413,032	9,594,217
Printing, stationery and periodicals		4,564,302	4,281,745
Rent, rates and taxes		9,366,763	25,860,435
Insurance		4,628,769	5,163,924
Auditors' remuneration	26.3	4,870,158	5,555,682
Security charges		10,272,261	10,836,038
Donation	26.4	1,480,649	-
		<u>475,129,826</u>	<u>498,793,978</u>

26.1 Include Rs. 4,956,932 (2019: Rs.4,109,628/-) in respect of staff retirement benefits.

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

26.3 Auditors' remuneration

	2020 Rupees	2019 Rupees
Audit fee	935,000	935,000
Fee for consolidated financial statements	550,000	550,000
Fee for half yearly review	325,000	325,000
Tax and other assurance services	2,276,560	3,319,402
Out of pocket expenses	783,598	426,280
	<u>4,870,158</u>	<u>5,555,682</u>

26.4 Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of donee and address	Names of interested directors and nature of interest	2020 Rupees	2019 Rupees
Momina and Duraid Foundation (Plot No. 10/11 hassan ali street, off I.I. Chundrigar road, Karachi).	Mr. Duraid Qureshi - Trustee Ms. Sultana Siddiqui - Trustee	1,480,649	-

27 OTHER INCOME**Income / (loss) from financial assets**

Profit on bank accounts	13,005,882	21,567,375
Exchange gain	15,243,773	94,419,150
Dividend income	150,000	6,191,500
Interest / markup income	63,157,955	27,295,102
Unrealised loss on revaluation of investments	(4,188,063)	(6,693,787)
Gain on redemption / sale of investments	1,508,558	5,470,121
	<u>88,878,105</u>	<u>148,249,461</u>

Income from non financial assets

Gain on disposal of operating fixed assets	5,644,752	2,506,054
Sale of content, DVDs and festival revenue	79,128,300	59,983,417
	<u>84,773,052</u>	<u>62,489,471</u>
	<u>173,651,157</u>	<u>210,738,932</u>

	Note	2020 ----- Rupees -----	2019 -----
28 OTHER EXPENSES			
Provision for impairment on other receivables	14	57,605,219	-
Provision for impairment of investment in subsidiary	6	39,999,970	-
		<u>97,605,189</u>	
29 FINANCE COSTS			
Mark-up on long term financing		164,409,120	131,814,772
Mark-up on short term borrowings		53,548,307	4,397,691
Interest on lease liabilities		22,515,209	2,834,642
Bank charges		978,235	4,196,685
		<u>241,450,871</u>	<u>143,243,790</u>
30 TAXATION			
Current		60,681,537	35,955,856
Deferred		(89,973,496)	45,155,111
Prior		6,410,385	46,569
	30.1	<u>(22,881,574)</u>	<u>81,157,536</u>

30.1 The Company has filed its return of income up to tax year 2019. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Company is mainly subject to Minimum Tax Regime under Section 153((1) (b)) of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

30.2 The Company filed a Constitutional Petition (CP) before the Court on September 27, 2018 challenging the tax under section 5A of the Income Tax Ordinance, 2001. The Court accepted the CP and granted a stay against the above section. In case the Court's decision is not in favor of the Company, the Company will either be required to declare the dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Company for the financial year ended June 30, 2018. The management, based on the 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.

Subsequent to the year end, the Sindh High Court (the Court), through its order dated 30 April 2021, declared the insertion of section 5A of the Ordinance as ultra vires to the Constitution of Islamic Republic of Pakistan, 1973 and therefore struck down the provisions of the aforesaid section. Accordingly, in light of the above judgement of the Court, the provisions of section 5A of the Ordinance are no longer applicable on the company, until such matter is decided otherwise by the Honorable Supreme Court.

	2020 ----- Rupees -----	2019 -----
31 LOSS PER SHARE – basic and diluted		
Loss after taxation	<u>(113,238,491)</u>	<u>(535,883,093)</u>
Weighted average number of ordinary shares outstanding during the year	<u>945,000,000</u>	<u>945,000,000</u>
Loss per share (Rupee)	<u>(0.12)</u>	<u>(0.57)</u>

32 EMPLOYEE BENEFITS

As mentioned in note 3.23 to the financial statements, the Company operates recognized gratuity fund scheme for Chief Executive. Contributions are made to the scheme on the basis of actuarial recommendations. The latest actuarial valuation was carried out as at June 30, 2020.

	2020 ----- Rupees -----	2019 -----
(Asset) / liability in respect of gratuity scheme	<u>(551,439)</u>	<u>921,153</u>
Reconciliation of amount (receivable from) / payable to defined benefit plan		
Present value of defined benefit obligation	63,526,561	58,455,579
Fair value of plan assets	<u>(64,078,000)</u>	<u>(57,534,426)</u>
	<u>(551,439)</u>	<u>921,153</u>
Movement in the present value of defined benefit obligation:		
Opening balance	58,455,579	59,407,286
Current service cost	4,316,455	4,534,263
Interest cost	8,066,870	5,940,729
Actuarial gain	<u>(7,312,343)</u>	<u>(11,426,699)</u>
Closing balance	<u>63,526,561</u>	<u>58,455,579</u>
Movement in the fair value of plan assets:		
Opening balance	57,534,426	53,836,332
Return on plan assets	6,543,574	3,698,094
Closing balance	<u>64,078,000</u>	<u>57,534,426</u>

	2020	2019
	Rupees	
Movement in net liability		
Opening balance	921,153	5,570,954
Charge for the year	5,839,751	6,776,898
Actuarial income	(7,312,343)	(11,426,699)
Closing balance	(551,439)	921,153
Charge for the year		
Current service cost	4,316,455	4,534,263
Interest cost - net	8,066,870	5,940,729
Return on plan assets	(6,543,574)	(3,698,094)
	5,839,751	6,776,898

Actuarial remeasurements

Actuarial gain on defined benefit obligations	(7,312,343)	(11,426,699)
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Actuarial assumptions:

Valuation discount rate per annum	8.35%	13.80%
Salary increase rate per annum	8.35%	13.80%
Normal retirement age of employees	60 years	60 years

As of 30 June 2020, only one employee have been covered under the above scheme.

Charge for the next financial year as per the actuarial valuation report amounts to Rs. 4.226 million.

The weighted average duration of the obligation is 8.96 years.

Comparisons for past years:

As at June 30	2020	2019	2018
		Rupees	
Present value of defined benefit obligation	63,526,561	58,455,579	59,407,286
Fair value of plan assets	(64,078,000)	(57,534,426)	(53,836,332)
Deficit	(551,439)	921,153	5,570,954
Experience adjustment on plan liabilities	(7,312,343)	(11,426,699)	-
Experience adjustment on plan assets	-	-	-
	(7,312,343)	(11,426,699)	-

Composition of plan assets

	2020	2019
	(Rupees)	
Mutual Fund	-	73,407,829
Cash at bank	81,433,446	2,371,652

Unconsolidated statement of financial position date sensitivity analysis (+ 100 bps) on present value of defined benefit obligation:

	2020			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees)			
Present value of defined benefit obligation	(5,399,376)	5,989,622	6,129,842	(5,613,826)
	2019			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees)			
Present value of defined benefit obligation	(5,125,532)	5,704,642	5,844,881	(5,329,876)

Significant risks**Final salary risk**

The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

The fund assets are almost entirely invested in banks saving accounts which is subject to the risk of change in interest rate by the bank. This give rise to significant reinvestment risk.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Life expectancy / Withdrawal rate

The Gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Company for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Company like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Company.

Model risk

The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.

Investment risk

The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

33 CASH GENERATED FROM OPERATIONS

Loss before taxation

2020	2019
---- (Rupees) ----	
(136,120,065)	(454,725,557)

Adjustments for :

Depreciation
Amortisation
Finance costs
Provision for employee retirement benefit
Unrealized exchange gain
Profit on deposit accounts
Gain on disposal of operating fixed assets
Profit on redemption / sale of investments
Dividend income
Provision for impairment
Unrealised loss on revaluation of investments

244,731,156	233,959,869
14,443,664	13,328,482
241,450,871	143,243,789
5,839,751	-
(15,243,773)	(90,279,117)
(13,005,882)	(21,567,375)
(5,644,752)	(2,506,054)
(1,508,558)	(5,470,121)
(150,000)	(6,191,500)
97,605,189	-
4,188,063	6,693,787
572,705,729	271,211,760

(Increase) / decrease in current assets

Inventories
Current portion of television program costs
Trade debts
Advances
Trade deposits and short term prepayments
Other receivables

2,548,010	(1,335,471)
108,000,000	5,978,911
75,193,063	51,682,039
25,780,652	87,030,962
(5,621,947)	6,699,043
(21,551,798)	6,628,080
184,347,980	156,683,564

Increase / (decrease) in current liabilities

Trade and other payables
Advance from customers

(347,000,730)	215,503,137
6,496,616	(3,813,751)
280,429,530	184,859,153

HUM NETWORK LIMITED

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020				2019			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
Managerial remuneration	31,161,290	-	2,000,000	174,042,409	50,784,713	-	2,000,000	229,130,899
Bonus	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	12,642,819	-	-	-	17,690,444
House rent	14,022,581	-	-	68,533,943	14,022,581	-	-	91,590,274
Utilities	3,116,129	-	-	15,229,765	3,116,129	-	-	20,353,395
Technical advisory fee	-	41,400,000	-	-	-	41,400,000	-	-
Fuel and conveyance	1,363,515	834,389	499,832	9,921,361	1,498,835	888,326	532,607	11,967,126
	49,663,515	42,234,389	2,499,832	289,370,297	69,422,258	42,288,326	2,532,607	370,732,138
Number	1	1	1	50	1	1	1	50

34.1 The Chief Executive, Executive Director and certain Executives are also provided with free use of Company maintained cars in accordance with the Company's policy and reimbursement of expenses related to business travel.

34.2 The aggregate amount charged in the financial statements for meeting fee to 4 non-executive directors amounted to Rs.675,000 (2019: Rs. 825,000)

34.3 Managerial remuneration of chief executive includes Rs. Nil (2019: Rs. 15,960,000) in respect of relocation allowance.

35 TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	2020	2019
		Rupees	
Subsidiaries	Expenses paid on behalf of the Company	26,402,224	83,229,741
	Expenses paid on behalf of the subsidiary	7,127,514	14,201,378
	Payment made on behalf of company	33,520,000	-
	Payment received on behalf of subsidiary	27,923,250	18,467,620
	Payment received on behalf of the Company	2,245,512	-
	Management fee	4,810,500	4,767,000
	Payment received during the year	314,797,666	67,989,235
	Payment made during the year	146,709,346	-
	Professional services acquired	54,527,947	47,442,410
	Subscription income	46,985,174	43,036,481
	Investment made during the year	-	80,000,020
	Purchases of goods	6,709,346	-
Associates	Purchases of television programs rights	1,142,964,102	1,347,948,277
	Expenses paid on behalf of the associate	18,238,705	-
	Commission income	8,607,145	-
	Payment made during the period	1,337,379,266	1,280,991,383
	Payment received on behalf of associate	12,073,309	-
Others	Contribution to the provident fund	36,523,999	45,592,140

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

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

S.No.	Company Name	Basis of association	Aggregate % of shareholding
1	Skylight Publications (Private) Limited	Subsidiary	100%
2	HUM TV Inc.	Subsidiary	100%
3	HUM Network FZ LLC	Subsidiary	100%
4	HUM Network UK Limited	Subsidiary	100%
5	HUM Mart (Private) Limited	Subsidiary	70%
6	M.D Productions (Private) Limited	Common directorship (35.1.1)	-
7	Momina & Duraid Films (Private) Limited	Common directorship (35.1.1)	-
8	Momina and Duraid Foundation	Common directorship (35.1.1)	-
9	Digital Entertainment World (Private) Limited	Associate	-
10	HUM Network Limited- Employees' Provident Fund	Retirement Fund	-
11	Ms. Sultana Siddiqui	Director	0.02%
12	Mr. Mazhar ul Haq Siddiqui	Director	-
13	Mr. Duraid Qureshi	Director	24.30%
14	Mr. Shunaid Qureshi	Director	5.38%
15	Mrs. Mahtab Akbar Rashdi	Director	-
16	Li Gen (R) Asif Yasin Malik	Director	-
17	Mr. Hasan Reza ur Rahim	Director	-
18	Mr. Sohail Ansar	Director	-
19	Ms. Nabigha Nasser Masood	Director	-
20	Mr. Muhammad Abbas Hussain	Key management Personnel	-
21	Mr. Mohsin Naeem	Key management Personnel	-

