

MEDIA TIMES LIMITED

MEDIA TIMES LIMITED

CONDENSED INTERIM FINANCIAL REPORT

FOR THE PERIOD ENDED

31 MARCH 2009

(Un-Audited)

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COMPANY INFORMATION

| | |
|---|--|
| BOARD OF DIRECTORS | Salmaan Taseer (Chief Executive Officer) Aamna Taseer Shehryar Taseer Shahbaz Ali Taseer Najam Aziz Sethi Maimanat Mohsin A N Rane |
| CHIEF FINANCIAL OFFICER | Suhail Ahmed |
| AUDIT COMMITTEE | Aamna Taseer (Chairperson of Committee) Shehryar Taseer Shahbaz Ali Taseer |
| COMPANY SECRETARY | Nadeem Maqsood |
| AUDITORS | Nasir Javed Maqsood Imran Chartered Accountants |
| LEGAL ADVISERS | Ebrahim Hosain Advocates & Corporate Counsel |
| BANKERS | Soneri Bank Limited Faysal Bank Limited Royal bank of Scotland Standard Chartered Bank NIB Bank Limited Habib Metropolitan Bank Limited Arif Habib Rupali Bank Limited Al-Baraka Islamic Bank Bank Alfalah Limited |
| REGISTRAR AND SHARES TRANSFER OFFICE | THK Associates (Pvt.) Limited Ground Floor State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi. Telephone No. (021) 111-000-322 |
| REGISTERED & HEAD OFFICE | 41-N, Industrial Area, Gulberg-II Lahore. Telephone No. 042-5757591-4, Fax No. 042-5757590, 5877920 |
| MAIN PROJECT OFFICE | 41-N, Industrial Area, Gulberg-II Lahore. Telephone No. 042-5757591-4, Fax No. 042-5757590, 5877920 |

DIRECTORS' REVIEW

The Directors of **Media Times Limited** ("MTL" or "the Company") are pleased to present the financial statements of the Company for the nine months ended 31 March 2009.

Operating Results

During the current period under review, the Company's profitability has decreased as compared to the corresponding period last year. The revenue was Rs. 356.8 million while profit after tax was Rs. 9.7 million. The main reason for this slowdown is the effect of global economic recession resulting in lower advertisement budgets which in turn has adversely affected the Company revenues. On the costs side, recession and inflation has increased operational and direct costs, including content & newspaper raw material prices. To offset the anticipated downward trend in advertisement revenue and increased costs, certain measures have been undertaken. To increase revenue, MTL is using new ways of attracting clientele like offering bouquet deals where clients can advertise simultaneously on print and electronic media. The operations and transmission of Wikkid Plus has been shifted from Lahore to Karachi and Business Plus resources will be utilized for its operations to reduce operating costs. Funds received from IPO have been used for expansion plans in print and electronic media as well as repayments of loan

The EPS of the Company for the nine months was Rs. 0.09. Comparative figures of nine months in income statement represent combined result for three months of merged MTL and Total Media Limited ("TML") and six months of MTL alone prior to merger as effective date of merger was 01 January 2008.

Future Outlook

MTL is in the process of acquiring license from PEMRA for uplinking of an entertainment channel; thereafter development phase will move to full pace with expected launch in December 2009. News and current affairs content will be further improved to capture more audience and new bureau offices for newspaper will be opened in different cities.

MTL is investing in quality and the future. It may face some short term challenges, but the fundamentals are in place. The management is confident that MTL has the capabilities, expertise and market base to compete effectively and to ensure that it remains one of the market leaders in years to come.

General

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to all the employees for their ongoing dedication and commitment to the Company.

