directors' report

On behalf of the Board of Directors, I am pleased to present the Annual Report, Audited Accounts and Auditors Report thereon of the company for the year ended June 30, 2009.

General Overview

Electronic Media Industry

Electronic media industry being directly related to the overall industry showed a decline in its growth trend due to the global recession marring the economies around the world. Although the impact of this meltdown was not as severe in Pakistan as in some major economies, but fears of a possible financial crunch coupled with the war like situation in the northern part of the country discouraged spending, resulting in an overall economic slowdown. Major advertisers also withheld their marketing and advertising budgets, making the phenomenal growth trend of TV Ad spent of almost 30% on an annual basis to 10% this year. During the year 2008-2009 no new channel except Style360, Oye, Express 24X7, Samaa, and Dunya were launched as compared to 15 channels launched last year. Many channels, some of them almost complete, were shelved and not launched due to the economic conditions.

Due to the overall situation, some major downsizing was seen in the industry, however, your Company managed to sustain its position by only implementing a hiring freeze and avoided any downsizing. This situation has also brought a correction in the talent and HR costs to some extent that was going up at an unprecedented pace.

Telemeters

After one year of successful operation of the telemeter service in Pakistan the data provided by Media Logic is now the currency on viewer ship ratings and is widely accepted in media and advertising industry. The reason for your Company to maintain rather enhance its revenue share in the current fiscal year was due to the overall improved viewership ratings for both HUM and Masala. Style 360 is also on the ratings map and is showing progress continuously.

The sample size of the telemeters is also enhanced from Karachi, Lahore and Islamabad to Faisalabad and it is further planned to increase it to 4 more cities making a total of 8 cities.

Year in Focus (Industry)

A lot of activities were seen in the last year on the media front, a lot of new groups entered into the arena, a lot of investments were made, and lot of turnover of employees. However, this year was comparatively very quite in this respect, and as discussed earlier only a few channels made their way into the broadcasting arena as compared to the last three years. Even most of the existing channels and networks exercised down sizing.

Due to the uncertain conditions, revenues of Broadcasters were greatly affected as major FMCG/ MNCs restricted their budgetary allocations and advertising activities.

The Network (ETNL)

This year ETNL launched two new channels viz., Style 360 a fashion and life style channel and OYE (Only Youth Entertainment) for the younger audience. With these additions the Network now boasts a total of four entertainment channels in its bouquet. During the year the Company has been awarded A1 and A ratings respectively in short and long run by PACRA.

hum tv

Dive into Entertainment

HUM TV

Hum TV the first channel launched under the banner of your Company continue to grow both in terms of viewership ratings, and revenues. As discussed earlier, due to the improved ratings, Hum has been on the top slots of the entertainment genre and its dramas continue to dominate the ratings as number one.