35.1.1 These entities are associated companies / undertakings of the Company under Companies Act, 2017.

35.2 Subsidiaries incorporated outside Pakistan:

Name	Country of Incorporation
HUM TV, Inc.	United States of America
HUM Network FZ LLC	United Arab Emirates
HUM Network UK Limited	United Kingdom

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

		2020	2019
	Note	Rupees	Rupees
36 FINANCIAL INSTRUMENTS BY CATEGORY			
36.1 Financial assets as per statement of financial position			
Financial assets at amortised cost			
- Long term deposits	7	24,781,979	24,479,812
- Trade debts	10	1,716,753,677	1,776,702,967
- Short term investments	11	-	261,406,493
- Trade deposits	13	3,799,681	3,595,681
- Other receivables	14	28,486,968	76,609,321
- Cash and bank balances	15	141,629,483	152,042,869
		<u>1,915,451,788</u>	<u>2,294,837,143</u>
Financial assets at fair value through profit or loss			
- Short term investments	11	<u>241,505,092</u>	<u>576,635,081</u>
36.2 Financial liabilities as per statement of financial position			
Financial liabilities at amortised cost			
- Long term financing	19	837,839,369	978,644,795
- Trade and other payables	20	450,641,820	826,511,303
- Accrued mark-up		2,860,434	5,490,094
- Short term borrowings	21	189,067,264	299,853,260
- Current portion of long term financing	19	196,311,600	371,910,267
- Unclaimed dividend		5,948,490	5,948,490
- Unpaid dividend		205,159	205,159
		<u>1,682,874,136</u>	<u>2,488,563,368</u>

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

COVID-19 has adversely impacted the Company as explained in detail in note 1.3 of these unconsolidated financial statements. The Company's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

The Board of Directors review and agree policies for managing each of these risks which are summarized below:

37.1 Market risk

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

37.2 Interest rate risk

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

Sensitivity analysis:

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

	Increase / decrease in basis points	Effect on profit before taxation Rupees
June 30, 2020	+100	(11,149,882)
	-100	11,149,882
June 30, 2019	+100	(8,390,634)
	-100	8,390,634

37.3 Currency risk

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

	----- June 30, 2020 -----			----- June 30, 2019 -----		
	AED	US Dollar	GBP	AED	US Dollar	GBP
Trade debts	-	1,139,901	492,354	-	2,112,901	550,715
Other receivables	-	160,808	-	-	100,808	-
Trade and other payables	(1,028,392)	(406,532)	-	(1,029,740)	(257,260)	-
	----- Rupees -----			----- Rupees -----		
Closing exchange rates	45.5	167.6	205	42.5	158.9	198

Sensitivity analysis:

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

	Change in AED rate (%)	Effect on profit before tax --- Rupees ---	Change in US dollar rate (%)	Effect on profit before tax --- Rupees ---	Change in GBP rate (%)	Effect on profit before tax --- Rupees ---
June 30, 2020	+10	(4,679,182)	+10	14,986,407	+10	10,093,257
	-10	4,679,182	-10	(14,986,407)	-10	(10,093,257)
June 30, 2019	+10	(4,378,343)	+10	31,087,975	+10	10,904,157
	-10	4,378,343	-10	(31,087,975)	-10	(10,904,157)

37.4 Equity price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total investments. Reports on the investments portfolio are submitted to the Company's senior management on a regular basis.

As of the statement of financial position date, the exposure to investments at fair value through profit or loss was Rs. 241,505,092 (30 June 2019: Rs. 397,637,457).

37.5 Credit risk

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

The risk management function is regularly conducting detailed analysis on sectors / industries to identify the degree by which the Company's customers and their businesses have been impacted amid COVID-19. Keeping in view short-term and long-term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors and other internal guidelines.

Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counterparty is taken into account along with the financial background so as to minimize the risk of default.
- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of their credit ratings, financial statements, credit worthiness and market information on a regular basis.
- Cash is held with reputable banks only.

As of the unconsolidated statement of financial position date, the Company is exposed to credit risk on the following assets:

	2020	2019
	----- Rupees -----	
- Long term deposits	24,781,979	24,479,812
- Trade debts	1,716,753,677	1,776,702,967
- Short term investments	189,067,264	838,041,574
- Trade deposits	3,799,681	3,595,681
- Other receivables	28,486,968	76,609,321
- Bank balances	141,152,703	151,136,046
	<u>2,104,042,272</u>	<u>2,870,565,401</u>

Quality of financial assets

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

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
Trade debts			
Customers with no defaults in the past one year		1,716,753,677	1,776,702,967
Customers with some defaults in past one year		47,026,912	47,026,912
	10	<u>1,763,780,589</u>	<u>1,823,729,879</u>
Bank balances			
A1+	15	141,146,955	151,136,046
A1		5,748	-
		<u>141,152,703</u>	<u>151,136,046</u>
Short term investments			
Mutual funds	AM4++ A(f)	-	81,721,902
		-	302,965,055
		-	384,686,957
Quoted shares	A1+ A1	-	6,795,600
		-	6,154,900
		-	12,950,500
Term deposit receipt	A1 A1+ A-	-	106,684,931
		-	101,496,082
		-	53,225,480
		-	261,406,493
Term finance certificate	AA+ AA- A-	-	80,000,000
		198,901,230	-
		42,603,862	-
Sukuks	AA	-	98,997,624
	11	<u>241,505,092</u>	<u>838,041,574</u>

37.6 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines.

Due to COVID-19 outbreak the Company's customers and their businesses have been adversely impacted. The management is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed.

The table below summarizes the maturity profile of the Company's financial liabilities as at the following reporting dates:

2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Long term lease liabilities	-	4,879,289	25,841,107	170,774,112	201,494,508
Long term financing	-	60,558,183	237,647,543	949,485,375	1,247,691,101
Trade and other payables	56,515,726	330,410,145	62,442,248	-	449,368,119
Short term borrowing	-	189,067,264	-	-	189,067,264
Accrued mark-up	2,860,434	-	-	-	2,860,434
	<u>59,376,160</u>	<u>584,914,881</u>	<u>325,930,898</u>	<u>1,120,259,487</u>	<u>2,090,481,426</u>
2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Long term lease liabilities	-	3,920,957	12,904,298	12,305,768	29,131,023
Long term financing	-	134,638,297	394,720,972	1,161,015,277	1,690,374,546
Trade and other payables	87,246,204	281,923,261	457,341,837	-	826,511,302
Short term borrowing	-	299,853,260	-	-	299,853,260
Accrued mark-up	5,490,094	-	-	-	5,490,094
	<u>92,736,298</u>	<u>720,335,775</u>	<u>864,967,107</u>	<u>1,173,321,045</u>	<u>2,851,360,225</u>

37.6.1 Changes in liabilities from financing activities

	1-Jul-19	Cash Flows	New leases	Others	30-Jun-20
			(Rupees)		
Long term financing	1,350,555,062	(316,404,093)	-	-	1,034,150,969
Long term lease liabilities	185,475,941	(47,492,441)	4,701,600	22,515,209	133,275,010

	1-Jul-18	Cash Flows	New leases	Others	30-Jun-19
			(Rupees)		
Long term financing	1,105,869,000	244,686,062	-	-	1,350,555,062
Long term lease liabilities	31,640,170	(23,443,988)	15,665,850	2,834,642	26,696,674

37.6.2 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statements appropriate their fair values.

37.7 Capital risk

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

	Note	2020 Rupees	2019 Rupees
Long term lease liabilities	18	103,701,273	11,263,903
Long term financing	19	837,839,369	978,644,795
Trade and other payable	20	492,872,413	847,005,655
Accrued markup		2,860,434	5,490,094
Short term borrowing	21	189,067,264	299,853,260
Current portion of long term lease liabilities	18	29,573,737	15,432,771
Current portion of long term financing	19	196,311,600	371,910,267
Total debt		1,852,226,090	2,529,600,745
Cash and bank balances	15	(141,629,483)	(152,042,869)
Net debt		1,710,596,607	2,377,557,876
Share capital	17	945,000,000	945,000,000
Unappropriated profit		2,104,074,108	2,212,120,835
Total equity		3,049,074,108	3,157,120,835
Capital		4,759,670,715	5,534,678,711
Gearing ratio		35.94%	42.96%

37.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

Assets measured at fair value

	2020				2019
	Level 1	Level 2	Level 3	Total	
	(Rupees)				
Short term investments	241,505,092	-	-	241,505,092	576,635,081

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

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

38 OPERATING SEGMENTS

For management purposes, the Company has determined following reportable operating segments on the basis of areas of operations i.e. entertainment and news.

Entertainment segment is engaged in advertisement, entertainment and media marketing.

News segments is engaged in broadcasting of news programs.

	Entertainment		News		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Net revenue from external customer	<u>3,480,085,360</u>	<u>3,843,606,721</u>	<u>199,382,728</u>	<u>135,492,417</u>	<u>3,679,468,088</u>	<u>3,979,099,138</u>
Result						
Segment profit / (loss)	<u>1,074,284,452</u>	<u>763,310,423</u>	<u>(569,869,788)</u>	<u>(786,737,144)</u>	<u>504,414,664</u>	<u>(23,426,721)</u>
Taxation					<u>22,881,574</u>	<u>(81,157,536)</u>
Unallocated income / (expenses) :						
Administrative expenses					<u>(475,129,826)</u>	<u>(498,793,978)</u>
Other Expenses					<u>(97,605,189)</u>	
Other income					<u>173,651,157</u>	<u>210,738,932</u>
Finance cost					<u>(241,450,871)</u>	<u>(143,243,790)</u>
Loss for the period					<u>(113,238,491)</u>	<u>(535,883,093)</u>
Other information						
Amortization	<u>(9,281,408)</u>	<u>(8,600,396)</u>	<u>(5,162,256)</u>	<u>(4,728,086)</u>	<u>(14,443,664)</u>	<u>(13,328,482)</u>
Depreciation	<u>(59,343,078)</u>	<u>(65,564,147)</u>	<u>(185,388,078)</u>	<u>(168,395,722)</u>	<u>(244,731,156)</u>	<u>(233,959,869)</u>
Segment assets	<u>360,646,848</u>	<u>297,982,756</u>	<u>1,053,331,155</u>	<u>1,242,004,621</u>	<u>1,413,978,003</u>	<u>1,539,987,377</u>
Unallocated Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,507,104,972</u>	<u>4,152,887,852</u>
	<u>360,646,848</u>	<u>297,982,756</u>	<u>1,053,331,155</u>	<u>1,242,004,621</u>	<u>4,921,082,975</u>	<u>5,692,875,229</u>
Capital expenditure	<u>72,735,426</u>	<u>97,827,819</u>	<u>10,297,652</u>	<u>116,163,532</u>	<u>83,033,078</u>	<u>213,991,351</u>
Segment liabilities	<u>669,553,359</u>	<u>850,456,148</u>	<u>1,202,455,508</u>	<u>1,685,298,246</u>	<u>1,872,008,867</u>	<u>2,535,754,394</u>

- 38.1 Revenue from two major customers of the Company during the period constituted 69% (June 30, 2019: 62% - three Customers) of the total revenue.

39 NUMBER OF EMPLOYEES

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

	2020	2019
Total number of employees	<u>771</u>	<u>791</u>
Average number of employees during the period	<u>789</u>	<u>883</u>

40 SUBSEQUENT EVENT

On 16 July 2020, the Company has disposed off the land located in karachi classified as held for sale at the consideration of Rs. 493,340,000.

41 GENERAL

41.1 For better presentation, certain prior year figures have been reclassified consequent to certain changes in current period presentation.