For and on behalf of the Board of Directors

Lahore
27 April 2009

Salmaan Taseer
Chief Executive Officer

MEDIA TIMES LIMITED

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2009**

| Note | Un-Audited 31 March 2009 | Audited 30 June 2008 |
|---|--------------------------------|----------------------------|
| | (Rupees) | |
| NON CURRENT ASSETS | | |
| Tangible fixed assets | | |
| Property, plant and equipment | 1,133,245,347 | 1,118,958,250 |
| Capital work-in-progress | 97,716,446 | 34,677,008 |
| | 1,230,961,793 | 1,153,635,258 |
| Intangible assets | | |
| Investment property | 153,866,174 | 153,707,575 |
| Long term deposits | 76,263,000 | 83,143,000 |
| Television program stock | 26,439,928 | 27,270,351 |
| Deferred tax assets | 90,820,408 | 74,933,482 |
| | 41,748,855 | 43,896,828 |
| | 1,620,100,158 | 1,536,586,494 |
| CURRENT ASSETS | | |
| Inventories | 101,785,475 | 73,624,881 |
| Current portion of television program stock | 60,926,700 | 51,886,354 |
| Trade debts | 171,147,495 | 216,185,413 |
| Loans and advances | 8,601,995 | 15,714,375 |
| Deposit and prepayments | 12,214,257 | 14,780,944 |
| Other receivables | 32,220,657 | 26,362,545 |
| Short term investments | - | 72,629,150 |
| Cash and bank balances | 110,628,205 | 41,338,308 |
| | 497,524,784 | 512,521,970 |
| CURRENT LIABILITIES | | |
| Current maturities of non-current liabilities | 164,868,070 | 212,426,169 |
| Short term borrowings | 71,920,037 | 81,771,000 |
| Trade and other payables | 73,892,695 | 91,576,672 |
| Interest and mark-up accrued | 4,343,221 | 34,018,486 |
| | 315,024,023 | 419,792,327 |
| NET CURRENT ASSETS | 182,500,761 | 92,729,643 |
| NON CURRENT LIABILITIES | | |
| Long term finances | 278,738,008 | 399,507,122 |
| Retirement benefits | 29,299,767 | 29,488,365 |
| Liabilities against assets subject to finance lease | 43,552,377 | 74,741,510 |
| | 351,590,152 | 503,736,997 |
| Contingencies and commitments | - | - |
| | 1,451,010,766 | 1,125,579,140 |
| Represented By: | | |
| Share Capital and Reserves | | |
| Authorized capital | | |
| 140,000,000 (June 2008: 101,000,000) | | |
| ordinary shares of Rs. 10 each. | 1,400,000,000 | 1,010,000,000 |
| Issued, subscribed and paid up capital | 1,341,382,580 | 1,004,782,580 |
| Share premium | 76,223,440 | 97,134,032 |
| Unappropriated profit | 33,404,746 | 23,662,528 |
| | 1,451,010,766 | 1,125,579,140 |
| | 1,451,010,766 | 1,125,579,140 |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.

LAHORE:

CHIEF EXECUTIVE

09

DIRECTOR

MEDIA TIMES LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2009**

| Note | Nine Months ended | | Quarter ended | |
|---|--------------------|--------------------|--------------------|-------------------|
| | 31 March 2009 | 31 March 2008 | 31 March 2009 | 31 March 2008 |
| | (Rupees) | | (Rupees) | |
| Revenue -Net | 356,781,246 | 297,105,144 | 105,706,646 | 115,174,454 |
| Direct cost | (189,891,610) | (148,732,655) | (58,177,061) | (53,301,046) |
| Gross profit | 166,889,636 | 148,372,489 | 47,529,585 | 61,873,408 |
| Operating cost | (129,789,721) | (87,303,969) | (46,308,865) | (45,461,361) |
| Operating profit | 37,099,915 | 61,068,520 | 1,220,720 | 16,412,047 |
| Finance cost | (28,943,886) | (14,051,989) | (9,302,561) | (8,257,764) |
| | 8,156,029 | 47,016,531 | (8,081,841) | 8,154,283 |
| Gain on sale of short term investments | 4,824,600 | - | - | - |
| Change in fair value of investment property | (6,880,000) | 6,878,150 | - | 1,994,016 |
| Other operating income | 5,972,896 | 3,422,562 | 2,860,006 | 1,244,449 |
| Profit/(Loss) before taxation | 12,073,525 | 57,317,243 | (5,221,835) | 11,392,748 |
| Taxation | (2,331,307) | (3,838,973) | 1,696,056 | 9,168,173 |
| Profit/(Loss) after taxation | 9,742,218 | 53,478,270 | (3,525,779) | 20,560,921 |
| Earnings per share - basic and diluted | 14 | 0.09 | 0.75 | (0.03) |
| | | | | 0.29 |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.

LAHORE:

