



1ST QUARTERLY REPORT SEPTEMBER 30, 2018 (UN-AUDITED)

HUM NETWORK LIMITED

HUM NETWORK LIMITED



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Company Information

Board of Directors

Chairman
Directors

Mr Mazhar-ul-Haq Siddiqui
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
Mr. Shunaid Qureshi
Lt. Gen. (R) Asif Yasin Malik
Mr. Hasan Reza-ur-Rahim
Mr. Sohail Ansar
Ms. Momina Duraid
Mr. Duraid Qureshi
Mr. Muhammad Abbas Hussain
Mr. Mohsin Naeem
Mr. Kamran Shamshad Ahmed

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

AUDIT COMMITTEE

Chairman
Members

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

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairman
Members

Secretary

AUDITORS

Mr. Sohail Ansar
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
Mr. Hassan Jawed
M/s. EY Ford Rhodes
Chartered Accountants
7th Floor Progressive Plaza,
Beaumont Road, Karachi
M/s. KPMG Taseer Hadi & Company
Chartered Accountants
1st Floor, Sheikh Sultan Trust Building
No.2, Beaumont Road, Karachi

INTERNAL AUDITORS

LEGAL ADVISOR

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

BANKERS

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

REGISTERED & HEAD OFFICE

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

REGISTRAR/TRANSFER AGENT

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

WEBSITE

www.humnetwork.tv

PAKISTAN STOCK EXCHANGE LIMITED

HUMNL

Director's Report

The Board of Directors of HUM Network Limited (HNL) takes pleasure in presenting the review on the financial and operational performance of the Company for the three months period ended September 30, 2018.

Financial Performance:

The gross profit for the year has decreased to Rs. 69.8 million, the Company posted a loss before taxation of Rs. 136 million and a loss after taxation of Rs. 157 million resulting into loss per share of Re. 0.17 for the period ended September 30, 2018. The loss is mainly attributable to the decrease in revenue resulting from overall industry decline and economic and political instability in the country. However, owing to efficient cost management strategies, we have managed to maintain the cost within the required parameters.

Operational Performance:

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. During the period, under the banner of HUM Films "Parwaaz Hai Junoon (PHJ)" was launched at Eid-ul-Azha and as expected, it was a huge success at both local and international box offices.

After the successful launch of HUM News in Pakistan in May 2018, HUM News successfully aired the election transmission in July 2018. HUM News was also launched in UK in July 2018 as part of HNL's market expansion strategy, with the aim to provide high-quality news, current affairs and infotainment content to the viewers.

HUM TV is famous for its intense and amazing prime time dramas, soaps and serials that highlight sensitive issues and are considered as a medium of message for the society. During the period under review, HUM TV aired dramas like "Ishq Tamasha", "Aatish", "Ki Jana Main Kaun", "Bund Khirkiyaan" which were highly appreciated by the audiences.

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

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 the food mavens.

Consolidated results are as follows:

| | <u>Rupees</u> |
|---------------------------------------|---------------|
| Revenue – net | 1,254,253,361 |
| Gross Profit | 121,434,956 |
| Loss for the period – before taxation | (125,958,164) |
| Loss per share | (0.16) |

Future Outlook

In line with the traditions of HNL, HUM News also adheres to best corporate and media practices and has set a new benchmark in delivering high-quality news, current affairs and infotainment content to the viewers. With our content differentiation and breaking the existing norms of the genre, we are confident that HUM News would be able to challenge and capture the market share of existing players.

Anticipating the changes taking place in this digital era, HNL ventured into the e-commerce market through HUM Mart. We are optimistic that we would be able to take advantage of the highly potential untapped market in the coming years and HUM Mart will grow profitably.

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

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

Acknowledgement

On behalf of the management, I take this opportunity to express gratitude to our shareholders, employees, customers, business partners and other stakeholders for their trust in the Company. With the continued facilitation and support, HNL will deliver on its objectives as we move forward.

October 29, 2018
Karachi



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman

ڈائریکٹرز رپورٹ

ہم نیٹ ورک لمیٹڈ (انچ این ایل) کے بورڈ آف ڈائریکٹرز ۳۰ ستمبر ۲۰۱۸ کو ختم ہونے والی سرمایہ کیلئے کھپتی کی مالیاتی اور عملی کارکردگی کا جائزہ پیش کر رہے ہیں۔
مالیاتی کارکردگی:

دوران سال مجموعی منافع میں ۸۔۶۹ ملین روپیہ تک کا اضافہ ہوا، کچنی کو ۳۰ ستمبر ۲۰۱۸ کی اختتامی مدت کے دوران قبل از ٹیکس خسارہ مبلغ ۱۳۶ ملین روپے اور بعد از ٹیکس خسارہ مبلغ ۱۵۷ ملین روپیہ سمیت ۱۷۰ روپیہ ہوا۔ یہ خسارہ بنیادی طور پر ملک میں پوری اندر سڑی میں معاشی اور سیاسی عدم استحکام کے نتیجہ میں آمدنی میں کمی کی وجہ سے ہوا۔ لہذا بہتر انتظامی حکمت عملی کے سلسلے میں ہم نے مطلوبہ دائرہ کار میں رہتے ہوئے اپنے اخراجات کو محدود رکھا۔

عملی کارکردگی:

ہم پاکستان کا ایک بہترین میڈیا برادر ہے اور ملکی و عالمی طور پر چینل کا گلدستہ ہے جو انھوں کو لوگوں تک پہنچاتا ہے۔ اس مدت کے دوران انچ ایم ٹی وی کے تیز رفتاری سے پرواز ہے جو ان (پی ایچ جے) کو عید الاضحیٰ پر پیش کیا گیا اور ہمارے اعزاز سے کے مطابق ملکی اور عالمی سطح پر بے حد کامیاب رہی۔