41.2 Figures have been rounded off to the nearest Rupee

42 DATE OF AUTHORIZATION

These financial statements have been authorised for issue on June 14, 2021 by the Board of Directors of the Company.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS



Building a better
working world

INDEPENDENT AUDITOR'S REPORT To the members of Hum Network Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Hum Network Limited (the Holding Company), and its subsidiary companies (the Group) which comprise the consolidated statement of financial position as at 30 June 2020 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
1. Net realizable value of television program costs	
<p>As of the year end, the balance of television program costs amounted to Rs. 466,123,750 which represents unamortized cost of completed television programs and television programs in production.</p> <p>As per the accounting policy of the Group, television program costs and acquired television program licenses and rights are charged to expense based on the ratio of the revenues earned till date to total revenues to be earned from the program including future estimated revenues, less cost expensed in prior years on an individual program basis.</p> <p>Allocation of television program costs over several accounting periods based on estimates of revenue involve significant judgement of the management which may have a significant impact on the consolidated financial statements. For this reason, we have identified this area as key audit matter.</p> <p>Refer notes 3.6, 8 and 24 to the consolidated financial statements.</p>	<p>Our audit procedures amongst others, comprised reviewing the appropriateness of the accounting policy of the Group in accordance with the applicable financial reporting standards. Further, we obtained understanding of the revenue estimation and amortization process of the Group.</p> <p>In this regard, we selected a sample of television programs and considered the factors used by the management for revenue estimation and amortization of television program cost including:</p> <ul style="list-style-type: none"> • historic experience of revenue earned by similar programs; • ratings of the program from available evidences; • rates used by the Group and its fluctuation based on the trend analysis; and • we also considered subsequent events which may have an impact on unamortized cost. <p>We also evaluated whether adequate disclosures have been made in the accompanying consolidated financial statements in accordance with the applicable financial reporting standards.</p>

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

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

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

Responsibility of Management and Board of Directors for the Consolidated Financial Statements

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

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

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

Auditor's Responsibility for the audit of the Consolidated Financial Statements

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

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

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

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Sd/-

Ey Ford Rhodes
Chartered Accountants
Place: Karachi
Date: June 16, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 ----- Rupees -----	2019 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,399,715,699	1,530,839,523
Intangible assets	5	110,838,386	127,507,933
Long term investments	6	73,387,086	77,195,824
Long term deposits	7	27,032,386	41,449,670
Television program costs	8	360,737,951	227,228,617
Deferred tax asset	9	161,689,721	75,817,744
		2,133,401,229	2,080,039,311
CURRENT ASSETS			
Inventories		44,130,860	61,876,831
Current portion of television program costs	8	105,385,799	213,385,799
Trade debts	10	2,089,810,853	1,888,525,902
Short term investments	11	241,505,092	838,041,574
Advances	12	106,122,200	154,148,617
Trade deposits and short-term prepayments	13	42,495,903	20,483,767
Other receivables	14	110,529,571	204,777,946
Taxation – net		180,574,832	175,847,060
Cash and bank balances	15	268,697,823	361,610,061
		3,189,252,933	3,918,697,557
Non-current asset held for sale	16	16,507,087	-
TOTAL ASSETS		5,339,161,249	5,998,736,868
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 1,500,000,000 (2019: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	945,000,000	945,000,000
Revenue Reserves		2,096,403,506	2,276,458,987
Attributable to owners of the Holding Company		3,041,403,506	3,221,458,987
Non-controlling interest		1,064,284	55,144,321
		3,042,467,790	3,276,603,308
NON-CURRENT LIABILITIES			
Long term lease liabilities	18	104,833,723	11,263,903
Long term financing	19	837,839,369	978,644,795
Staff retirement benefits		28,453,198	-
		971,126,290	989,908,698
CURRENT LIABILITIES			
Trade and other payables	20	657,637,341	1,006,160,499
Advance from customers		238,044,221	27,142,240
Accrued mark-up		3,210,149	5,572,176
Short term borrowings	21	189,067,264	299,853,260
Unclaimed dividend		5,948,490	5,948,490
Unpaid dividend		205,159	205,159
Current portion of long term lease liabilities	18	35,142,945	15,432,771
Current portion of long term financing	19	196,311,600	371,910,267
		1,325,567,169	1,732,224,862
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		5,339,161,249	5,998,736,868

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

HUM NETWORK LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- Rupees -----	2019 -----
Revenue	23	4,645,325,787	4,786,716,290
Cost of production	24	(3,188,456,727)	(3,722,553,077)
Transmission cost		(440,082,741)	(460,431,388)
		(3,628,539,468)	(4,182,984,465)
Gross profit		1,016,786,319	603,731,825
Distribution costs	25	(356,436,868)	(453,623,052)
Administrative expenses	26	(698,912,624)	(714,402,151)
Other expenses	27	(263,202,006)	(19,915,940)
Other income	28	276,510,077	203,520,514
Operating loss		(25,255,102)	(380,688,804)
Finance costs	29	(244,973,245)	(144,476,637)
		(270,228,347)	(525,165,441)
Share of net profit of associate	6	7,228,162	3,837,024
Loss before taxation		(263,000,185)	(521,328,417)
Taxation	30	15,831,667	(128,351,818)
Loss after taxation		(247,168,518)	(649,680,235)
Attributable to:			
Owners of the Holding Company		(193,088,481)	(644,824,556)
Non-controlling interests		(54,080,037)	(4,855,679)
		(247,168,518)	(649,680,235)
Loss per share – basic and diluted (Rupee)	31	(0.20)	(0.68)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	2020 ----- Rupees -----	2019 -----
Loss after taxation	(247,168,518)	(649,680,235)
Other comprehensive income for the year		
Items that will not be reclassified subsequently to statement of profit or loss		
Remeasurement gains on defined benefits plan - net of tax	5,191,764	-
Items that may be reclassified subsequently to statement of profit or loss		
Effect of translation of net investment in foreign subsidiary companies	7,841,236	101,806,308
Total comprehensive loss for the year	<u>(234,135,518)</u>	<u>(547,873,927)</u>
Attributable to:		
Owners of the Holding Company	(180,055,481)	(543,018,248)
Non-controlling interests	<u>(54,080,037)</u>	<u>(4,855,679)</u>
	<u>(234,135,518)</u>	<u>(547,873,927)</u>

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves			Non- controlling interest	Total
		Foreign exchange translation reserve	Unappropria ted profit	Sub-total		
	----- Rupees -----					
Balance as at June 30, 2018	945,000,000	50,033,078	2,769,444,157	2,819,477,235	-	3,764,477,235
Shares issued to non-controlling-interest	-	-	-	-	60,000,000	60,000,000
Loss attributable to non-controlling interests for the year	-	-	-	-	(4,855,679)	(4,855,679)
	-	-	-	-	55,144,321	55,144,321
Loss for the year	-	-	(644,824,556)	(644,824,556)	-	(644,824,556)
Other comprehensive income	-	101,806,308	-	101,806,308	-	101,806,308
Total comprehensive income / (loss) for the year	-	101,806,308	(644,824,556)	(543,018,248)	-	(543,018,248)
Balance as at June 30, 2019	945,000,000	151,839,386	2,124,619,601	2,276,458,987	55,144,321	3,276,603,308
Loss attributable to non-controlling interests for the year	-	-	-	-	(54,080,037)	(54,080,037)
	-	-	-	-	(54,080,037)	(54,080,037)
Loss for the year	-	-	(193,088,481)	(193,088,481)	-	(193,088,481)
Other comprehensive income	-	7,841,236	5,191,764	13,033,000	-	13,033,000
Total comprehensive income / (loss) for the year	-	7,841,236	(187,896,717)	(180,055,481)	-	(180,055,481)
Balance as at June 30, 2020	945,000,000	159,680,622	1,936,722,884	2,096,403,506	1,064,284	3,042,467,790

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- Rupees -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	205,153,018	164,000,251
Taxes paid		(74,833,979)	(128,993,023)
Finance costs paid		(247,335,272)	(141,335,989)
Profit received on deposit accounts		12,443,154	22,404,104
Long term deposits		14,417,284	(2,231,163)
Television program costs		(133,509,334)	28,941,545
Net cash used in operating activities		(223,665,129)	(57,214,275)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(44,455,693)	(203,583,836)
Additions to intangible assets		(1,008,000)	(34,781,273)
Short term investments - net		593,856,977	(239,016,684)
Long term investments		-	(73,358,800)
Dividend received		-	6,191,500
Proceeds from disposal of operating fixed assets		45,841,494	5,279,827
Net cash generated from / (used in) investing activities		594,234,778	(539,269,266)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		(316,404,093)	244,686,062
Issuance of shares to non-controlling interest		-	60,000,000
Lease rentals paid		(36,291,798)	(4,943,496)
Net cash (used in) / generated from financing activities		(352,695,891)	299,742,566
Net increase / (decrease) in cash and cash equivalents		17,873,758	(296,740,975)
Cash and cash equivalents at the beginning of the period		61,756,801	358,497,776
Cash and cash equivalents at the end of the period		79,630,559	61,756,801
Cash and cash equivalents			
Cash and bank balances		268,697,823	361,610,061
Short-term running finance		(189,067,264)	(299,853,260)
		79,630,559	61,756,801

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 THE GROUP AND ITS OPERATIONS

- 1.1 HUM Network Limited (the Holding Company) was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Holding Company are quoted on Pakistan Stock Exchange.
- 1.2 The Holding Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.

The 'Group' consists of

Holding Company

HUM Network Limited

Subsidiary Companies

	2020	2019
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK Limited	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (Private) Limited	100%	100%
HUM Mart (Private) Limited	70%	70%

1.3 Nature of operations of subsidiaries

HUM TV, Inc., HUM Network UK LTD and HUM Network FZ LLC have been established with the purpose of providing entertainment programmes to the South Asian community by increasing presence in the United States of America (USA), Canada, UK and UAE respectively. HUM Network UK LTD has 100% equity in HUM News Limited, which is engaged in business of transmission of news for UK audience. The subsidiary companies will also serve as a platform for the Holding Company to explore avenues for greater distribution of the Holding Company brands in USA, Canada, UK and UAE and will establish relations with advertisers, as well as develop US-based media materials, such as dramas, documentaries and other entertainment shows and events.

Skyline Publication (Private) Limited (SPL) is engaged in the publications of books and magazines. SPL has 100% equity in Newline Publication (Private) Limited (NPL), which is engaged in publishing "Newline" a monthly English magazine. Pursuant to the scheme of arrangement duly approved by the Board of Directors of NPL (Transferor Company) and SPL (Transferee Company), as required under section 284 (2) of the Companies Act, 2017 for the amalgamation of Transferor Company, with and into the Transferee Company, NPL stand merged into the SPL with effect from 30th June 2019. The said merger was acknowledged by Company Registration Office, Karachi on 13th January 2020.

HUMM Co. (Private) Limited has been established with the purpose of developing and producing contents, shows and programs. A scheme of merger, by way of amalgamation, of M.D Productions (Private) Limited, a related party with and into Humm Co. (Private) Limited was approved by the Board of Directors of the Holding Company on September 22, 2016. During the year, the petition for the scheme of arrangement has been withdrawn by the Holding Company on April 23, 2019 due to inordinate delay in the matter proceeding with the High Court.

HUM Mart (Private) Limited engaged in the business of online shopping for grocery, household items and consumer goods.

1.4 Impact of COVID-19 on the consolidated financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

Despite the challenging operating environment, the Group has been able to continue its operations by implementing strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to Group.

The Group expects that like other sectors of the economy, the media and entertainment industry also to be under pressure. However, the business and financial strategies, and the operational decision are designed to move the Group from strength to strength, and to ensure operations in a sustainable way during these economic crisis. The management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of television program costs, provisions and contingent liabilities under IAS 37.

The Group carried out an assessment including financial and non-financial consideration such as debt covenant compliance, liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the consolidated financial statements.

1.5 Geographical location and address of business units

Registered office	Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
Head office – Karachi	B.R.R Tower, Hassan Ali Street, Off. I.I. Chundrigar Road
City offices – Karachi	Alfalah Court, I.I Chundrigar Road
City office – Islamabad	2A, I&T center, sector G-6/1
City office – Lahore	House # 58, R-24, Masson Road
City office – Peshawar	Plot No. 7-A, 29 The Mall, Peshawar Cantonment
City office – Quetta	House # 3, Phase II, Shahbaz town
City office – Multan	Ghous-e-Azam Road, Bismillah Colony
HUM Network UK Limited	38-P Alum rock road, Birmingham, England. 2 Hemlet Mews, London
HUM News Limited	Evergreen Houes North Third Floor, Office Suite 311, Grafton Place, Euston London, United Kingdom.
HUM Network FZ LLC	Office G-01 Boutique Studio City, Dubai, UAE.
Skyline Publication (Private) Limited	Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi,
Hum Mart (Private) Limited	Plot # SR-7, Shed # A-2, Survey 413, Sector 7 A, Korangi Industrial Area, Karachi.
HUM TV, Inc.	6201 Bonhomme Road, 180N, Houston Texas.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

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

2.2 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost convention, except otherwise specifically stated.