CHIEF EXECUTIVE

10

DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2009**

| Note | 31 March 2009 | 31 March 2008 |
|---|---------------------|----------------------|
| | (Rupees) | |
| Cash flow from operating activities | | |
| Cash generated/(used in) operations | 10 76,847,874 | (139,230,817) |
| Increase/(decrease) in long term deposits | 830,423 | (7,472,722) |
| Increase in long term deposits payable | - | 8,186,507 |
| Increase in television programs stock | (9,040,346) | - |
| Retirement benefits paid | (8,097,642) | (3,119,681) |
| Finance cost paid | (58,619,151) | (13,478,695) |
| Taxes paid | (2,525,528) | (79,301) |
| Net cash used in operating activities | (604,370) | (155,194,709) |
| Cash flow from investing activities | | |
| Fixed capital expenditure | (116,786,861) | (356,439,323) |
| Intangible assets acquired | (422,000) | - |
| Sale proceeds of property, plant and equipment | 3,327,279 | - |
| Proceed from sale of short term investment | 77,453,750 | - |
| Net cash used in investing activities | (36,427,832) | (356,439,323) |
| Cash flow from financing activities | | |
| Long term finances-net | (168,814,176) | 135,000,000 |
| Short term borrowings-net | (9,850,963) | 15,000,000 |
| Shares issuance cost paid | (20,910,592) | - |
| Share deposit money received | - | (259,096,150) |
| Proceeds/repayment of finance lease liabilities-Net | (30,702,170) | 55,110,829 |
| Proceeds against share issuance | 336,600,000 | 591,846,285 |
| Net cash generated from financing activities | 106,322,099 | 537,860,964 |
| Net increase in cash and cash equivalents | 69,289,897 | 26,226,932 |
| Cash and cash equivalents at the beginning of the period | 41,338,308 | 6,637,279 |
| Cash and cash equivalents at the end of the period | 110,628,205 | 32,864,211 |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2009**

| | Share Capital | Capital reserves | | Revenue Reserve | | Total |
|--|----------------------|-------------------|------------------------|---|----------|----------------------|
| | | Share Premium | Share deposit money | Unappropriated Profit/(accumulated loss) | | |
| | (Rupees) | | | | | |
| Balance as at 01 July 2007 | 175,018,170 | - | 259,096,150 | (86,020,407) | - | 348,093,913 |
| Share deposit money | - | - | 140,871,660 | - | - | 140,871,660 |
| Shares issued | 399,967,810 | - | (399,967,810) | - | - | - |
| Shares issued to shareholders of TML under scheme of merger | 429,796,600 | 97,134,032 | - | - | - | 526,930,632 |
| Net profit for the period | - | - | - | 53,478,270 | - | 53,478,270 |
| Balance as at 31 March 2008 | 1,004,782,580 | 97,134,032 | - | (32,542,137) | - | 1,069,374,475 |
| Balance as at 30 June 2008 | 1,004,782,580 | 97,134,032 | - | 23,662,528 | - | 1,125,579,140 |
| Shares issued | 336,600,000 | - | - | - | - | 336,600,000 |
| Shares issuance Cost-net | - | (20,910,592) | - | - | - | (20,910,592) |
| Net profit for the period | - | - | - | 9,742,218 | - | 9,742,218 |
| Balance as at 31 March 2009 | 1,341,382,580 | 76,223,440 | - | 33,404,746 | - | 1,451,010,766 |

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2009**

1 Legal status and nature of the business

Media Times Limited (the "MTL" and or "Company") was incorporated in Pakistan on 26 June 2001 as a Private Limited Company under the Companies Ordinance, 1984 and was converted into Public Limited Company on 06 March 2007. The Company is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is located at 41-N, Industrial Area, Gulberg II, Lahore and is engaged in printing and publishing daily English and Urdu news papers by the name of "Daily Times" and "AajKal" respectively and also engaged in production, promotion, advertisement, distribution and broadcasting of television programs through satellite channels by the name of "Business Plus" and "Wikkid Plus" respectively. The principal places of the business for "Business Plus" and "Wikkid Plus" is situated at Suite No. 302-304, The Plaza, G-7, Block-9, Clifton Karachi and for Newspapers is at 41-N, Industrial Area, Gulberg II, Lahore. The Company has also applied to PEMRA for grant of license for entertainment channel which is under the process of approval.

2 Basis of preparation

The condensed interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" as applicable in Pakistan and are unaudited. This condensed interim financial statements does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2008. Further, these accounts are being circulated to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance 1984.

3 Significant accounting judgments and estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 30 June 2008.

4 Significant Accounting policies

The accounting policies adopted for preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 30 June 2008.