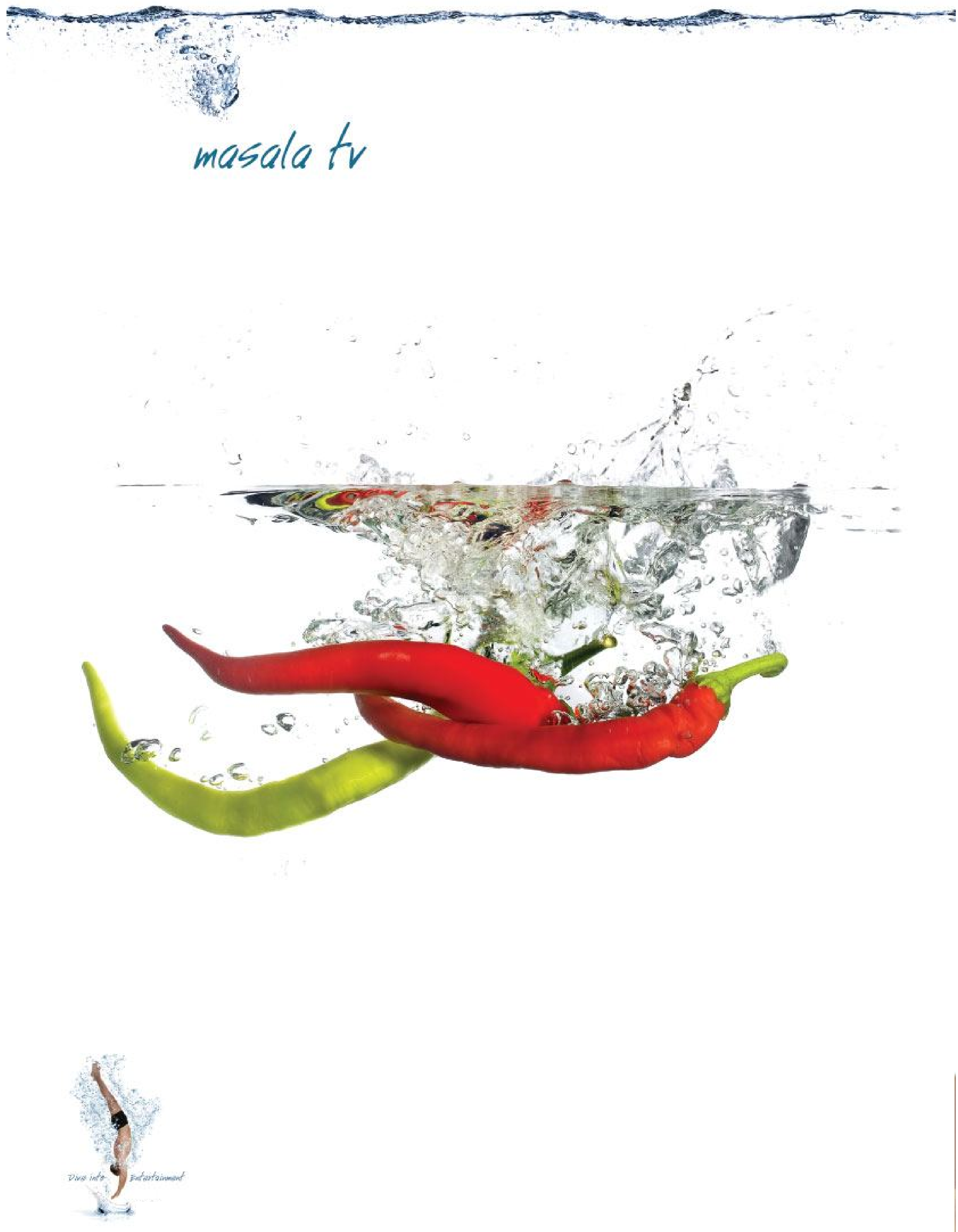
With the quality of our dramas, we have not only managed to increase our viewership, but have also managed to revive the old drama production techniques with a fusion of modern day technology and giving a flavor of different locations from around the world for our viewers. After looking at our success, most of the other entertainment channels that were following the Indian style of Dramas and soap making have also now changed their strategy. Some major HUM blockbusters of this year were Khamoshian, Grehan, Dulhan, Mulaqat, Mujhe Apna Banalo, Tair-e- Lahoti, and Saiqa.

In order to promote the entertainment industry in Pakistan, Hum TV organized a Telefilm Festival. This festival was a great success as it received 54 entries; however, based on the jury consisting of renowned media personalities, 13 telefilms were selected for airing.

This festival will be an annual event now which will enhance the production skills of the industry by encouraging healthy competition along with giving new comers a platform for their creativity.

HUMSAY continues to be a marketing tool for the Network which also covers the overall media scene in Pakistan. This has become a popular magazine, especially among the media and advertising industries.

Distribution of Pakistani channels on cable is becoming a challenge due to the lack of space in their system. This is mainly due to the carriage of foreign channels by the cable operators leaving very little space for Pakistani especially new channels to make their way into the cable households, thereby reducing their revenue earning capacity.


masala tv
Dive into Entertainment

add some masala to your life

The only 24 hour food channel from Asia, Masala TV continues to be highly famous amongst the housewives of Pakistan and its popularity graphs are on the rise continuously. Masala boasts the number one position in the food channel category and the number three position amongst the overall GEC category in terms of viewership ratings.