مئی ۲۰۱۸ء میں پاکستان میں ہم نیوز کی کامیاب شروعات کے بعد ہم نیوز نے جولائی ۲۰۱۸ء میں ایکشن ٹرانسمیشن کو کامیابی سے پیش کیا۔ جولائی ۲۰۱۸ء میں یو کے میں ہم نیوز کا آغاز کیا گیا تھا جو کہ انچ این ایل کی مارکیٹ کی صحت عملی کامیاب حصہ ہے کہ کچن خبریں، حالات حاضرہ اور ناظرین کی رائے پیش کی جاسکے۔

ہم کی وی مشہور و معروف میڈیا کا حصہ ہے جس میں پرائم ٹائم ڈرامہ، سوپ اور سیریلز جن میں حساس معاشرتی مسائل کو اجاگر کیا گیا ہے اور معاشرے کیلئے اہم پیغام دیا گیا ہے۔ زیر نظر مدت کے دوران ہم کی وی نے نئی ڈرامے ”عشق تماشہ“، ”ممنوعہ“، ”کی جانا میں کون“، ”بند کھڑیاں“، ”چینل کے جنہیں ناظرین نے بے حد سراہا۔

ہم ایوارڈ ۲۰۱۸ء کا انعقاد جولائی ۲۰۱۸ء میں کینیڈا میں اپنی تمام تر معانیوں کے ساتھ پیش کیا گیا جسے پاکستان کی انٹرنیشنل انڈسٹری کو پوری برائی ملی۔ ایوارڈ کا گلا کا مقصد ملکی و غیر ملکی ناظرین پر مثبت اثر ڈالنا ہے اور ہم ایوارڈ ۲۰۱۸ء کا جاب ایک بہترین پروگرام تھا جس میں تمام تر کارکردگیوں کو ناظرین نے بے حد سراہا۔

ہم مصالحت جو کہ ہرگز ایک اہم حصہ ہے جس میں نئی کوئٹہ کے طریقے مختلف مصالحت جات، کوئٹہ ایکپس، پیسرو رائٹ شیف اور فینٹکسٹنلیٹ کو متعارف کرایا گیا۔

متعلقہ نتائج درج ذیل ہیں:

| | |
|-----------------------------|---------------|
| روپے | ۱,۲۵,۲۵۳,۳۶۱ |
| مقامی آمدنی | ۱۲۱,۸۳۴,۹۵۲ |
| کل منافع | (۱۲۵,۹۵۸,۱۶۳) |
| دوران مدت قبل از ٹیکس خسارہ | (۸۔۱۶) |
| فی شیئر خسارہ | |

مستقبل کا جائزہ:

انچ این ایل کی طرح ہم نیوز نے بھی بہتر کارکردگی اور میڈیا پیکیشن نے اعلیٰ معیاری خبریں فراہم کرنے میں اہم کردار ادا کیا ہے، حالات حاضرہ کو بھی ناظرین نے بے حد پسند کیا۔ اس طریقہ کار میں مختلف اور موجودہ طریقہ کار کو برقرار رکھا ہے اور ہمیں امید ہے کہ ہم نیوز موجودہ شیئر مارکیٹ کیلئے ایک چیلنج ثابت ہوگا۔

انچ این ایل کے اس ڈیجیٹل ایڈیٹری میں تیلی کوہ مارٹ کے توسط سے ای کامرس مارکیٹ کے ذریعے آنے والے سائوں میں بے حد منافع بخش قرار دیا گیا۔ ہم اس حوالے سے بے حد متفہم امید ہیں کہ اپنی ای کامرس کی ترقی کے ساتھ ہم اس فیلڈ میں بھی کامیابی حاصل کر لیتے۔


زیر نظر مدت کے دوران کچنی کے شیئر ہولڈرز نے اپنی مینٹگ میں M.D پر ڈکٹو (پرائیویٹ) لمیٹڈ کے ساتھ اختلافات کی انتہیم منظوری تاکہ زیادہ سے زیادہ شیئرز حاصل کر سکے، یہ انتہیم اب عدالت میں منظوری اور مستحق کاروائیوں کو مکمل کرنے کے لئے ہے جس سے انچ این ایل طویل مدتی مقاصد کے تحت توسیع پاکستانی میڈیا کی صنعت میں حاصل کرے گی اور امید ہے کہ آنے والی مدت میں بہت فائدہ حاصل ہوگا۔


پاکستان میں براڈ بینڈ استعمال کرنے والوں کی تعداد میں اضافہ ہو رہا ہے جو کہ ویڈیو آن ڈیمانڈ (وی او ڈی) پلیٹ فارم کے توسط سے آن لائن خرید و فروخت کیلئے پوری دنیا میں توجہ کا مرکز ہے اور اس سلسلے میں ایک نئی ڈیجیٹل مارکیٹ شروع ہوئی ہے۔ انچ این ایل اس وقت بہترین حالت میں ہے کہ وہ مذکورہ مارکیٹ کے طریقہ کار سے فائدہ اٹھا سکے۔ اس سلسلے میں تمام بڑے عالمی وی او ڈی پلیٹ فارم جیسے کہ نیٹ فلیکس، ایکس اور امیزون ڈا کے ساتھ شراکت داری قائم کی گئی ہے۔

اتکلیات و ترقی:

انتظامیہ کی جانب سے ہم اپنے تمام شیئر ہولڈرز، ملازمین، کسٹمرز، کاروباری شراکت داران اور دیگر اسٹیک ہولڈرز کے ان مستقل سپورٹ پر پختہ خزانہ تحسین پیش کرتے ہیں جو کہ انہوں نے ہر سطح پر محنت سے آپ کی کھپتی کیلئے بہترین کارکردگی حاصل کی اور امید ہے کہ مستقبل میں بھی ان کی سپورٹ حاصل رہے گی۔

توسط بورڈ آف ڈائریکٹرز


مظفر الحق صدیقی
چیئر مین


دریغ تریشی
چیف ایگزیکٹو آفیسر

کراچی، ۲۹ اکتوبر ۲۰۱۸ء

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

| | | September 2018 (Un-audited) | June 2018 (Audited) |
|---|------|-----------------------------------|---------------------------|
| | Note | ----- Rupees ----- | ----- |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,526,187,235 | 1,541,442,429 |
| Intangible assets | | 40,166,439 | 41,071,541 |
| Long term investments | 5 | 288,898,431 | 288,898,431 |
| Long term deposits | | 24,677,606 | 25,153,606 |
| Television program costs | | 280,635,843 | 256,170,162 |
| Deferred tax asset | | 95,708,565 | 102,187,697 |
| | | 2,256,274,119 | 2,254,923,866 |
| CURRENT ASSETS | | | |
| Inventories | | 38,450,036 | 18,196,684 |
| Current portion of television program costs | | 195,649,329 | 219,364,710 |
| Trade debts | 6 | 1,743,034,711 | 1,738,105,890 |
| Short term investments | | 628,998,556 | 600,248,556 |
| Advances | | 161,906,075 | 203,449,568 |
| Trade deposits and short-term prepayments | | 23,345,246 | 23,332,017 |
| Other receivables | | 166,577,767 | 173,222,841 |
| Taxation - net | | 100,819,289 | 95,630,440 |
| Cash and bank balances | | 341,099,171 | 165,743,041 |
| | | 3,399,880,180 | 3,237,293,747 |
| TOTAL ASSETS | | 5,656,154,299 | 5,492,217,613 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital 1,500,000,000 (2017: 1,500,000,000) Ordinary shares of Re.1/- each | | 1,500,000,000 | 1,500,000,000 |
| Issued, subscribed and paid-up capital | | 945,000,000 | 945,000,000 |
| Unappropriated profit | | 2,590,755,580 | 2,748,003,928 |
| | | 3,535,755,580 | 3,693,003,928 |
| NON-CURRENT LIABILITIES | | | |
| Liabilities against assets subject to finance lease | | 10,862,785 | 12,914,293 |
| Long term financing | | 1,257,858,894 | 1,094,155,062 |
| | | 1,268,721,679 | 1,107,069,355 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 715,250,080 | 635,316,268 |
| Accrued mark-up | | 10,112,038 | 2,431,528 |
| Short term borrowings | | - | 17,803,070 |
| Unclaimed dividend | | 6,153,649 | 6,153,649 |
| Current portion of long term financing | | 104,410,107 | 11,713,938 |
| Current portion of liabilities against assets subject to finance lease | | 15,751,166 | 18,725,877 |
| | | 851,677,040 | 692,144,330 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |
| TOTAL EQUITY AND LIABILITIES | | 5,656,154,299 | 5,492,217,613 |

The annexed notes from 1 to 13 form an integral part of these financial statements.


DURAIQ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | | SEPTEMBER 30, 2018 (Un-audited) | SEPTEMBER 30, 2017 (Un-audited) |
|--|----|---------------------------------------|---------------------------------------|
| | | ----- Rupees ----- | |
| Revenue – net | 9 | 1,094,520,391 | 1,227,154,225 |
| Cost of production | 10 | (978,159,972) | (716,481,482) |
| Transmission cost | | (46,504,157) | (25,064,564) |
| | | (1,024,664,129) | (741,546,046) |
| Gross profit | | 69,856,262 | 485,608,179 |
| Distribution costs | | (84,834,779) | (59,214,216) |
| Administrative expenses | | (128,345,663) | (134,954,458) |
| | | (143,324,180) | 291,439,505 |
| Other operating income | | 33,441,464 | 18,289,625 |
| | | (109,882,716) | 309,729,130 |
| Finance costs | | (26,264,977) | (1,794,123) |
| (Loss)/Profit before taxation | | (136,147,693) | 307,935,007 |
| Taxation | | (21,100,655) | (20,541,346) |
| (Loss)/Profit after taxation | | (157,248,348) | 287,393,661 |
| (Loss)/Earnings per share – basic and diluted | | (0.17) | 0.30 |

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE (LOSS)/ INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | SEPTEMBER 30, 2018 (Un-audited) | SEPTEMBER 30, 2017 (Un-audited) |
|---|---------------------------------------|---------------------------------------|
| | ----- Rupees ----- | |
| (Loss)/Profit after taxation | (157,248,348) | 287,393,661 |
| Other comprehensive income | - | - |
| Total comprehensive (loss)/income for the period | <u>(157,248,348)</u> | <u>287,393,661</u> |