| | | 31 March 2009 | 30 June 2008 |
|---|-------------|----------------------|----------------------|
| | Note | (Rupees) | |
| 5 Property, Plant and Equipment | | | |
| Opening book value | | 1,118,958,250 | 135,006,167 |
| Additions during the period / year | 5.1 | 53,821,738 | 1,017,409,598 |
| | | 1,172,779,988 | 1,152,415,765 |
| Disposal during the period / year at book value | 5.2 | (2,458,677) | (2,796,205) |
| Depreciation for the period / year | | (37,075,964) | (30,661,310) |
| | | <u>1,133,245,347</u> | <u>1,118,958,250</u> |

| | 31 March 2009 | 30 June 2008 |
|----------------------------------|-------------------|----------------------|
| 5.1 Break-up of additions | (Rupees) | |
| Freehold Land | - | 284,000 |
| Building on Freehold Land | - | 24,582,409 |
| Leasehold improvements | 811,710 | 55,414,141 |
| Plant and equipment | 45,605,873 | 795,245,075 |
| Office equipment | 1,921,031 | 45,794,348 |
| Computers | 3,612,126 | 35,213,441 |
| Furniture and fixtures | 94,395 | 11,944,957 |
| Vehicles | 1,776,603 | 48,931,227 |
| | <u>53,821,738</u> | <u>1,017,409,598</u> |
| 5.2 Break-up of Disposals | | |
| Leasehold Improvements | 18,017 | - |
| Office equipment | 1,019,120 | 10,768 |
| Computers | 49,505 | - |
| Furniture & Fixture | 34,493 | - |
| Vehicles | 1,337,542 | 2,785,437 |
| | <u>2,458,677</u> | <u>2,796,205</u> |

6 Intangible Assets

This represents goodwill arised on merger of Total Media Limited with Media Times Limited, licenses and software cost.

| | 31 March 2009 | 30 June 2008 |
|--|-------------------|--------------------|
| | (Rupees) | |
| 7 Short term borrowing-secured | | |
| Banking companies and other financial institutions | | |
| Running finance facility | 50,000,000 | 50,000,000 |
| Finance against imported merchandise | 21,920,037 | 31,771,000 |
| | <u>71,920,037</u> | <u>81,771,000</u> |
| 8 Long term finances | | |
| Banking companies and other financial institutions | | |
| First National Bank Modarba - Secured | 8.1 | 20,000,000 |
| Soneri Bank Limited - Secured | 8.2 | 56,875,000 |
| | | 95,000,000 |
| Associated Companies - Unsecured | 8.3 | 324,890,957 |
| | | 475,580,133 |
| | | 401,765,957 |
| | | 570,580,133 |
| Less: current portion shown under current liabilities | | (123,027,949) |
| | | (171,073,011) |
| | | <u>278,738,008</u> |
| | | <u>399,507,122</u> |

8.1 The Company has arranged a Moraba finance from First National Bank Modaraba for an amount of Rs. 30 million (June 2008 : 30 million) against security of various assets of the Company for the period of three years. The Moraba carries a profit of 12.27% per annum and payable in six equal half yearly installments.

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8.2 Long term financing availed from commercial bank under mark up arrangements for an amount of Rs. 65 million (June 2008: Rs. 65 million). Mark up is charged at 6 months KIBOR plus 3% per annum. These are secured by way of first pari passu charge on fixed assets of the Company amounting to Rs. 87.5 million (June 2008: Rs. 87.5 million).

8.3 This represents unsecured long term loans from associated companies carrying mark-up at the rate 17.50 % to 18.00% per annum (June 2008:13.96% to 16%).

9 Contingencies and commitments

Contingencies

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended 30 June 2008 except for the following.

9.1 One case was filed against the Company for recovery of aggregate amount of Rs. 500 million being damages for defamation due to some news item published in Company's Newspaper "Daily Aajkal". This case is pending before the honourable Civil court in Lahore for adjudication and the management is confident that the case will be decided in favour of the Company.

| | 31 March 2009 | 30 June 2008 |
|--|---------------------|-----------------|
| | (Rupees) | |
| Commitments | | |
| 9.2 Commitments in respect of capital expenditure | <u>6,448,696</u> | 17,647,488 |
| 9.3 Outstanding letters of credit | <u>-</u> | 29,506,587 |
| 9.4 Commitments in respect of content/programs | <u>1,769,860</u> | 22,783,309 |
| 10 Cash generated from operating activities | | |
| Profit before taxation | 12,073,525 | 104,246,445 |
| Adjustment for non-cash charges and other items: | | |
| Depreciation | 37,075,965 | 28,284,849 |
| Amortization of intangible assets | 100,050 | - |
| Amortization of deferred cost | - | 96,029 |
| Provision for doubtful receivables | 8,251,939 | - |
| Gain on disposal of property, plant and equipment | (779,567) | - |
| Gain on sale of short term investments | (4,824,600) | - |
| (Gain)/Loss on re-measurement of investment property at fair value | 6,880,000 | (6,878,150) |
| Retirement benefits | 7,909,044 | 10,402,655 |
| Finance cost | 28,943,886 | 21,031,916 |
| Profit before working capital changes | <u>95,630,242</u> | 157,183,744 |
| Effect on cash flow due to working capital changes: | | |
| Inventories | (28,160,594) | (61,579,044) |
| Television programs stock | (15,886,926) | (105,776,777) |
| Trade debts | 36,785,980 | (118,655,884) |
| Loans and advances | 7,112,380 | (16,955,947) |
| Deposit and prepayments | 2,566,687 | (12,949,831) |
| Other receivables | (3,515,918) | (6,864,267) |
| Trade and other payables | (17,683,977) | 26,367,189 |
| | <u>(18,782,368)</u> | (296,414,561) |
| | <u>76,847,874</u> | (139,230,817) |