A lot of marketing activities including brand building activities were under taken for Masala TV during the year which included the exclusive sponsorship of the Food Court of "Dawn Life Style" event in the three major cities of Pakistan for the second consecutive year and ramadan promotions throughout major restaurants and hotels.

During the year, another channel from food genre was launched by a competitor network. This launch has helped Masala in further improving its quality and establishing its position as a far better product in the genre and in terms of viewership ratings. During the year another, proof of brand strength and popularity of Masala TV was experienced when Masala Food Magazine was launched. To date three issues have been published and all of them were sold out. Masala Magazine is currently takenout once every two months and the last issue circulation was recorded at 50,000 copies. Looking at the overwhelming response, the management is considering an increase in the number of copies and making it a monthly magazine.

style 360

Style 360

The third channel launched by ETNL is Style 360. Style 360 is a life style and entertainment channel that aims to fill the gap in quality programming in Pakistan with varied local programming and exciting international content. Style 360 encompasses all aspects of stylish living and promises to deliver its viewers entertainment with an edge. It also promises to bring exciting local and international shows, information and entertainment into our homes.

The launch of Style 360 in August 2008 was a spectacular event, all filled with glitter and glamour. With entertainers from England to world renowned fashion designers and hair stylists from Pakistan, it was an event that people will remember for a long time. With this channel now distributed in major parts of the country, it is making its presence felt in the ratings meter and is now being considered in the media plans of major advertisers. We feel that this channel will start contributing in the revenues from coming years, expanding our revenue base.

oye

Dive into Entertainment

The newest addition in the bouquet of the network is its channel OYE (Only Youth Entertainment), which is specifically designed to cater to the entertainment needs of our youth audience. This channel has content ranging from music, infotainment, programs on science and technology, research and other areas focusing on the youth of our country. The channel, being launched recently is currently carried by some major cable operators. However, full coverage is yet to be achieved due to lack of space on cable head ends.

OPERATING RESULTS

Net Revenues for the year ended June 30, 2009 were Rs. 1.116B as compared to Rs. 909M last year recording a 22.7% growth in net revenues over last year. The profit after tax of the Company was Rs. 241M as compared to Rs. 225 M of last year showing a growth of 7.1% in net profit after tax over last year. Earnings per share for the year ended June 30, 2009 was Rs. 4.82 as compared to Rs. 4.51 for last year.

KEY FINANCIAL DATA

Profit after Taxation

	2008-09	2007-08	2006-07	2005-06	Jan 01,to Jun 30, 2005
			Rupees		
Profit/(Loss) before Taxation	363,545,408	355,075,212	146,238,200	(8,437,341)	(142,217,090)
Taxation	(122,612,433)	(129,769,075)	(45,834,062)	57,330,574	(100,055)
Net Profit/(Loss) for the year	240,932,975	225,306,137	100,404,138	48,893,233	(142,317,145)

Earnings /(Loss) Per Share

Earnings /(Loss) Basic and diluted	4.82	4.51	2.01	1.00	(20.48)

Operating Data

Net Revenue	1,116,856,291	909,762,224	535,315,985	281,949,641	16,767,984
Cost Of Production	(443,192,455)	(320,373,944)	(244,628,088)	(201,443,732)	(90,751,827)
Gross Profit/(Loss)	673,663,836	589,388,280	290,687,897	80,505,909	(73,983,843)

Future Outlook:

The network is working on new opportunities of revenues and diversifying into other mediums and channels.

It is expected that next year will be comparatively better than this year and expectations are that advertising spend will also increase.

During the year the opportunities for international operations were the prime focus. It is expected that the materialization of few of the international opportunities in the next year i.e. 2010 will have a positive impact on the Company's over all results.