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | SEPTEMBER 30, 2018 (Un-audited) | SEPTEMBER 30, 2017 (Un-audited) |
|---|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (136,147,693) | 307,935,007 |
| Adjustments for : | | |
| Depreciation | 57,827,834 | 23,516,861 |
| Amortisation of intangible assets | 3,082,102 | 1,993,979 |
| Finance costs | 26,264,978 | 1,794,123 |
| (Gain) on Disposal of Fixed Assets | (510,225) | (954,703) |
| Exchange(Gain) | (7,335,065) | (2,958,468) |
| Profit on deposit accounts | (5,259,791) | (5,359,330) |
| Unrealised gain on revaluation of investments | (7,829,411) | - |
| | 66,240,422 | 18,032,462 |
| Operating (loss)/profit before working capital changes | (69,907,271) | 325,967,469 |
| Working capital changes | | |
| Decrease / (Increase) in current assets | | |
| Inventories | (20,253,352) | (19,256) |
| Television program costs | 23,715,381 | 19,008,000 |
| Trade debts | 2,406,243 | (28,562,493) |
| Advances, deposits and prepayments | 41,530,265 | (61,552,986) |
| Other receivables | 6,645,073 | (13,545,436) |
| | 54,043,610 | (84,672,171) |
| Increase in current liabilities | | |
| Trade and other payables | 79,933,811 | 83,856,309 |
| Cash generated from operations | 64,070,150 | 325,151,607 |
| Taxes paid | (19,810,374) | (21,806,585) |
| Finance costs paid | (18,584,466) | (1,478,637) |
| Profit received on deposit accounts | 5,259,791 | 5,359,330 |
| Long term deposits | 476,000 | 322,500 |
| Television program costs | (24,465,681) | 66,779,987 |
| Net cash generated from operating activities | 6,945,420 | 374,328,202 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment & intangibles | (44,770,439) | (50,345,175) |
| Investments made during the year | (20,920,589) | - |
| Proceeds from sale of property, plant and equipment | 531,027 | 3,770,625 |
| Net cash used in investing activities | (65,160,001) | (46,574,550) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Liabilities against assets subject to finance lease | (5,026,219) | 863,921 |
| Short term borrowing repaid | (17,803,070) | - |
| Long term financing obtained | 256,400,000 | - |
| Dividends paid | - | (4,768) |
| Net cash used in financing activities | 233,570,711 | 859,153 |
| Net increase/ (decrease) in cash and cash equivalents | 175,356,130 | 328,612,805 |
| Cash and cash equivalents at the beginning of the year | 165,743,041 | 374,219,489 |
| Cash and cash equivalents at the end of the period | 341,099,171 | 702,832,294 |

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | Issued, Subscribed and paid-up Capital | Unappropriated Profit | Total |
|--|---|--------------------------|----------------------|
| | -----Rupees----- | | |
| Balance as at July 01, 2017 | 945,000,000 | 2,113,010,440 | 3,058,010,440 |
| Net profit for the period | - | 287,393,661 | 287,393,661 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 287,393,661 | 287,393,661 |
| Final cash dividend for the year ended June 30, 2017 | | (94,500,000) | (94,500,000) |
| Balance as at September 30, 2017 | 945,000,000 | 2,305,904,101 | 3,250,904,101 |
| Balance as at July 01, 2018 | 945,000,000 | 2,748,003,928 | 3,693,003,928 |
| Net (loss) for the period | - | (157,248,348) | (157,248,348) |
| Other comprehensive income | - | - | - |
| Total comprehensive (loss) | - | (157,248,348) | (157,248,348) |
| Balance as at September 30, 2018 | 945,000,000 | 2,590,755,580 | 3,535,755,580 |

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1. THE COMPANY AND ITS OPERATIONS

- 1.1 HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange.
- 1.2 The Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.
- 1.3 These financial statements are separate financial statements of the Company in which investment in a subsidiary is accounted for on the basis of direct equity interest and is not consolidated.

2. BASIS OF PRESENTATION

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

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | | September 30, 2018 (Un-audited) | June 30, 2018 (Audited) |
|---|----------------|---------------------------------------|-------------------------------|
| | | ----- Rupees ----- | |
| 4. PROPERTY, PLANT AND EQUIPMENT | Note | | |
| Operating fixed assets | 4.1 | 1,521,836,374 | 1,501,592,770 |
| Capital work-in-progress | | 4,350,860 | 39,849,659 |
| | | <u>1,526,187,235</u> | <u>1,541,442,429</u> |
| 4.1 Operating fixed assets – owned and leased | | | |
| Book value at the beginning of the period / year | | 1,501,592,770 | 262,435,796 |
| Additions during the period / year | 4.1.1 | 78,092,239 | 1,363,766,682 |
| Less: | | | |
| Disposal during the period / year - at book value | | 20,801 | 2401586 |
| Depreciation charged during the period / year | | 57,827,834 | 122,208,122 |
| Closing balance - at book value | | <u>1,521,836,374</u> | <u>1,501,592,770</u> |
| 4.1.1 Additions during the period/year | | | |
| Owned | | | |
| Building on leasehold land | | - | 765,611,008 |
| Leased hold improvement | | 1,178,616 | 95,436,530 |
| Furniture and fittings | | 460,100 | 8,538,638 |
| Vehicles | | 4,754,000 | 52,287,612 |
| Audio visual equipment | | 65,098,176 | 268,526,505 |
| Uplinking equipment | | - | 21,478,851 |
| Office equipment | | 2,436,730 | 56,653,892 |
| Computers | | 4,164,617 | 61,230,630 |
| Leased | | | |
| Vehicles | | - | 34,003,016 |
| | | <u>78,092,239</u> | <u>1,363,766,682</u> |
| 5. LONG TERM INVESTMENTS – unquoted subsidiaries | | | |
| HUM TV, Inc | Holding | | |
| 10,000 Common stock at \$ 0.01 | 100% | 8,603 | 8,603 |
| Advance for future issue of shares | | 18,716,750 | 18,716,750 |
| | | <u>18,725,353</u> | <u>18,725,353</u> |
| HUM Network UK Ltd | | | |
| 553,677 Ordinary Share of 1 GBP | 100% | 95,923,751 | 95,923,751 |
| Sky Line Publication (Private) Limited | | | |
| 3,999,997 Ordinary Shares of Rs. 10 each | 100% | 39,999,970 | 39,999,970 |
| HUM Network FZ LLC | | | |
| 2,400 Ordinary Shares of AED 1000 each | 100% | 69,802,371 | 69,802,371 |
| Advance for future issue of shares | | 4,446,966 | 4,446,966 |
| | | <u>74,249,337</u> | <u>74,249,337</u> |
| HUMM Co. (Private) Limited | | | |
| 4 ordinary shares of Rs. 10 each | 100% | 40 | 40 |
| HUM Mart (Private) Limited | | | |
| 5,999,998 ordinary share of Rs. 10 each | 100% | 59,999,980 | 59,999,980 |
| | | <u>288,898,431</u> | <u>288,898,431</u> |