2.3 New and amended standards

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

IFRS 9	-	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	-	Regulatory Deferral Accounts
IFRS 16	-	Leases
IFRS 16	-	COVID 19 Related Rent Concessions (Amendments)
IAS 19	-	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	-	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	-	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3	-	Business Combinations - Previously held Interests in a joint operation
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	-	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	-	Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Group's consolidated financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 - Leases

IFRS 16 'Leases' supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Group comprises of lease arrangements giving it the right-of-use over properties utilized as office building and other land on rentals.

The Group adopted IFRS 16 with effect from July 01, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the Group to use a single discount rate to a portfolio of leases with similar characteristics. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases).

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;
- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Group has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Group has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Group is reasonably certain to exercise and option to terminate which the Group is not reasonably certain to exercise.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as at June 30, 2019 as follows:

The impact of adoption of IFRS 16 as at July 01, 2019 is as follows:

Operating lease commitments as at June 30, 2019	287,819,176
Impact of discounting	(111,023,685)
Total lease liability as at July 01, 2019	<u>176,795,491</u>
Weighted average incremental borrowing rate as at July 01, 2019	<u>14.11%</u>

The impact of the amendment of IFRS 16 "COVID 19 Related Rent Concessions" did not have any material impact on the Group.

Assets

Property, plant & equipment - right-of-use asset	178,759,090
Prepayments	(1,963,599)
Total Assets	<u>176,795,491</u>

Liabilities

Lease liabilities	<u>176,795,491</u>
Deferred taxation	<u>569,444</u>

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standards and amendments	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	01 January 2020
IFRS 3 - Reference to conceptual framework (Amendments)	01 January 2022
IFRS 7, IFRS 9 & IAS 39 - Interest rate benchmark reforms (Amendments)	01 January 2020
IFRS 10 & IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1/ IAS 8 - Definition of Material (Amendments)	01 January 2020
IAS 1 - Classification of liabilities as current or non-current (Amendments)	01 January 2022*
IAS 16 - Proceeds before intended use (Amendments)	01 January 2022
IAS 37 - Onerous contracts - cost of fulfilling a contract (Amendments)	01 January 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

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

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture – Taxation in fair value measurements	01 January 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Property, plant and equipment and intangible assets (note 4 & 5)

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

Television program costs (note 8)

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

Income taxes (note 9)

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.

Impairment of financial assets (note 3.9)

The Group uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Group's various customer that have similar loss patterns

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets exposed to credit risk is disclosed in note 37.5.

Contingencies (note 22)

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

Leases- Estimating the incremental borrowing rate (note 18)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Leases- Determination of the lease term for lease contracts with extension and termination options (note 18)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

Subsidiary is a entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

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

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends within the Group are eliminated in full.

Non-controlling interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of subsidiary company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit or loss account or retained earnings, as appropriate.

3.2 Investment in associate

Associates are all entities over which the Group has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition other comprehensive income is recognised in the Group's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Group's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to un-appropriated profit. Gain on transaction between the Group and its associate are eliminated to the extent of the Group's interest in associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the profit or loss.

3.3 Property, plant and equipment

3.3.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to consolidated statement of profit or loss using straight line method so as to write off the historical cost of the assets over their estimated useful lives. 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 of.

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

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

The assets' residual values, useful lives and method of depreciation are revised, and adjusted if appropriate, at each consolidated statement of financial position date.

3.3.2 Right-of-use assets

The Group recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful life, except for the leases in which ownership of the underlying assets transfer to the lessee by the end of the lease term or cost of right of use assets reflects that the lessee will exercise a purchase option, the Group depreciate those right of use asset over the useful life of the underlying asset.

3.3.3 Capital work-in-progress

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

3.4 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.

3.5 Intangible assets

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

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

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

3.6 Television program costs

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

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

3.7 Non current assets held for sale

Non current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

3.8 Inventories

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

Provision is made for obsolete and slow moving stock-in-trade based on management's best estimate and is recognised in the statement of profit or loss.

3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Under IFRS 9 Financial assets are classified, at initial recognition, as subsequently measured at following:

- (a) at amortised cost
- (b) at fair value through profit or loss (FVTPL); and
- (c) at fair value through other comprehensive income (FVOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(a) At amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) At fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(c) At fair value through other comprehensive income

A debt instruments is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in unconsolidated statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

These assets are subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)

These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As at the date of consolidated statement of financial position, Group is not having any equity instrument designated at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. Exchange gain or losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.11 Advance from customers (Contract Liability)

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Group performs under the contract.

3.12 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in consolidated statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.13 Deposits, advances, prepayments and other receivables excluding financial assets

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each consolidated statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.14 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.15 Taxation**Current**

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

Deferred

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

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

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

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

3.16 Cash and cash equivalents

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

3.17 Share capital

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

3.18 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.18.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Group uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

ii) Determination of the lease term for lease contracts with extension and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

iii) Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

iv) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.19 Borrowings

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

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

3.20 Unclaimed and unpaid dividend

Dividend declared by the Group, in the preceding three years, which remains unclaimed or unpaid as on the consolidated statement of financial position date is recognized as unpaid dividend. Dividend declared and payable prior to the preceding three years from the consolidated statement of financial position date are recognized as unclaimed dividend.

3.21 Provisions

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

3.22 Revenue recognition

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

Production revenue: Production revenue is recognised when production work appears before public.

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

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

Film Distribution Revenues: Revenue from film distribution is recognized at a point in time upon receipt of related sales reports from cinemas.

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

Credit limits in contract with customers ranges from 2 to 90 days.

3.23 Other income

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

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

Dividend income is recognized when it is declared and right to receive is established.

Interest / markup income is recognized on accrual basis.

Other revenues are accounted for on an accrual basis.

3.24 Expenses

Expenses are recorded when incurred based on the accrual basis of accounting. Distribution costs and administrative expenses include direct and indirect costs not specifically part of cost of production. Allocations between cost of production, distribution and administrative expenses, when required, are made on a consistent basis.

3.25 Staff retirement benefits**Defined contribution plan**

The Holding Company operates a funded and approved 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.

Defined benefit plan

The Holding Company operated an unfunded gratuity scheme for all its permanent employees up till June 30, 2012. Effective July 1, 2012 the Holding Company discontinued the gratuity scheme for all the permanent employees except for the Chief Executive Officer (CEO). However, during the year 30 June 2013 the Holding Company had transferred the entire liability to a recognized gratuity fund scheme. The Holding Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at 30 June 2020 and based on the actuarial valuation, the Holding Company had recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in consolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in consolidated statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to consolidated statement of profit or loss.

3.26 Foreign currency transactions and translations

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

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

3.27 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.

3.28 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.

3.29 Contingencies

Contingencies are disclosed when the Group has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.30 Earnings per share

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

3.31 Functional and presentation currency

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

3.32 Segment Reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the senior management of the Group to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Right of use assets
Capital work-in-progress

Note	June 30, 2020	June 30, 2019
	Rupees	
	1,246,984,186	1,471,807,589
	136,797,636	-
	15,933,877	59,031,934
	<u>1,399,715,699</u>	<u>1,530,839,523</u>

4.1 Operating fixed assets

	Cost			Accumulated depreciation			Book value	Depreciation
	As at	Additions** / transfers	As at	As at	Charge / transfers	As at	as at	Rate
	July 01, 2019	from ROUA*** / (reclassification)**** / (disposals)	June 30, 2020	July 01, 2019	from ROUA*** / (reclassification)**** / (disposals) for the year	June 30, 2020	June 30, 2020	% per annum
Rupees								
Owned								
Leasehold land *	796,571,184	59,434,093 ** (21,857,301) ***	794,147,376	35,225,961	15,774,426 (5,350,814) ***	49,649,573	748,497,803	2.04 - 2.13
Building on leasehold land *	106,035,404	1,865,107 **	108,899,511	41,695,855	7,872,184	51,568,038	56,322,472	10
Leasehold improvements	203,906,541	3,823,116 ** (9,834,920)	198,116,737	136,804,904	40,247,810 (9,516,771)	167,533,943	30,582,794	33
Furniture and fittings	53,923,228	626,600 ** (272,830)	54,277,098	16,870,771	8,493,363 (100,415)	22,263,718	32,013,389	10
Vehicles	125,873,159	50,667 ** 43,488,295 *** (52,087,244)	87,316,577	86,566,805	18,116,547 26,578,912 *** (52,391,854)	60,870,410	26,445,467	33
Audio visual equipment	506,808,268	10,665,803 ** (8,669,606)	598,494,372	236,003,483	86,724,486 (3,637,750)	319,080,221	241,314,151	25
Upstreaming equipment	75,484,263	-	75,484,263	42,951,998	3,745,261	46,697,259	28,787,504	10
Office equipment	140,682,454	1,086,404 ** (17,993,934)	123,754,924	64,924,957	14,620,776 (9,663,079)	69,882,656	53,872,269	15
Computers	177,380,727	8,268,272 ** (1,857,145)	183,591,854	129,130,858	29,169,284 (1,857,145)	156,442,987	27,148,857	33
December 31, 2020	2,198,467,228	83,590,151 ** 43,488,295 *** (21,857,301) *** (118,755,771)	2,186,943,002	772,175,592	221,764,139 26,578,912 *** (5,350,814) *** (77,169,813)	938,968,116	1,248,984,186	
Rupees								
	Cost			Accumulated depreciation			Book value	Depreciation
	As at		As at	As at	Charge / transfers	As at	as at	Rate
	July 01,	Additions** /	June 30,	July 01,	from ROUA*** /	June 30,	June 30,	%
	2019	(disposals)	2019	2019	(disposals) for the	2019	2019	per annum
Rupees								
Owned								
Leasehold land *	796,571,184	-	796,571,184	19,754,850	15,471,311	35,225,961	721,345,223	2.04 - 2.13
Building on leasehold land *	106,118,604	1,918,800	108,035,404	35,910,121	7,795,734	43,695,855	64,339,549	10
Leasehold improvements	198,410,884	5,497,657	203,908,541	95,004,571	41,740,333	136,804,904	67,103,637	33
Furniture and fittings	48,448,511	4,474,717	53,923,228	13,944,808	2,326,185	16,870,771	37,052,457	10
Vehicles	106,722,477	27,701,063 *** (8,550,401)	125,873,159	46,560,425	25,855,937 *** (5,649,557)	66,566,805	58,306,354	33
Audio visual equipment	420,105,361	136,536,907 *** (37,000)	556,606,268	134,668,700	101,367,718 *** (22,535)	236,003,483	320,604,785	25
Upstreaming equipment	65,279,927	10,204,336 ***	75,484,263	36,170,414	6,781,584 ***	42,951,988	32,532,285	10
Office equipment	132,629,096	7,852,458	140,682,454	47,844,801	17,080,156	64,924,957	75,757,497	15
Computers	161,383,736	17,308,430 (1,402,439)	177,380,727	98,286,070	32,206,363 (1,343,575)	129,130,858	48,248,869	33
	1,996,870,680	211,588,386 (9,589,840)	2,198,467,228	526,187,356	291,204,301 (7,216,987)	772,175,592	1,426,291,636	
Leased								
Vehicles	74,996,450	16,282,063 (14,368,890)	76,911,623	24,224,180	16,770,254 (9,596,784)	31,395,670	45,515,953	33
Audio visual equipment	19,440,000	- (19,440,000)	-	12,737,250	- (12,737,250)	-	-	25
Upstreaming equipment	8,680,000	- (9,660,000)	-	2,680,850	- (2,680,600)	-	-	10
	104,096,450	16,282,063 (43,468,890)	76,911,623	39,642,080	16,770,254 (25,016,664)	31,395,670	45,515,953	****
June 30, 2019	2,169,967,139	227,868,491 (53,494,736)	2,275,378,891	587,829,438	287,974,595 (32,232,731)	869,571,362	1,471,807,589	

* Includes asset under common ownership under Diminishing Musharaka arrangement.

** Additions of Rs. 85,590,151 (June 30, 2019: Rs. 197,709,288), as shown above, include an amount of Rs. 59,434,093 (June 30, 2019: Rs. 78,286,438) transferred from capital work in progress during the period.

*** Includes transfers from leased to owned assets. (Refer note 4.5)

**** Reclassified to non-current assets held for sale. (Refer note 16)

***** Transferred to right of use assets on adoption of IFRS-16 "Leases" as fully explained in note 2.3 to these consolidated financial statements.