MEDIA TIMES LIMITED

11 Related party transactions

The related parties comprise associated companies, related group companies, directors of the Company, companies where directors also hold directorship, and key management employees. Significant transactions with related parties are as follows:

| | 31 March 2009 | 31 March 2008 |
|--------------------------------|------------------|------------------|
| | (Rupees) | |
| Associated Companies | | |
| Purchase of goods and services | 20,150,012 | 23,414,446 |
| Sale of goods and services | 6,035,129 | 5,665,247 |
| Mark-up on loan | 37,182,099 | 23,278,471 |

All transactions with related parties have been carried out on commercial terms and conditions.

12 Segment reporting

Segment information is presented in respect of the Company's business. The primary format, business segment, is based on the Company's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Company's operations comprise of the following main business segments:

- Print media which comprises of "Daily Times" and "AajKal" being the Daily English and Urdu newspapers respectively.
- Electronic media comprises of "Business Plus", "Wikkid Plus" and Entertainment Channel.

Segment analysis for the period ended 31 March 2009

| | Print Media | Electronic Media | Total |
|---|--------------------|---------------------|----------------------|
| | (Rupees) | | |
| Total revenue - net | <u>251,912,302</u> | <u>104,868,944</u> | <u>356,781,246</u> |
| Profit before tax and unallocated expenses | 9,696,204 | 2,377,321 | 12,073,525 |
| Unallocated corporate expenses | | | |
| Taxation | | | (2,331,307) |
| Profit after taxation | | | <u>9,742,218</u> |
| Segment assets and liabilities as at 31 March 2009 | | | |
| Segment assets | 1,393,551,931 | 682,324,156 | 2,075,876,087 |
| Unallocated segment assets | - | - | 41,748,855 |
| Consolidated total assets | | | <u>2,117,624,942</u> |

MEDIA TIMES LIMITED

| | Print Media | Electronic Media | Total |
|--|--------------------|--------------------|--------------------|
| | (Rupees) | | |
| Segment liabilities | <u>521,182,636</u> | <u>145,431,540</u> | <u>666,614,176</u> |
| Segment capital expenditure | <u>36,367,567</u> | <u>17,965,207</u> | <u>54,332,774</u> |
| Depreciation and amortization | <u>14,232,190</u> | <u>23,107,174</u> | <u>37,339,364</u> |
| Segment analysis for the period ended 31 March 2008 | | | |
| Total revenue - net | <u>254,856,265</u> | <u>42,248,879</u> | <u>297,105,144</u> |
| Profit before tax and unallocated expenses | 45,136,167 | 12,181,076 | 57,317,243 |
| Unallocated corporate expenses | | | |
| Taxation | | | (3,838,973) |
| Profit after taxation | | | <u>53,478,270</u> |

13 Taxation

Provision for taxation for the nine months ended 31 March 2009 has been made on an estimated basis.

14 Earnings per share - basic and diluted

| | 01 July 2008 to 31 March 2009 | 01 July 2007 to 31 March 2008 |
|--|-------------------------------------|-------------------------------------|
| | (Rupees) | |
| Profit after taxation attributable to ordinary share holders -Rupees | <u>9,742,218</u> | 53,478,270 |
| Weighted average number of ordinary shares - Numbers | <u>109,022,325</u> | 71,616,005 |
| Earnings per share - Basic Rupees | <u>0.09</u> | 0.75 |

15 Date of authorization for issue

This un-audited condensed interim financial statements for the nine months ended 31 March 2009 was authorized for issue on 27 April 2009 by the Board of Directors of the Company.

MEDIA TIMES LIMITED**16 General**

16.1 Comparative figures of the condensed interim Profit and Loss Account represents three months financial results of merged Media Times Limited and Total Media Limited and six months results of Media Times Limited prior to merger as effective date of merger was 01 January 2008.

16.2 Figures have been rounded off to the nearest of rupee.

LAHORE

CHIEF EXECUTIVE

DIRECTOR