MEETINGS OF THE DIRECTORS

S. No.	Name	Designation	Meetings			
			Total	Attended	Leave Granted	Absent
1	Ms. Sultana Siddiqui	Chairperson	6	6	0	
2	Mr. Duraid Qureshi	Chief Executive	6	6	0	
3	Mr. Mazhar-ul-Haq Siddiqui	Director	6	6	0	
4	Mr. Munawar Alam Siddiqui	Director	6	6	0	
5	Mrs. Khush Bakht Shujat	Director	6	1	5	
6	Mrs. Mahtab Akbar Rashdi	Director	6	5	1	
7	Mr. M. Ayub Younus Adhi	Director	6	6	0	
8	Mr. Adnan Faisal Kundi *	Director	5	1	2	2
9	Mr. Mir Adil Rashid *	Director	1	1	0	

* A casual Vacancy arose due to the resignation of one of the directors Mr. Adnan Faisal Kundi (nominee director of NAFA) The Board in its subsequent meeting appointed Mr. Mir Adil Rashid (nominee director of PICIC) in place of Mr. Kundi.

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

AUDITORS

The Present auditors Messers Ford Rhodes Sidat Hyder & Co. Chartered Accountants shall retire and may be considered for re-appointment for the year 2009-2010.

Corporate Governance and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, presents 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 Accounting 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.
- Trading of shares by the Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary, their spouses and minor children:

Chief Executive Officer	-
Directors	-
Chief Financial Officer & Company Secretary	-
Spouses & minor children of CEO, Directors CFO & Company Secretary	-

- Pattern of shareholding is included in the annexed shareholders' information.

For and on behalf of the Board of Directors

Sd/-
Duraid Qureshi
Chief Executive

Karachi: August 28th, 2009

auditors' report to the members

We have audited the annexed balance sheet of EYE TELEVISION NETWORK LIMITED as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Sd/-
Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

August 28, 2009
Karachi

Audit Engagement Partner: Riaz A. Rehman Chamdia

balance sheet

As At June 30, 2009

	Note	2009	2008
		---------- Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**217,441,949**	177,319,559
Intangible assets	6	**8,091,861**	8,177,772
Long term deposits and prepayments	7	**21,551,160**	5,709,662
Deferred costs	8	**-**	1,887,786
Television program costs	9	**163,421,527**	112,645,303
Deferred tax asset	10	**9,891,111**	4,372,088
		420,397,608	310,112,170
CURRENT ASSETS			
Inventories		**834,734**	825,950
Current portion of television program costs	9	**264,810,805**	151,547,759
Trade debts	11	**408,662,153**	471,962,721
Advances-unsecured, considered good	12	**15,206,403**	16,188,470
Deposits and prepayments	13	**6,855,014**	8,393,244
Accrued profit		**462,471**	333,201
Other receivables - unsecured, considered good		**4,535,613**	2,110,476
Taxation - net		**13,317,029**	-
Cash and bank balances	14	**63,855,857**	63,995,952
		778,540,079	715,357,773
TOTAL ASSETS		**1,198,937,687**	1,025,469,943
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 70,000,000 (2008: 70,000,000) ordinary shares of Rs.10/- each		**700,000,000**	700,000,000
Issued, subscribed and paid-up capital	15	**500,000,000**	500,000,000
Unappropriated profit		**225,719,338**	232,286,363
		725,719,338	732,286,363
NON-CURRENT LIABILITIES			
Long term financing	16	**32,666,665**	46,666,667
Liabilities against assets subject to finance lease	17	**10,362,748**	6,140,328
Deferred liabilities	18	**19,554,008**	11,803,029
		62,583,421	64,610,024
CURRENT LIABILITIES			
Trade and other payables	19	**224,204,015**	164,633,233
Accrued markup	20	**7,928,816**	2,754,605
Short term running finance	21	**152,431,336**	-
Current portion of:			
- long term financing	16	**18,666,667**	23,333,333
- liabilities against assets subject to finance lease	17	**7,404,094**	15,286,436
Taxation-net		**-**	22,565,949
		410,634,928	228,573,556
COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		**1,198,937,687**	1,025,469,943