4.2 Particular of Immovable Asset in the name of the Group are as follows:

Location	Addresses	Total Area
Karachi	Plot No. 10/11 hassan ali street, off I.I. Chundrigar road.	2,070 sq yard
Karachi	Plot no. 125, national highway, phase 1 Pakistan Defence Officers Housing Authority.	1,451 sq yard
Islamabad	Plot No.2A, I&T centre sector G-6/1.	30,610 sq.ft
Islamabad	6-7 km, kashmir highway, adjacent to Sector H-17	303 sq yard

4.3 Depreciation for the period on operating fixed assets has been allocated as follows:

	Note	2020 Rupees	2019
Cost of production	24	175,501,285	183,895,667
Distribution costs	25	1,171,383	2,867,754
Administrative expenses	26	45,091,471	56,194,470
		<u>221,764,139</u>	<u>242,957,891</u>

4.4 The details of operating fixed assets disposed / written off, during the period are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (Gain)	Modes of Disposals	Particulars of Buyer
Audio visual equipment	2,680,880	1,931,910	728,970	490,459	238,511	Negotiation	Akbar Engineering
	925,000	366,146	558,854	794,000	(235,146)	Insurance claim	Adamjee Insurance
Office equipment	14,565,955	8,011,275	6,554,680	2,654,826	3,869,854	Negotiation	Akbar Engineering
Vehicles	23,861,755	11,598,304	12,263,451	16,854,843	(4,621,392)	As per Company Policy	Duraid Qureshi (Chief Executive)
	20,667,940	14,467,558	6,200,382	6,200,382	-	As per Company Policy	Sultana Siddiqui, a related party
	8,300,000	5,810,000	2,490,000	1,800,000	690,000	Negotiation	Mr. Muhammad Ali Asif
	7,777,500	5,444,250	2,333,250	4,198,192	(1,864,942)	As per Company Policy	Mr. Ather Viqar Azim, an employee
	6,260,250	4,382,175	1,878,075	2,488,880	(610,805)	As per Company Policy	Ms. Maimona Siddiqui, an employee
	5,810,600	4,067,013	1,743,587	2,050,832	(307,245)	As per Company Policy	Mr. Hassan Jawad, an employee
	2,608,210	1,825,747	782,463	1,131,961	(349,498)	As per Company Policy	Mr. Nomaan un Nabi, an employee
	1,918,900	1,343,230	575,670	763,100	(187,430)	As per Company Policy	Mr. Omer Nasir, an employee
	1,693,000	1,185,100	507,900	507,900	-	As per Company Policy	Mr. Manan Zafar, an employee
Items having book value of less than Rs. 500,000	21,655,781	16,736,305	4,919,476	5,846,119	(926,643)	Negotiation	Various
June 30, 2020	118,705,771	77,169,013	41,536,758	45,841,494	(4,304,736)		
June 30, 2019	9,989,840	7,216,067	2,773,773	5,279,827	(2,506,054)		

4.5 Right of use assets

As at July 01, 2019

Cost (Impact of initial application of IFRS 16)	2.3	178,759,090	-
Transfer from operating fixed assets - book value	4.1	45,581,850	-
Net book value		<u>224,340,940</u>	<u>-</u>

Year ended June 30, 2020

Opening net book value		224,340,940	-
Additions		4,701,600	-
Change due to modification during the year	4.1	(31,925,299)	-
Transfer to operating fixed assets- book value		(14,910,383)	-
Less: Depreciation charge for the period		(45,409,222)	-
Closing net book value		<u>136,797,636</u>	<u>-</u>

As at June 30, 2020

Cost		184,957,720	-
Accumulated depreciation		(48,160,084)	-
Net book value		<u>136,797,636</u>	<u>-</u>

4.5.1 The right-of-use assets are depreciated on straight line basis over the remaining lease term.

4.5.2 Depreciation for the period on right of use assets has been allocated as follows:

	Note	2020 ----- Rupees -----	2019 -----
Cost of production	24	26,358,006	-
Distribution costs	25	2,120,139	-
Administrative expenses	26	16,931,077	-
		<u>45,409,222</u>	<u>-</u>

Breakup of depreciation of right-of-use assets by class of underlying asset is as follows:

	2020 ----- Rupees -----	2019 -----
Land and building	31,111,065	-
Vehicles	14,298,157	-
	<u>45,409,222</u>	<u>-</u>

4.6 Capital work-in-progress

Leasehold Land	<u>15,933,877</u>	<u>59,031,934</u>
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4.6.1 Movement in capital work-in-progress during the period:

Balance at beginning of the year	59,031,934	39,849,659
Additions during the period	16,336,036	97,468,713
Transfers during the period	(59,434,093)	(78,286,438)
Balance at end of the period	<u>15,933,877</u>	<u>59,031,934</u>

5 INTANGIBLE ASSETS

	Cost			Accumulated amortization			Book value as at June 30, 2020	Amortisation rate % per annum
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	For the period	As at June 30, 2020		
Goodwill	13,862,252	-	13,862,252	11,803,791	-	11,803,791	2,058,461	
Computer softwares	78,905,667	-	78,905,667	28,221,781	11,544,919	39,766,700	39,138,967	20 – 33
License fee	75,563,208	-	75,563,208	13,083,081	475,544	13,558,625	62,004,583	6.67
Trade mark	33,233,084	1,008,000	34,241,084	20,947,625	5,657,084	26,604,709	7,636,375	20
June 30, 2020	201,564,211	1,008,000	202,572,211	74,056,278	17,677,547	91,733,825	110,838,386	

	Cost			Accumulated amortization			Book value as at June 30, 2019	Amortisation rate % per annum
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	For the year	As at June 30, 2019		
Goodwill	13,411,606	450,646	13,862,252	-	11,803,791	11,803,791	2,058,461	
Computer softwares	66,222,575	12,683,092	78,905,667	20,798,823	7,422,958	28,221,781	50,683,886	20 – 33
License fee	59,032,673	16,530,535	75,563,208	10,938,203	2,144,878	13,083,081	62,480,127	6.67
Trade mark	28,116,084	5,117,000	33,233,084	12,691,065	8,256,560	20,947,625	12,285,459	20
June 30, 2019	166,782,938	34,781,273	201,564,211	44,428,091	17,824,396	74,056,278	127,507,933	
				11,803,791				

		2020	2019
	Note / Holding	----- Rupees -----	-----
5.1 Amortisation for the period has been allocated as follows:			
Cost of production	24	12,157,206	9,722,368
Administrative expenses	26	5,520,341	8,102,028
		<u>17,677,547</u>	<u>17,824,396</u>

6 LONG TERM INVESTMENTS

Unquoted investment in an associate – stated as per equity method

Digital Entertainment World (Private) Limited (DEW)	50%		
Opening balance		77,195,824	-
Investment made during the year		-	73,358,800
Share of profit – net of tax		7,228,162	3,837,024
Provision for impairment	6.2	(11,036,900)	-
Closing balance		<u>73,387,086</u>	<u>77,195,824</u>

6.1 The summarised financial information of the associated company in which there is a significant influence, based on the un-audited financial statements for the year ended June 30, 2020 and 2019 is as follows:

	2020	2019
	----- Rupees -----	-----
	-----Un-Audited-----	-----
Non-current assets	6,987,780	5,913,569
Current assets	<u>32,566,337</u>	<u>15,046,807</u>
Total liabilities	<u>12,934,378</u>	<u>6,806,048</u>
Revenues	<u>84,715,345</u>	<u>88,331,573</u>
Gross profit	<u>23,181,189</u>	<u>12,818,219</u>
Profit after tax	<u>12,465,411</u>	<u>7,956,996</u>
Other comprehensive income	-	-
Total comprehensive income	<u>12,465,411</u>	<u>7,956,996</u>

6.2 Subsequent to the year end, the Group in its meeting held on 08 August 2020 decided to surrender its investment in DEW. Accordingly, the Group recognises provision for impairment to reduce the carrying value of its investment in DEW to its recoverable amount in these consolidated financial statements.

7 LONG TERM DEPOSITS

Security deposits		
- Lease	1,353,257	689,550
- Rent	8,921,458	9,041,458
- Trade	13,612,459	28,339,110
- Others	3,145,212	3,379,552
	<u>27,032,386</u>	<u>41,449,670</u>

8 TELEVISION PROGRAM COSTS

Unreleased / released less amortisation	427,380,500	386,400,500
In production	<u>38,743,250</u>	<u>54,213,916</u>
	<u>466,123,750</u>	<u>440,614,416</u>
Less: Current portion	(105,385,799)	213,385,799
	<u>360,737,951</u>	<u>227,228,617</u>

	Note	2020 ----- Rupees	2019 ----- Rupees
9 DEFERRED TAX ASSET			
Deductible temporary differences arising in respect of:			
Unused tax credits on subscription income		90,526,694	56,028,518
Unrealised loss on short term investments		1,388,007	1,004,068
Unabsorbed tax losses		11,579,987	14,853,654
Provisions		50,746,755	4,090,881
Long term lease liabilities - net		731,532	-
Accelerated tax depreciation and amortisation		6,716,746	-
		<u>161,689,721</u>	<u>75,977,121</u>
Taxable temporary differences arising in respect of:			
Accelerated tax depreciation		-	(159,377)
		<u>161,689,721</u>	<u>75,817,744</u>
10 TRADE DEBTS – unsecured			
Considered good	10.4	2,089,810,853	1,888,525,902
Considered doubtful		<u>89,539,634</u>	<u>87,832,093</u>
		2,179,350,487	1,976,357,995
Less: Provision for doubtful debts	10.2	<u>(89,539,634)</u>	<u>(87,832,093)</u>
		<u>2,089,810,853</u>	<u>1,888,525,902</u>
10.1 Particulars of receivable from foreign jurisdictions:			
Jurisdiction			
United Arab Emirates		94,599,792	80,144,846
United States of America		<u>24,082,237</u>	<u>24,356,787</u>
		<u>118,682,029</u>	<u>104,501,633</u>
These receivables are on contract basis and there are no defaulting parties as of June 30, 2020 and June 30, 2019.			
		2020 ----- Rupees	2019 ----- Rupees
10.2 Provision for doubtful debts			
Opening balance		87,832,093	158,653,060
Charge for the year		25,823,089	5,421,163
Provision written off		<u>(24,115,548)</u>	<u>(76,242,130)</u>
Balance as at the end of the year		<u>89,539,634</u>	<u>87,832,093</u>
		2020 ----- Rupees	2019 ----- Rupees
10.3 The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired		1,310,822,787	1,416,584,850
Past due but not impaired			
- 01 to 30 days		436,947,080	296,343,770
- 31 to 60 days		263,416,582	106,919,361
- Over 60 days		<u>78,624,404</u>	<u>68,677,921</u>
		<u>2,089,810,853</u>	<u>1,888,525,902</u>

	Note	2020 ----- Rupees -----	2019 -----
11 SHORT TERM INVESTMENTS			
At fair value through profit or loss			
United Bank Limited 16,000 TFCs having face value of Rs. 5,000 each		-	80,000,000
Meezan Bank Ltd, Tier II Modaraba Sukuks		-	98,997,624
Bank of Punjab 2,033 TFCs having face value of Rs.99,860 each	11.1	198,901,230	-
U Microfinance Bank Limited 8,400 TFCs having face value of Rs.4,994 each	11.1	42,603,862	-
Quoted Shares			
Habib Bank Limited 60,000 shares having market value of Rs. 113.26 each		-	6,795,600
Sui Northern Gas Pipelines Ltd. 60,000 shares having market value of Rs. 69.49 each		-	4,169,400
Inter Steel Ltd. 50,000 shares having market value of Rs. 39.71 each		-	1,985,500
Mutual Fund			
Askari High Yield Scheme 2,958,712 units having net asset value (NAV) of Rs.102.3976		-	302,965,055
BMA Empress Cash Fund 8,045,078 shares having market value of Rs.10.158 each		-	81,721,902
At amortised cost			
Term Deposit Receipts	11.1	-	250,000,000
Accrued Profit Thereon		-	11,406,493
		-	261,406,493
		241,505,092	838,041,574
11.1 These carry interest ranging from 8.68% to 16.98% (2019: 9.25% to 12.2%).			
		2020 ----- Rupees -----	2019 -----
12 ADVANCES - unsecured, considered good			
Interest free advances to:			
- Producers		52,272,091	102,819,178
- Suppliers		39,398,193	45,639,766
- Employees		9,738,189	5,032,134
- Executives		4,713,727	657,539
		106,122,200	154,148,617