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | September 30, 2018 (Un-audited) | June 30, 2018 (Audited) |
|------------------------------------|---------------------------------------|-------------------------------|
| | ----- Rupees ----- | |
| 6. TRADE DEBTS - unsecured | | |
| Considered good | 1,743,034,711 | 1,738,105,890 |
| Considered doubtful | <u>47,026,912</u> | <u>47,026,912</u> |
| | 1,790,061,623 | 1,785,132,802 |
| Less: Provision for doubtful debts | <u>47,026,912</u> | <u>47,026,912</u> |
| | <u>1,743,034,711</u> | <u>1,738,105,890</u> |

7. TRADE AND OTHER PAYABLES

| | | |
|---|--------------------|--------------------|
| Creditors | 340,781,526 | 322,591,592 |
| Accrued liabilities | 260,753,468 | 240,810,527 |
| Due to related party – HUM Network FZ LLC | 36,363,449 | 17,761,108 |
| Withholding tax payable | 36,370,183 | 16,921,697 |
| Advances from customers | 11,064,459 | 10,946,263 |
| Payable to provident fund | 10,610,893 | 8,764,239 |
| Others | <u>19,306,102</u> | <u>17,520,842</u> |
| | <u>715,250,080</u> | <u>635,316,268</u> |

8. CONTINGENCIES AND COMMITMENTS

8.1 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.

8.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited and Momina & Duraid Films (Private) Limited - related parties as at September 30, 2018 amounted to Rs. 309,489,500/-(June 2018: Rs. 210,009,500/-) and 7,000,000 (June 2018: 110,000,000) respectively. Commitment for purchase of television programs with other than related parties as at September 30, 2018 amounted to Rs. Nil(June 2018: Rs. 13,144,000/-).

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | | Quarter Ended | |
|---------------------------|--|---------------------------------------|---------------------------------------|
| | | SEPTEMBER 30, 2018 (Un-audited) | SEPTEMBER 30, 2017 (Un-audited) |
| | | ----- Rupees ----- | ----- Rupees ----- |
| 9. REVENUE – net | | | |
| Advertisement revenue | | 890,919,781 | 1,055,476,819 |
| Production revenue | | 45,450,854 | 18,988,378 |
| Digital revenue | | 1,508,020 | 3,358,403 |
| Subscription income | | 73,627,549 | 41,449,467 |
| Film distribution revenue | | 83,014,187 | 107,881,158 |
| 9.1 | | <u>1,094,520,391</u> | <u>1,227,154,225</u> |

9.1 Revenue is net off the following items:

| | | |
|-----------------------|--------------------|--------------------|
| Sales tax | 128,359,021 | 167,520,893 |
| Discount to customers | 63,722,686 | 87,970,936 |
| | <u>192,081,707</u> | <u>255,491,829</u> |

| | | Quarter Ended | |
|---|------|---------------------------------------|---------------------------------------|
| | | SEPTEMBER 30, 2018 (Un-audited) | SEPTEMBER 30, 2017 (Un-audited) |
| | | ----- Rupees ----- | ----- Rupees ----- |
| 10. COST OF PRODUCTION | | | |
| Cost of outsourced programs | | 387,713,008 | 394,310,887 |
| Cost of in-house programs | | 278,106,325 | 87,716,731 |
| Salaries, wages and benefits | 10.1 | 216,567,145 | 107,927,093 |
| Depreciation | | 44,039,604 | 11,364,159 |
| Traveling and conveyance | | 14,561,413 | 6,476,617 |
| Utilities | | 5,481,574 | 3,905,944 |
| Rent, rates and taxes | | 7,537,710 | 3,277,828 |
| Insurance | | 7,411,615 | 2,999,619 |
| Repair and maintenance | | 4,981,604 | 3,739,837 |
| Fee and subscription | | 3,138,386 | 3,114,530 |
| Communication | | 4,535,960 | 2,439,811 |
| Security charges | | 896,554 | 806,200 |
| Amortisation | | 2,288,896 | 1,169,924 |
| Consultancy | | 1,431,570 | 1,378,285 |
| Printing and stationery | | 218,908 | 66,030 |
| | | <u>978,910,272</u> | <u>630,693,495</u> |
| In production television programs - opening | | 91,472,116 | 86,240,166 |
| In production television programs - closing | | (92,222,416) | (91,590,116) |
| | | <u>978,159,972</u> | <u>625,343,545</u> |
| Released / unreleased programs - opening | | 384,062,756 | 387,583,127 |
| Released / unreleased programs - closing | | (384,062,756) | (296,445,190) |
| | | <u>978,159,972</u> | <u>716,481,482</u> |

10.1 This includes Rs. 9,243,153/- (Sep 30, 2017: Rs. 3,907,156/-) in respect of staff retirement benefits.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

11. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprises subsidiaries, associates, 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:

| Related parties | Nature of transactions | September 30, 2018 ----- Rupees ----- (Un-audited) | September 30, 2017 ----- Rupees ----- (Un-audited) |
|--------------------------|---|---|---|
| | | | |
| Subsidiaries | Investments made | | - |
| | Receipts / (payments) during the year – net | <u>(24,217,756)</u> | <u>(6,553,429)</u> |
| | Subscription income | <u>9,034,350</u> | <u>3,224,000</u> |
| | Management fee | | <u>800,250</u> |
| Associates | Purchase of television programs | <u>383,626,134</u> | <u>272,082,065</u> |
| Retirement fund | Contributions | <u>11,967,312</u> | <u>6,198,111</u> |
| Key management personnel | Remuneration | <u>141,929,718</u> | <u>139,904,378</u> |

12. DATE OF AUTHORIZATION

These financial statements have been authorized for issue October 29, 2018 by the Board of Directors of the Company.

13. GENERAL

13.1 There were no material reclassifications that could affect the financial statements.

13.2 Figures have been rounded off to the nearest Rupee.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTMEBR 30, 2018

| | | SEPTEMBER 2018 (Un-audited) | JUNE 2018 (Audited) |
|---|------|-----------------------------------|-----------------------------|
| | Note | ----- Rupees ----- | ----- |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,559,316,020 | 1,572,987,351 |
| Intangible assets | | 122,059,538 | 122,354,847 |
| Long term deposits | | 39,588,250 | 39,218,507 |
| Television program costs | | 280,635,843 | 256,170,162 |
| Deferred tax asset | | 151,665,472 | 157,038,299 |
| | | <u>2,153,265,123</u> | <u>2,147,769,166</u> |
| CURRENT ASSETS | | | |
| Inventories | | 57,452,560 | 29,694,083 |
| Current portion of television program costs | | 195,649,329 | 219,364,710 |
| Trade debts | 5 | 1,835,323,926 | 1,789,045,811 |
| Short term investments | | 688,145,872 | 600,248,556 |
| Advances | | 176,246,656 | 213,519,825 |
| Trade deposits and short-term prepayments | | 36,417,799 | 49,431,514 |
| Other receivables | | 125,487,547 | 116,587,749 |
| Taxation - net | | 102,165,244 | 93,985,301 |
| Cash and bank balances | | 565,824,902 | 376,300,846 |
| | | <u>3,782,713,835</u> | <u>3,488,178,395</u> |
| TOTAL ASSETS | | <u>5,935,978,958</u> | <u>5,635,947,561</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 1,500,000,000 (2016: 1,500,000,000) Ordinary shares of Re.1/- each | | <u>1,500,000,000</u> | <u>1,500,000,000</u> |
| Issued, subscribed and paid-up capital | | 945,000,000 | 945,000,000 |
| Reserves | | <u>2,682,448,103</u> | <u>2,819,477,235</u> |
| | | <u>3,627,448,103</u> | <u>3,764,477,235</u> |
| NON-CURRENT LIABILITIES | | | |
| Liabilities against assets subject to finance lease | | 10,862,785 | 12,914,293 |
| Long term financing | | <u>1,257,858,894</u> | <u>1,094,155,062</u> |
| | | <u>1,268,721,679</u> | <u>1,107,069,355</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 878,264,254 | 707,572,909 |
| Accrued mark-up | | 10,228,276 | 2,431,528 |
| Advance | | 25,001,724 | - |
| Short term borrowings | | - | 17,803,070 |
| Unclaimed dividend | | 6,153,649 | 6,153,649 |
| Current portion of long term financing | | 104,410,106 | 11,713,938 |
| Current portion of liabilities against assets subject to finance lease | | <u>15,751,167</u> | <u>18,725,877</u> |
| | | <u>1,039,809,176</u> | <u>764,400,971</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 7 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>5,935,978,958</u> | <u>5,635,947,561</u> |

The annexed notes from 1 to 12 form an integral part of these consolidated financial statements.


DURAIQ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | | September 30, 2018 (Un-audited) | September 30, 2017 (Un-audited) |
|--|------|---------------------------------------|---------------------------------------|
| | Note | ----- Rupees ----- | |
| Revenue – net | 8 | 1,254,253,361 | 1,358,468,098 |
| Cost of production | 9 | (1,029,943,302) | (754,606,059) |
| Transmission cost | | (102,875,103) | (53,698,539) |
| | | (1,132,818,405) | (808,304,598) |
| Gross profit | | 121,434,956 | 550,163,500 |
| Distribution costs | | (100,070,291) | (59,214,216) |
| Administrative expenses | | (154,456,993) | (177,172,754) |
| | | (133,092,328) | 313,776,530 |
| Other operating income | | 33,610,719 | 18,953,639 |
| | | (99,481,609) | 332,730,169 |
| Finance costs | | (26,476,555) | (1,803,435) |
| (Loss)/Profit before taxation | | (125,958,164) | 330,926,734 |
| Taxation | | (21,606,765) | (20,650,054) |
| Net (loss)/profit for the period | | (147,564,929) | 310,276,680 |
| (Loss)/Earnings per share – basic and diluted | | (0.16) | 0.33 |

The annexed notes from 1 to 12 form an integral part of these condensed interim consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
(LOSS)/ INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

| | September 30, 2018 (Un-audited) | September 30, 2017 (Un-audited) |
|---|--|--|
| | ----- Rupees ----- | |
| (Loss)/Profit after taxation | (147,564,929) | 310,276,680 |
| Other comprehensive income/(loss) | 10,535,797 | (3,788,972) |
| Total comprehensive (loss)/income for the period | <u>(137,029,132)</u> | <u>306,487,708</u> |