The annexed notes from 1 to 38 form an integral part of these financial statements.

sd/-
SULTANA SIDDIQUI
Chairperson

sd/-
DURAID QURESHI
Chief Executive

profit and loss account

For The Year Ended June 30, 2009

	Note	2009	2008
		---------- Rupees ----------	
Revenue – net	23	**1,116,856,291**	909,762,224
Cost of production	24	**(365,532,080)**	(298,915,340)
Transmission cost		**(77,660,375)**	(21,458,604)
		(443,192,455)	(320,373,944)
Gross profit		**673,663,836**	589,388,280
Distribution costs	25	**(106,854,081)**	(76,931,453)
Administrative expenses	26	**(189,145,779)**	(152,025,806)
		377,663,976	360,431,021
Other operating income	27	**30,667,162**	5,834,586
		408,331,138	366,265,607
Finance costs	28	**(37,314,508)**	(11,190,395)
Other charges	29	**(7,471,222)**	–
Profit before taxation		**363,545,408**	355,075,212
Taxation	30	**(122,612,433)**	(129,769,075)
Profit after taxation		**240,932,975**	225,306,137
Earnings per share – basic and diluted	31	**4.82**	4.51

The annexed notes from 1 to 38 form an integral part of these financial statements.

sd/-
SULTANA SIDDIQUI
Chairperson

sd/-
DURAID QURESHI
Chief Executive

eyeTV
EYE TELEVISION NETWORK LIMITED

cash flow statement

For The Year Ended June 30, 2009

	Note	2009	2008
		---------- Rupees ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	**429,090,858**	176,815,780
Taxes paid		**(164,014,434)**	(66,118,747)
Finance costs paid		**(32,140,297)**	(8,435,790)
Profit received on deposit accounts		**21,375,189**	2,460,150
Long term deposits		**(14,861,091)**	3,667,018
Television program costs		**(50,776,224)**	(36,989,389)
Net cash generated from operating activities		**188,674,001**	71,399,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(58,419,193)**	(32,788,748)
Net cash used in investing activities		**(58,419,193)**	(32,788,748)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(18,666,668)**	–
Repayment of liabilities under finance lease		**(16,659,571)**	(5,862,191)
Dividend paid		**(247,500,000)**	–
Net cash used in financing activities		**(282,826,239)**	(5,862,191)
Net (decrease) / increase in cash and cash equivalents		**(152,571,431)**	32,748,083
Cash and cash equivalents at the beginning of the year		**63,995,952**	31,247,869
Cash and cash equivalents at the end of the year		**(88,575,479)**	63,995,952
CASH AND CASH EQUIVALENTS			
Cash and bank balances		**63,855,857**	63,995,952
Short term running finance		**(152,431,336)**	–
		(88,575,479)	63,995,952

The annexed notes from 1 to 38 form an integral part of these financial statements.

sd/-
SULTANA SIDDIQUI
Chairperson

sd/-
DURAID QURESHI
Chief Executive

statement of changes in equity

For The Year Ended June 30, 2009

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	Rupees		
Balance as at June 30, 2007	500,000,000	6,980,226	506,980,226
Profit for the year	-	225,306,137	225,306,137
Balance as at June 30, 2008	500,000,000	232,286,363	732,286,363
Profit for the year	-	240,932,975	240,932,975
Dividends:			
First inetrim 2009: Rs. 4.00 per share	-	(200,000,000)	(200,000,000)
Second inetrim 2009: Re. 0.70 per share	-	(35,000,000)	(35,000,000)
Third inetrim 2009: Re. 0.25 per share	-	(12,500,000)	(12,500,000)
Balance as at June 30, 2009	**500,000,000**	**225,719,338**	**725,719,338**

The annexed notes from 1 to 38 form an integral part of these financial statements.