	Note	2020 ----- Rupees	2019 ----- Rupees
13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Rent		664,500	664,500
- Trade		17,694,716	1,997,207
- Others		<u>1,137,974</u>	<u>2,523,081</u>
		<u>19,497,190</u>	<u>5,184,788</u>
Prepayments			
- Insurance		<u>15,972,890</u>	<u>10,152,815</u>
- Rent		<u>1,734,426</u>	<u>1,931,687</u>
- Other		<u>5,291,397</u>	<u>3,214,477</u>
		<u>22,998,713</u>	<u>15,298,979</u>
		<u>42,495,903</u>	<u>20,483,767</u>
14 OTHER RECEIVABLES – considered good			
Sales tax receivable	14.1	108,626,731	95,587,378
Income/ mark-up accrued		69,589	84,561,933
Others		<u>1,833,251</u>	<u>24,628,635</u>
		<u>110,529,571</u>	<u>204,777,946</u>
14.1	As per rule 3(5) of Sindh Sales Tax Special Procedure (withholding) Rule, 2014, registered persons as recipient of advertisement services shall withheld whole of sales tax applicable on the person providing advertisement services. Accordingly, the Holding company is unable to adjust its input tax deducted on purchases of taxable goods and services as 100% of the output tax on the Holding Company's taxable services are being withheld by the recipient of these services. However, Holding Company is in correspondence with the relevant authorities through its legal advisor to resolve the matter.		
		2020 ----- Rupees	2019 ----- Rupees
15 CASH AND BANK BALANCES			
Cash in hand		2,018,652	1,433,071
Cash at banks			
- in current accounts		<u>140,421,348</u>	<u>246,585,651</u>
- in deposit accounts	15.1	<u>126,257,823</u>	<u>113,591,339</u>
		<u>266,679,171</u>	<u>360,176,990</u>
		<u>268,697,823</u>	<u>361,610,061</u>
15.1	These carry profit at the rates ranging from 6.5% to 11.25% (30 June 2019: 8% to 10.25%) per annum.		
16 NON-CURRENT ASSET HELD FOR SALE			
During the year, the management of the Group intended to sell land owned by the Holding Company in karachi having fair value of Rs. 472,958,100 based on the independent valuation.			
17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
2020 (Number of shares)	2019	2020 ----- Rupees	2019 ----- Rupees
Ordinary shares of Re. 1/- each			
500,000,000	500,000,000	500,000,000	500,000,000
445,000,000	445,000,000	445,000,000	445,000,000
<u>945,000,000</u>	<u>945,000,000</u>	<u>945,000,000</u>	<u>945,000,000</u>
Fully paid in cash			
Issued as fully paid bonus shares			
17.1	As at June 30, 2020, institutions and others held 604,969,034 and 340,030,966 shares, respectively (June 30, 2019: 527,163,899 and 417,836,101). Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.		

	Note	2020 ----- Rupees -----	2019 -----
18 LONG TERM LEASE LIABILITIES			
Opening balance		26,696,674	31,640,170
Impact of initial application of IFRS 16	2.3	176,795,491	-
Balance as at 1 July		203,492,165	31,640,170
Additions during the period	4.5	4,701,600	15,665,850
Change due to modification during the year		(31,925,299)	-
Mark up on lease liabilities	29	24,730,643	2,834,642
Less: Lease rentals paid		(61,022,441)	(23,443,988)
Closing balance	18.1	139,976,668	26,696,674
Current portion of long-term lease liabilities		35,142,945	15,432,771
Long-term lease liabilities		104,833,723	11,263,903

18.1 Includes lease finance facility entered into by the Holding Company with commercial banks for vehicles amounting to Rs 115,000,000 (June 2019: Rs. 115,000,000) out of which Rs. 101,173,870 (June 2019: Rs. 88,303,326) remains unutilized at period end. Lease rentals are payable in monthly installments latest by September 2022.

	Note	2020 ----- Rupees -----	2019 -----
19 LONG TERM FINANCING - secured			
Islamic banks			
Diminshing Musharaka - I	19.1	409,771,846	550,555,062
Diminshing Musharaka - II	19.2	312,195,127	400,000,000
		721,966,973	950,555,062
Less: current maturity		(169,835,542)	257,640,427
		552,131,431	692,914,635
Convventional bank			
Term Finance Loan	19.2	312,183,996	400,000,000
Less: current maturity		(26,476,058)	114,269,840
		285,707,938	285,730,160
		837,839,369	978,644,795

19.1 Represent Diminishing Musharaka facility carrying profit at the rate of 6 months KIBOR plus 1% (June 2019: 6 months KIBOR plus 1%) per annum. The financing is repayable by 24 June 2023 in 48 equal monthly instalments commencing after a grace period of 12 months from the date of first disbursement i.e. from June 2018. The loan is secured by way of registered mortgage over the building on leasehold land.

19.2 Represent Diminishing Musharaka and Term Finance Loan carrying profit at the rate of 6 months KIBOR plus 1% (June 2019: 6 months KIBOR plus 1%) per annum. The financing is repayable in 48 equal monthly instalments commencing after a grace period of 18 months from the date of first disbursement i.e. December 2017. During the year, the Company has availed the principal deferment facility for LTFF offered by the SBP through BPRD circular no. 13 of 2020 to ease adverse effects of the COVID-19 and to provide relief to the businesses. Hence, the financing is repayable by December 2023. Financing is secured by way of Equitable Mortgage over registered office, first pari passu constructive mortgage charge over land and first hypothecation charge over plant, machinery & equipment.

	Note	2020 ----- Rupees -----	2019 -----
20 TRADE AND OTHER PAYABLES			
Creditors	20.1	415,305,683	683,156,587
Accrued liabilities		103,445,339	193,961,595
Payable against investment in an associate		59,704,281	55,636,517
Withholding tax payable		42,230,593	20,494,352
Security deposit payable		-	11,017,173
Payable to provident fund	20.2	1,273,701	1,198,590
Bank overdraft		-	528,815
Others		35,677,744	40,166,870
		657,637,341	1,006,160,499

- 20.1** Include Rs. 95,940,684 (30 June 2019: 312,232,779) payable to M.D Production (Private) Limited, a related party.
- 20.2** Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

	Note	2020 ----- Rupees -----	2019 -----
21	SHORT TERM BORROWINGS – secured		
	Short-term running finance– conventional banks	21.1 <u>189,067,264</u>	<u>299,853,260</u>
21.1	Represent facilities obtained from various conventional banks amounting to Rs. 425,000,000 (June 2019: Rs. 475,000,000) out of which Rs. 235,932,736 (June 2019: Rs. 175,146,740) remains unutilized at period end. These facilities carrying markup ranging from 1 month to 3 month KIBOR + 0.75% to 1%. (June 2019: 3 month KIBOR + 0.75% to 1%). These facilities are secured by way of pari passu charge and first hypothecation charge on all current assets of the Holding Company.		
21.2	The Holding Company has local bill discounting facilities amounting to Rs. 175,000,000 (June 2019: Rs. 125,000,000) which remain unutilized at the period end. These facilities carrying mark-up rates ranging from 3 months KIBOR + 0.9% to 1% (June 2019: 3 months KIBOR + 0.9% to 1%). These facilities secured by way of pari passu charge and first hypothecation charge on all current assets of the Holding Company.		
21.3	The Holding Company has facility against letters of credit aggregating to Rs. 50,000,000 (June 2019: Rs. 50,000,000) which remain unutilized at the period end. These facilities secured by way of lien over import documents.		

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

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

The tax authorities passed an order under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2014 whereby a tax demand of Rs. 168,166,692 was created. The Holding Company has filed appeal before the Commissioner Inland Revenue (Appeals) (CIR (A)) in respect of the aforesaid order, which is pending adjudication.

Furthermore, the Holding Company has obtained stay from recovery of tax in respect of the above tax demand from the Sindh High Court (the Court), till the decision of appeal. 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.

- 22.1.1** For tax related matters, refer note 30 to these consolidated financial statements.

22.2 Commitments

- 22.2.1** Purchase of television programs commitments with M.D Production (Private) Limited - a related party as at June 30, 2020 amounted to Rs. 155,579,500 (June 30 2019: Rs. 393,586,400). Commitment for purchase of television programs with other than related parties as at June 30, 2020 amounted to Rs. 84,222,500 (June 30, 2019: Rs. 68,207,000).

	Note	2020 ----- Rupees -----	2019 -----
23	REVENUE – net		
	Advertisement revenue	3,504,290,142	3,790,542,705
	Production revenue	51,495,210	87,819,118
	Digital revenue	110,414,145	21,039,618
	Subscription income	636,811,833	561,003,781
	Film distribution revenue	40,630,585	174,702,013
	Sale of goods	298,509,962	144,955,047
	Sale of magazines	3,173,910	6,654,008
	23.1 / 23.2	<u>4,645,325,787</u>	<u>4,786,716,290</u>

	Note	2020 ----- Rupees	2019 ----- Rupees
23.1	Revenue is net off the following items:		
Sales tax		440,971,671	493,256,073
Discount to customers		248,715,703	273,395,164
		<u>689,687,374</u>	<u>766,651,237</u>
23.2	Represents revenue from the following geographical regions:		
Asia		3,919,305,019	4,034,835,236
United Kingdom		346,283,540	358,847,352
America		379,737,228	393,033,702
		<u>4,645,325,787</u>	<u>4,786,716,290</u>
24	COST OF PRODUCTION		
Cost of outsourced programs		1,501,992,926	1,834,092,596
Cost of in-house programs		238,684,117	419,551,943
Cost of inventory consumed		312,023,498	152,847,117
Salaries and benefits	24.1	700,813,954	854,358,582
Depreciation	4.3 & 4.5.2	201,859,291	183,895,667
Traveling and conveyance		60,459,154	9,722,368
Utilities		19,316,327	53,469,774
Rent, rates and taxes		1,839,183	20,007,980
Insurance		22,950,391	27,675,194
Repair and maintenance		47,279,514	25,537,592
Fee and subscription		60,023,093	21,206,631
Communication		16,378,835	48,087,109
Security charges		1,356,144	17,124,590
Amortisation	5.1	12,157,206	1,959,292
Consultancy		6,013,999	6,112,527
Printing and stationery		10,818,429	11,983,659
		<u>3,213,966,061</u>	<u>3,887,632,621</u>
In production television programs – opening		54,213,916	91,472,116
In production television programs - closing		<u>(38,743,250)</u>	<u>(54,213,916)</u>
		<u>3,229,436,727</u>	<u>3,724,890,821</u>
Released / unreleased programs - opening		386,400,500	384,062,756
Released / unreleased programs - closing		<u>(427,380,500)</u>	<u>(386,400,500)</u>
		<u>3,188,456,727</u>	<u>3,722,553,077</u>
24.1	Include Rs. 26,580,044 (2019: Rs. 34,826,310/-) in respect of staff retirement benefits.		
	Note	2020 ----- Rupees	2019 ----- Rupees
25	DISTRIBUTION COSTS		
Advertisement and promotion		184,273,278	168,866,611
Salaries and benefits	25.1	141,599,692	178,604,568
Traveling and conveyance		10,159,593	28,051,962
Rent, rates and taxes		8,808	714,773
Utilities		867,803	1,047,213
Depreciation	4.3 & 4.5.2	3,291,522	2,867,754
Communication		1,493,880	1,628,775
Insurance		2,716,465	3,073,468
Repair and maintenance		2,186,613	2,032,173
Fees and subscription		1,984,746	1,581,788
Commission expense		7,567,055	62,250,884
Security charges		-	852,953
Printing and stationery		287,413	2,050,130
		<u>356,436,868</u>	<u>453,623,052</u>
25.1	Include Rs. 4,987,023 (2019: Rs. 6,656,202/-) in respect of staff retirement benefits.		