The annexed notes from 1 to 12 form an integral part of these condensed interim consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | September 30, 2018 (Un-audited) Note | September 30, 2017 (Un-audited) Rupees |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (125,958,164) | 330,926,734 |
| Adjustments for : | | |
| Depreciation | 58,392,587 | 23,652,780 |
| Amortisation of intangible assets | 3,586,260 | 1,993,979 |
| Finance costs | 26,476,555 | 1,803,435 |
| (Gain)/Loss on disposal of fixed assets | (510,225) | (954,703) |
| Exchange loss / (gain) | (7,335,065) | (2,958,467) |
| Unrealized capital gain | (7,829,411) | - |
| Exchange difference on translation of foreign currency | 10,535,797 | (3,788,972) |
| Profit on deposit accounts | (5,415,845) | (5,359,330) |
| Movement in provisions | 2,408,461 | - |
| | <u>80,309,114</u> | <u>14,388,722</u> |
| Operating (loss)/profit before working capital changes | (45,649,050) | 345,315,456 |
| Working capital changes | | |
| Decrease / (increase) in current assets | | |
| Inventories | (27,758,477) | (19,256) |
| Television program costs | 23,715,381 | 19,008,000 |
| Trade debts | (39,550,569) | (64,405,339) |
| Advances, deposit and prepayments | 50,286,884 | (60,983,095) |
| Other receivables - unsecured, considered good | (8,899,799) | (16,762,277) |
| | <u>(2,206,580)</u> | <u>(123,161,967)</u> |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 170,691,345 | 128,016,419 |
| Cash generated from operations | 122,835,715 | 350,169,908 |
| Taxes paid | (19,841,464) | (21,822,000) |
| Finance costs paid | (18,796,045) | (1,487,949) |
| Profit received on deposit accounts | 5,415,845 | 5,359,330 |
| Long term deposits | (369,743) | 7,314,230 |
| Television program costs | (24,465,681) | 66,779,987 |
| Net cash generated from operating activities | 64,778,627 | 406,313,506 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment & intangibles | (47,091,472) | (50,345,175) |
| Short term investment | (80,067,905) | - |
| Proceeds from sale of property, plant and equipment | 531,025 | 3,770,625 |
| Net cash used in investing activities | (126,628,352) | (46,574,550) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Liabilities against assets subject to finance lease | (5,026,219) | 863,922 |
| Long term financing | 256,400,000 | - |
| Dividends paid | - | (4,768) |
| Net cash used in financing activities | 251,373,781 | 859,154 |
| Net increase in cash and cash equivalents | 189,524,056 | 360,598,110 |
| Cash and cash equivalents at the beginning of the year | 376,300,846 | 453,827,053 |
| Cash and cash equivalents at the end of the period | 565,824,902 | 814,425,163 |

The annexed notes from 1 to 12 form an integral part of these condensed interim consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | Issued, subscribed and paid-up capital | Foreign exchange translation reserve | Reserves | | Total |
|---|---|---|--------------------------|----------------------|----------------------|
| | | | Unappropriated Profit | Sub-total | |
| Balance as at July 01, 2017 | 945,000,000 | (8,125,872) | 2,019,942,646 | 2,011,816,774 | 2,956,816,774 |
| Net profit for the period | - | - | 310,276,680 | 310,276,680 | 310,276,680 |
| Other comprehensive income | - | (3,788,972) | - | (3,788,972) | (3,788,972) |
| Total comprehensive income | - | (3,788,972) | 310,276,680 | 306,487,708 | 306,487,708 |
| Final cash dividend for the year ended June 30, 2017 | | | (94,500,000) | (94,500,000) | (94,500,000) |
| Balance as at September 30, 2017 | 945,000,000 | (11,914,844) | 2,235,719,326 | 2,223,804,482 | 3,168,804,482 |
| Balance as at July 01, 2018 | 945,000,000 | 50,033,078 | 2,769,444,157 | 2,819,477,235 | 3,764,477,235 |
| (Loss) for the period | - | - | (147,564,929) | (147,564,929) | (147,564,929) |
| Other comprehensive income | - | 10,535,797 | - | 10,535,797 | 10,535,797 |
| Total comprehensive income | - | 10,535,797 | (147,564,929) | (137,029,132) | (137,029,132) |
| Balance as at September 30, 2018 | 945,000,000 | 60,568,875 | 2,621,879,228 | 2,682,448,103 | 3,627,448,103 |

The annexed notes from 1 to 12 form an integral part of these condensed interim consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE CONDENSED INTERM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1. THE GROUP AND ITS OPERATIONS

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

The 'Group' consists of

Holding Company

HUM Network Limited

Subsidiary Companies

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

1.2 Nature of operations of subsidiaries

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

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

2. BASIS OF PRESENTATION

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

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018.