	Note	2020 ----- Rupees -----	2019 -----
26 ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	410,517,254	372,853,452
Technical advisory fee	26.2	41,400,000	41,400,000
Depreciation	4.3 & 4.5.2	62,022,548	56,194,470
Amortisation	5.1	5,520,341	8,102,028
Repair and maintenance		30,093,265	52,121,436
Communication		6,374,162	15,616,476
Traveling and conveyance		30,336,726	37,203,066
Fee and subscription		8,350,074	12,843,112
Utilities		29,592,304	21,454,974
Legal and professional charges		20,066,963	13,145,725
Printing, stationery and periodicals		7,278,659	8,259,170
Rent, rates and taxes		20,179,390	48,996,467
Insurance		5,303,920	5,604,662
Auditors' remuneration	26.3	9,531,001	9,572,506
Security charges		10,528,238	11,034,607
Donation	26.4	1,817,779	-
		<u>698,912,624</u>	<u>714,402,151</u>

26.1 Include Rs. 4,956,932 (2019: Rs. 4,109,628/-) in respect of staff retirement benefits.

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

	2020 ----- Rupees -----	2019 -----
26.3 Auditors' remuneration		
Audit fee	5,515,843	4,712,824
Fee for consolidated financial statements	550,000	650,000
Fee for half yearly review	325,000	325,000
Tax and other assurance services	2,276,560	3,347,402
Out of pocket expenses	863,598	537,280
	<u>9,531,001</u>	<u>9,572,506</u>

26.4 Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of donee and address

Names of interested

Momina and Duraid Foundation (Plot No. 10/11
hassan ali street, off I.I. Chundrigar road,
Karachi.

Mr. Duraid Qureshi - Trustee
Ms. Sultana Siddiqui - Trustee

1,480,649

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27 OTHER EXPENSE

Provision for doubtful trade debts	25,823,089	5,421,163
Provision for impairment of investment in an associate	11,036,900	-
Impairment loss on goodwill	-	11,803,791
Stock written off	3,581,225	2,690,986
Expenses for award show arrangement	209,014,896	-
Others	13,745,896	-
	<u>263,202,006</u>	<u>19,915,940</u>

28 OTHER INCOME

Income / (loss) from financial assets

Profit on bank accounts	12,443,154	22,404,104
Exchange gain	14,096,340	90,547,893
Dividend income	150,000	6,191,500
Interest / markup income	63,157,955	27,295,102
Unrealised loss on revaluation of investments	(4,188,063)	(6,693,787)
Gain on redemption / sale of investments	1,508,558	5,470,121
	<u>87,167,944</u>	<u>145,214,933</u>

Income from non financial assets

Gain on disposal of operating fixed assets	4,304,736	2,506,054
Liabilities no longer payable written back	177,185	437,653
Sale of content, DVDs and festival revenue	74,317,800	55,267,435
Income from award show arrangement	97,733,251	-
Others	12,809,161	94,439
	<u>189,342,133</u>	<u>58,305,581</u>
	<u>276,510,077</u>	<u>203,520,514</u>

	Note	2020 ----- Rupees -----	2019 -----
29 FINANCE COSTS			
Mark-up on long term financing		164,676,755	131,896,854
Mark-up on short term borrowings		53,548,307	4,397,691
Interest on lease liabilities		24,730,643	2,834,642
Bank charges		2,017,540	5,347,450
		<u>244,973,245</u>	<u>144,476,637</u>
30 TAXATION			
Current		66,068,723	38,809,552
Deferred		(88,310,777)	89,408,484
Prior		6,410,387	133,782
	30.1	<u>(15,831,667)</u>	<u>128,351,818</u>

30.1 The Holding Company has filed its return of income up to tax year 2019. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Holding Company is mainly subject to Minimum Tax Regime under Section 153((3) (e)) of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

30.2 The Holding Company filed a Constitutional Petition (CP) before the Court on September 27, 2018 challenging the tax under section 5A of the Income Tax Ordinance, 2001. The Court accepted the CP and granted a stay against the above section. In case the Court's decision is not in favor of the Holding Company, the Holding Company will either be required to declare the dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Holding Company for the financial year ended June 30, 2018. 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.

Subsequent to the year end, the Sindh High Court (the Court), through its order dated 30 April 2021, declared the insertion of section 5A of the Ordinance as ultra vires to the Constitution of Islamic Republic of Pakistan, 1973 and therefore struck down the provisions of the aforesaid section. Accordingly, in light of the above judgement of the Court, the provisions of section 5A of the Ordinance are no longer applicable on the Holding Company, until such matter is decided otherwise by the Honorable Supreme Court.

	2020 ----- Rupees -----	2019 -----
31 LOSS PER SHARE – basic and diluted		
Loss attributable to the owners of the Holding Company	<u>(193,088,481)</u>	<u>(644,824,556)</u>
Weighted average number of ordinary shares outstanding during the period	<u>945,000,000</u>	<u>945,000,000</u>
Loss per share (Rupee)	<u>(0.20)</u>	<u>(0.68)</u>

32 EMPLOYEE BENEFITS

As mentioned in note 3.23 to the financial statements, the Holding Company operates recognized gratuity fund scheme for Chief Executive Officer. Contributions are made to the scheme on the basis of actuarial recommendations. The latest actuarial valuation was carried out as at June 30, 2020.

	2020 ----- Rupees -----	2019 -----
(Asset) / Liability in respect of gratuity scheme	<u>(551,439)</u>	<u>921,153</u>
Reconciliation of amount (receivable from) / payable to defined benefit plan		
Present value of defined benefit obligation	63,526,561	58,455,579
Fair value of plan assets	<u>(64,078,000)</u>	<u>(57,534,426)</u>
	<u>(551,439)</u>	<u>921,153</u>
Movement in the present value of defined benefit obligation:		
Opening balance	58,455,579	59,407,286
Current service cost	4,316,455	4,534,263
Interest cost	8,066,870	5,940,729
Actuarial gain	<u>(7,312,343)</u>	<u>(11,426,699)</u>
Closing balance	<u>63,526,561</u>	<u>58,455,579</u>
Movement in the fair value of plan assets:		
Opening balance	57,534,426	53,836,332
Return on plan assets	6,543,574	3,698,094
Closing balance	<u>64,078,000</u>	<u>57,534,426</u>

	2020	2019
	Rupees	
Movement in net liability		
Opening balance	921,153	5,570,954
Charge for the year	5,839,751	6,776,898
Actuarial income	(7,312,343)	(11,426,699)
Closing balance	<u>(551,439)</u>	<u>921,153</u>
Charge for the year		
Current service cost	4,316,455	4,534,263
Interest cost - net	8,066,870	5,940,729
Return on plan assets	<u>(6,543,574)</u>	<u>(3,698,094)</u>
	<u>5,839,751</u>	<u>6,776,898</u>
Actuarial remeasurements		
Actuarial gain on defined benefit obligations	(7,312,343)	(11,426,699)
Actuarial assumptions:		
Valuation discount rate per annum	8.35%	13.80%
Salary increase rate per annum	8.35%	13.80%
Normal retirement age of employees	60 years	60 years

As of 30 June 2020, only one employee have been covered under the above scheme.

Charge for the next financial year as per the actuarial valuation report amounts to Rs. 4.226 million.

The weighted average duration of the obligation is 8.96 years.

Comparisons for past years:

Present value of defined benefit obligation	63,526,561	58,455,579	59,407,286
Fair value of plan assets	(64,078,000)	(57,534,426)	(53,836,332)
Deficit	<u>(551,439)</u>	<u>921,153</u>	<u>5,570,954</u>
Experience adjustment on plan liabilities	(7,312,343)	(11,426,699)	-
Experience adjustment on plan assets	-	-	-
	<u>(7,312,343)</u>	<u>(11,426,699)</u>	<u>-</u>

	2020	2019
	(Rupees)	
Composition of plan assets		
Mutual Fund	-	73,407,829
Cash at bank	<u>81,433,446</u>	<u>2,371,652</u>

Consolidated statement of financial position date sensitivity analysis (+ 100 bps) on present value of defined benefit obligation:

	2020			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees)			
Present value of defined benefit obligation	<u>(5,399,376)</u>	<u>5,989,622</u>	<u>6,129,842</u>	<u>(5,613,826)</u>
	2019			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees)			
Present value of defined benefit obligation	<u>(5,125,532)</u>	<u>5,704,642</u>	<u>5,844,881</u>	<u>(5,329,876)</u>

Significant risks

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what the Holding Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

The fund assets are almost entirely invested in banks saving accounts which is subject to the risk of change in interest rate by the bank. This give rise to significant reinvestment risk.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Life expectancy / Withdrawal rate

The Gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Group for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Group like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Holding Company.

Model risk

The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.

Investment risk

The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

33 CASH GENERATED FROM OPERATIONS

	2020 ----- Rupees -----	2019 ----- Rupees -----
Loss before taxation	(263,000,185)	(521,328,417)
Adjustments for :		
Depreciation	267,173,361	242,957,891
Amortisation	17,677,547	17,824,396
Impairment loss on goodwill	-	11,803,791
Provision for impairment of investment in an associate	11,036,900	-
Provision for employee retirement benefits	34,292,949	-
Finance costs	244,973,245	144,476,637
Exchange difference on translation of foreign subsidiaries	7,841,236	101,806,308
Exchange gain	(14,096,340)	(93,131,944)
Profit on deposit accounts	(12,443,154)	(22,404,104)
Gain on disposal of operating fixed assets	(4,304,736)	(2,506,054)
Share of net profit of associate	(7,228,162)	(3,837,024)
Gain on redemption / sale of investments	(1,508,558)	(5,470,121)
Dividend income	-	(6,191,500)
Unrealised loss on revaluation of investments	4,188,063	6,693,787
Provision for doubtful debts	25,823,089	(70,820,968)
	573,425,440	321,201,095
(Increase) / decrease in current assets		
Inventories	17,745,971	(32,182,748)
Current portion of television program costs	108,000,000	5,978,911
Trade debts	(213,011,700)	64,472,821
Advances	48,026,417	59,371,208
Trade deposits and short term prepayments	(22,012,136)	28,947,747
Other receivables	93,600,388	(88,190,196)
	32,348,940	38,397,743
Increase / (decrease) in current liabilities		
Trade and other payables	(137,621,177)	325,729,830
	205,153,018	164,000,251

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2020				2019			
	Chief Executive	Executive Director	Non-Executive Director	Executives	Chief Executive	Executive Director	Non-Executive Director	Executives
Managerial remuneration	99,470,090	-	2,000,000	253,774,383	90,131,433	-	2,000,000	306,619,145
Bonus	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	12,642,819	-	-	-	17,690,444
House rent	14,022,581	-	-	73,317,842	14,022,581	-	-	96,921,859
Utilities	3,116,129	-	-	16,292,852	3,116,129	-	-	21,538,145
Technical advisory fee	-	41,400,000	-	-	-	41,400,000	-	-
Fuel and conveyance	1,363,515	834,389	499,832	9,921,361	1,498,835	888,326	532,607	11,967,125
	<u>117,972,315</u>	<u>42,234,389</u>	<u>2,499,832</u>	<u>365,949,257</u>	<u>106,768,978</u>	<u>42,288,326</u>	<u>2,532,607</u>	<u>454,736,518</u>
Number	1	1	1	62	1	1	1	80

34.1 The Chief Executives, Directors and certain Executives are also provided with free use of Group maintained cars in accordance with the Group's policy and reimbursement of expenses related to business travel.

34.2 The aggregate amount charged in the financial statements for meeting fee to 4 non-executive directors amounted to Rs. 675,000/- (2019: Rs. 625,000/-).

34.3 Managerial remuneration of chief executive includes Rs. Nil (2019: Rs. 15,960,000) in respect of relocation allowance.

35 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise associated undertaking, 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:

Relationship	Nature of transactions	2020	2019
		Rupees	Rupees
Associates	Purchases of television program rights	1,142,964,102	1,347,948,277
	Expenses paid on behalf of the associate	18,238,705	-
	Commission income	8,607,145	-
	Payment made during the period	1,337,379,266	1,280,991,383
	Payment received on behalf of associate	12,073,309	-
Others	Contribution to the provident fund	36,523,999	45,592,140

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

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

S.No.	Company Name	Basis of association	Aggregate % of shareholding
1	M.D Productions (Private) Limited	Common directorship (35.1.1)	-
2	Momina & Duraid Films (Private) Limited	Common directorship (35.1.1)	-
3	Momina and Duraid Foundation	Common directorship (35.1.1)	-
4	Digital Entertainment World (Private) Limited	Associate	-
5	HUM Network Limited- Employees' Provident Fund	Retirement Fund	-
6	Ms. Sultana Siddiqui	Director	0.02%
7	Mr. Mazhar ul Haq Siddiqui	Director	-
8	Mr. Duraid Qureshi	Director	24.30%
9	Mr. Shunaid Qureshi	Director	5.38%
10	Mrs. Mahtab Akbar Rashdi	Director	-
11	Lt Gen (R) Asif Yasin Malik	Director	-
12	Mr. Hasan Reza ur Rahim	Director	-
13	Mr. Sohail Ansar	Director	-
14	Ms. Nabigha Nasser Masood	Director	-
15	Mr. Muhammad Abbas Hussain	Key management Personnel	-
16	Mr. Mohsin Naeem	Key management Personnel	-

35.1.1 These entities are associated companies / undertakings of the Company under Companies Act, 2017.

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

	Note	2020	2019
		Rupees	Rupees
36 FINANCIAL INSTRUMENTS BY CATEGORY			
36.1 Financial assets as per statement of financial position			
Financial assets at amortised cost			
- Long term deposits	7	27,032,386	41,449,670
- Trade debts	10	2,089,810,853	1,888,525,902
- Short term investments	11	-	261,406,493
- Trade deposits	13	19,497,190	5,184,788
- Other receivables	14	1,902,840	204,777,946
- Cash and bank balances	15	268,697,823	361,610,061
		<u>2,406,941,092</u>	<u>2,762,954,860</u>
Financial assets at fair value through profit or loss			
- Short term investments	11	241,505,092	576,635,081
36.2 Financial liabilities as per statement of financial position			
Financial liabilities at amortised cost			
- Long term financing	19	837,839,369	978,644,795
- Trade and other payables	20	615,406,748	985,666,147
- Accrued mark-up		3,210,149	5,572,176
- Short term borrowings	21	189,067,264	299,853,260
- Current portion of long term financing	19	196,311,600	371,910,267
- Unclaimed dividend		5,948,490	5,948,490
- Unpaid dividend		205,159	205,159
		<u>1,847,988,779</u>	<u>2,647,800,294</u>

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

37.1 Market risk

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

37.2 Interest rate risk

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

Sensitivity analysis:

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

	Increase / decrease in basis points	Effect on profit before taxation Rupees
June 30, 2020	+100	<u>(11,216,898)</u>
	-100	<u>11,216,898</u>
June 30, 2019	+100	<u>(8,390,634)</u>
	-100	<u>8,390,634</u>

37.3 Currency risk

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

	----- 2020 -----			----- 2019 -----		
	US Dollar	GBP	AED	US Dollar	GBP	AED
Trade debts	902,944	993,174	2,829,086	205,566	1,070,389	3,317,221
Deposits and prepayments	1,250	-	377,218	93,997	109,588	390,396
Trade and other payables	(406,532)	(342,059)	(121,643)	(165,712)	(178,177)	(594,557)

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

	----- Rupees -----			----- Rupees -----		
Closing exchange rates	167.6	205	45.49998736	158.9	198	42.4

Sensitivity analysis:

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

	Change in US dollar rate (%)	Effect on profit before tax -- Rupees --	Change in GBP rate (%)	Effect on profit before tax -- Rupees --	Change in AED rate (%)	Effect on profit before tax -- Rupees --
30 June 2020	10	<u>8,340,808</u>	10	<u>13,347,858</u>	10	<u>14,035,204</u>
	-10	<u>(8,340,808)</u>	-10	<u>(13,347,858)</u>	-10	<u>(14,035,204)</u>
30 June 2019	10	<u>1,338,515</u>	10	<u>10,018,005</u>	10	<u>31,130,600</u>
	-10	<u>(1,338,515)</u>	-10	<u>(10,018,005)</u>	-10	<u>(31,130,600)</u>

37.4 Equity price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total investments. Reports on the investments portfolio are submitted to the Group's senior management on a regular basis.

As of the statement of financial position date, the exposure to investments at fair value through profit or loss was Rs. 397,637,457 (2019: Rs. 397,637,457).

37.5 Credit risk

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

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

Management of credit risk

The Group's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors and other internal guidelines.

Credit risk is managed and controlled by the management of the Group in the following manner:

- Credit rating and / or credit worthiness of the counterparty is taken into account along with the financial background so as to minimize the risk of default.
- The risk of counterparty exposure due to failed agreements causing a loss to the Group is mitigated by a periodic review of their credit ratings, financial statements, credit worthiness and market information on a regular basis.
- Cash is held with reputable banks only.

As of the consolidated statement of financial position date, the Group is exposed to credit risk on the following assets:

	2020	2019
	----- Rupees -----	-----
- Long term deposits	27,032,386	41,449,670
- Trade debts	2,089,810,853	1,888,525,902
- Short term investments	241,505,092	838,041,574
- Trade deposits	19,497,190	5,184,788
- Other receivables	1,902,840	109,190,568
- Bank balances	266,679,171	360,176,990
	<u>2,646,427,532</u>	<u>3,242,569,492</u>

Quality of financial assets

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

	Note	2020	2019
		----- Rupees -----	-----
Trade debts			
Customers with no defaults in the past one year		2,089,810,853	1,888,525,902
Customers with some defaults in past one year		89,539,634	87,832,093
	10	<u>2,179,350,487</u>	<u>1,976,357,995</u>
Bank balances			
A1+	15	141,146,955	151,136,046
A+		125,532,216	209,040,944
		<u>266,679,171</u>	<u>360,176,990</u>

Short term investments

Mutual funds	AM4++	-	81,721,902
	A(f)	-	302,965,055
		-	384,686,957
Quoted shares	A1+	-	6,795,600
	A1	-	6,154,900
		-	12,950,500
Term deposit receipt	A1	-	106,684,931
	A1+	-	101,496,082
	A-	-	53,225,480
		-	261,406,493
Term finance certificate	AA+	-	80,000,000
	AA-	198,901,230	-
	A-	42,603,862	-
Sukuks	AA	-	98,997,624
		11	<u>241,505,092</u>
			<u>838,041,574</u>

37.6 Liquidity risk

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

2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rupees				
Long term lease liabilities	-	6,554,703	30,867,350	170,774,112	208,196,165
Long term financing	-	60,558,183	237,647,543	949,485,375	1,247,691,101
Trade and other payables	84,985,899	274,735,110	492,456,259	-	852,177,268
Short term borrowing	-	189,067,264	-	-	189,067,264
Accrued mark-up	3,210,149	-	-	-	3,210,149
	<u>88,196,048</u>	<u>530,915,260</u>	<u>760,971,152</u>	<u>1,120,259,487</u>	<u>2,500,341,947</u>
2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rupees				
Long term financing	-	92,960,903	278,949,364	978,644,795	1,350,555,062
Lease liabilities	-	5,085,442	10,347,329	11,263,903	26,696,674
Trade and other payables	100,952,575	326,350,809	584,976,189	-	1,012,279,573
Short term borrowing	-	-	299,853,260	-	299,853,260
Accrued mark-up	5,490,092	-	-	-	5,490,092
	<u>106,442,667</u>	<u>424,397,154</u>	<u>1,174,126,142</u>	<u>989,908,698</u>	<u>2,694,874,661</u>

37.6.1 Changes in liabilities from financing activities

	1-Jul-19	Cash Flows	New leases	Others	30-Jun-20
	Rupees				
Long term financing	1,350,555,062	(316,404,093)	-	-	1,034,150,969
Long term lease liabilities	203,492,165	(61,022,441)	4,701,600	(7,194,656)	139,976,668
	1-Jul-18	Cash Flows	New leases	Others	30-Jun-19
	Rupees				
Long term financing	1,105,869,000	244,686,062	-	-	1,350,555,062
Long term lease liabilities	31,640,170	(23,443,988)	15,665,850	2,834,642	26,696,674

37.6.2 Fair value of financial instruments

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

37.7 Capital risk

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

	Note	2020 ----- Rupees -----	2019 -----
Long term lease liabilities	18	104,833,723	11,263,903
Long term financing	19	837,839,369	978,644,795
Trade and other payable	20	657,637,341	1,006,160,499
Accrued markup		3,210,149	5,572,176
Short term borrowing	21	189,067,264	299,853,260
Current portion of long term lease liabilities	18	35,142,945	15,432,771
Current portion of long term financing	19	196,311,600	371,910,267
Total debt		2,024,042,391	2,688,837,671
Cash and bank balances	15	(268,697,823)	(361,610,061)
Net debt		1,755,344,568	2,327,227,610
Share capital	17	945,000,000	945,000,000
Unappropriated profit		2,096,403,506	2,276,458,987
Total equity		3,041,403,506	3,221,458,987
Capital		4,796,748,074	5,548,686,597
Gearing ratio		36.59%	41.94%

37.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

Assets measured at fair value

	2020				2019
	Level 1	Level 2	Level 3	Total	
			(Rupees)		
Short term investments	241,505,092	-	-	241,505,092	576,635,081

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

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

38 OPERATING SEGMENTS

For management purposes, the Group has determined following reportable operating segments on the basis of areas of operations i.e. entertainment and news.

Entertainment segment is engaged in advertisement, entertainment and media marketing.

News segment is engaged in broadcasting of news programs.

	Entertainment		News		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees)							
Revenue								
Net revenue from external customer	4,135,778,130	4,501,324,156	208,111,298	140,437,087	381,436,359	144,955,047	4,645,325,787	4,786,716,290
Result								
Segment profit / (loss)	1,359,061,346	1,051,345,423	(587,485,691)	(860,321,144)	(111,226,204)	(40,915,506)	660,349,451	150,108,773
Taxation	22,653,401	(123,793,896)	(2,990,741)	(2,032,386)	(3,830,993)	(2,525,536)	15,831,667	(128,351,818)
Unallocated income / (expenses) :								
Administrative expenses							(698,912,624)	(714,402,151)
Other income							276,510,077	203,520,514
Other Expenses							(263,202,006)	(19,915,940)
Share of Profit from Associate							7,228,162	3,837,024
Finance cost							(244,973,245)	(144,476,637)
Loss for the period							(247,168,516)	(649,680,235)
Other information								
Amortization	(12,333,436)	(12,914,455)	(5,162,256)	(4,728,086)	(181,855)	(181,855)	(17,677,547)	(17,824,396)
Depreciation	(60,931,246)	(67,358,537)	(185,380,079)	(168,395,722)	(20,854,036)	(7,203,632)	(267,173,361)	(242,957,691)
Segment assets	449,468,113	297,982,756	1,053,331,155	1,242,004,621	105,855,418	99,306,994	1,608,654,686	1,639,294,371
Unallocated Assets	-	-	-	-	-	-	3,730,506,563	4,361,344,271
	449,468,113	297,982,756	1,053,331,155	1,242,004,621	105,855,418		5,339,161,249	6,000,638,642
Segment liabilities	1,101,063,509	997,959,827	1,133,453,097	1,685,298,244	62,176,853	38,875,489	2,296,693,459	2,722,133,560

38.1 Revenue from three major customers of the Group are around 51% during the year ended June 30, 2020 (June 30, 2019: 51%).

39 NUMBER OF EMPLOYEES

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

	2020	2019
Total number of employees	781	903
Average number of employees during the period	799	977

40 SUBSEQUENT EVENT

On 16 July 2020, the Group has disposed off the plot of land located in karachi classified as held for sale at the consideration of Rs. 493,340,000.

41 GENERAL

41.1 For better presentation, certain prior year figures have been reclassified consequent to certain changes in current period presentation.

41.2 Figures have been rounded off to the nearest Rupee

42 DATE OF AUTHORIZATION

These financial statements have been authorised for issue on June 14, 2021 by the Board of Directors of the Holding Company.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman









MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer










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FORM OF PROXY

The Company Secretary,
HUM NETWORK LIMITED
16TH ANNUAL GENERAL MEETING
Karachi

I, _____ S/o. _____, holder of CNIC No. _____ Resident of _____
_____, being member of **HUM NETWORK LIMITED**, holding _____ ordinary shares as per Registered Folio / CDS
Account No. _____ hereby appoint Mr./Ms. _____, resident of _____ or
failing him/ her Mr./Ms. _____ of _____
(full address) who is/are also member(s) of the Company, as my / our proxy to attend, act and vote for me/ us and on my / our behalf
at Annual General Meeting (AGM) of the Company to be held on **Friday, 16th day of July, 2021 at 4:00 pm at Ground Floor,**
BRR Tower, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi and / or any Adjournment thereof.

For attending meeting by proxy through electronic means i.e. video-link facility, please register following particulars of proxy:

Email ID: _____ Cell Number: _____

As witness my / our hand / seal this _____ day of _____ 2021.

Signed by _____ in the presence of;

Witness:

1. Name: _____
Signature _____
Address: _____

CNIC or Passport No.: _____

2. Name: _____
Signature _____
Address: _____

CNIC or Passport No.: _____

Note:

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

For CDC Account Holders/Corporate Entities:

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

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



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