NOTES TO THE CONDENSED INTERM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | | September 30, 2018 (Un-audited) | June 30, 2018 (Audited) |
|--|-------------|---------------------------------------|-------------------------------|
| | | ----- Rupees ----- | |
| 4. PROPERTY, PLANT AND EQUIPMENT | Note | | |
| Operating fixed assets | 4.1 | 1,554,965,160 | 1,533,137,692 |
| Capital work-in-progress | | 4,350,860 | 39,849,659 |
| | | <u>1,559,316,020</u> | <u>1,572,987,351</u> |
| 4.1 Operating fixed assets – owned and leased | | | |
| Book value at the beginning of the period / year | | 1,533,137,692 | 268,867,228 |
| Additions during the period / year | 4.1.1 | 80,240,855 | 1,419,720,559 |
| Less: | | | |
| Disposal during the period / year - at WDV | | 20,800 | 11,733,308 |
| Depreciation charged during the period / year | | 58,392,587 | 143,716,787 |
| | | <u>1,554,965,160</u> | <u>1,533,137,692</u> |
| 4.1.1 Additions during the period/year | | | |
| Owned | | | |
| Building on leasehold land | | | 765,611,008 |
| Leased hold improvement | | 1,178,615 | 109,324,544 |
| Furniture and fittings | | 1,403,222 | 15,637,983 |
| Vehicles | | 4,957,441 | 81,440,780 |
| Audio visual equipment | | 65,098,176 | 268,526,505 |
| Uplinking equipment | | - | 21,478,851 |
| Office equipment | | 3,047,005 | 60,009,726 |
| Computers | | 4,556,396 | 63,688,146 |
| Leased | | | |
| Vehicles | | - | 34,003,016 |
| | | <u>80,240,855</u> | <u>1,419,720,559</u> |
| | | September 30, 2018 (Un-audited) | June 30, 2018 (Audited) |
| | | ----- Rupees ----- | |
| 5. TRADE DEBTS – unsecured | | | |
| Considered good | | 1,835,323,926 | 1,789,045,811 |
| Considered doubtful | | 161,061,520 | 158,653,060 |
| | | <u>1,996,385,446</u> | <u>1,947,698,871</u> |
| Less: Provision for doubtful debts | | 161,061,520 | 158,653,060 |
| | | <u>1,835,323,926</u> | <u>1,789,045,811</u> |
| | | September 30, 2018 (Un-audited) | June 30, 2018 (Audited) |
| | | ----- Rupees ----- | |
| 6. TRADE AND OTHER PAYABLES | | | |
| Creditors | | 474,213,419 | 344,341,453 |
| Accrued liabilities | | 314,212,278 | 293,457,766 |
| Withholding tax payable | | 36,370,182 | 16,921,697 |
| Advances from customers | | 11,064,459 | 15,357,423 |
| Payable to provident fund | | 10,610,893 | 8,764,239 |
| Others | | 31,793,023 | 28,730,331 |
| | | <u>878,264,254</u> | <u>707,572,909</u> |

NOTES TO THE CONDENSED INTERM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

7. CONTINGENCIES AND COMMITMENTS

7.1 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 appellate order of the CIR(A) before the Appellate Tribunal Inland Revenue, which is pending adjudication. Further, the ACIR passed an appeal effect order creating a tax demand of Rs.182,961,339/-. However, the Holding Company has obtained a stay from recovery of the above tax demand from the Sindh High Court (the Court). The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Holding Company and accordingly, no provision has been made in this respect in these consolidated financial statements

7.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited and Momina & Duraid Films (Private) Limited - related parties as at September 30, 2018 amounted to Rs. 309,489,500/-(June 2018: Rs. 210,009,500/-) and 7,000,000 (June 2018: 110,000,000) respectively. Commitment for purchase of television programs with other than related parties as at September 30, 2018 amounted to Rs. Nil(June 2018: Rs. 13,144,000/-).

8. REVENUE – net

| | Quarter Ended | |
|---|---------------------------------------|---------------------------------------|
| | September 30, 2018 (Un-audited) | September 30, 2017 (Un-audited) |
| | ----- Rupees ----- | |
| Advertisement revenue | 1,017,563,934 | 1,186,911,990 |
| Production revenue | 45,450,854 | 18,988,378 |
| Digital revenue | 1,508,020 | 3,358,403 |
| Subscription income | 88,459,584 | 41,328,169 |
| Film distribution revenue | 83,014,187 | 107,881,158 |
| Sales of goods | 18,256,782 | |
| 8.1 | <u>1,254,253,361</u> | <u>1,358,468,098</u> |
| 8.1 Revenue is net off the following items: | | |
| Sales tax | 128,359,021 | 167,520,893 |
| Discount to customers | 63,722,686 | 87,970,936 |
| | <u>192,081,707</u> | <u>255,491,829</u> |

NOTES TO THE CONDENSED INTERM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | | Quarter Ended | |
|---|-------------|---------------------------------------|---------------------------------------|
| | | September 30, 2018 (Un-audited) | September 30, 2017 (Un-audited) |
| | | ----- Rupees ----- | |
| 9. COST OF PRODUCTION | Note | | |
| Cost of outsourced programs | | 404,061,903 | 422,196,591 |
| Cost of in-house programs | | 278,106,325 | 87,716,731 |
| Cost of inventory consumed | | 17,119,824 | |
| Salaries, wages and benefits | 9.1 | 224,374,826 | 111,718,251 |
| Depreciation | | 44,380,899 | 11,417,936 |
| Traveling and conveyance | | 17,748,321 | 6,571,772 |
| Utilities | | 5,481,574 | 4,009,992 |
| Rent, rates and taxes | | 10,630,958 | 3,749,793 |
| Insurance | | 7,474,732 | 3,004,270 |
| Repair and maintenance | | 5,571,250 | 3,805,860 |
| Fee and subscription | | 3,138,386 | 3,114,530 |
| Communication expense | | 4,996,001 | 2,495,116 |
| Security charges | | 1,076,628 | 806,200 |
| Amortisation | | 2,299,182 | 1,169,924 |
| Consultancy | | 1,431,570 | 1,378,285 |
| Printing and stationery | | 2,801,223 | 5,662,821 |
| | | 1,030,693,602 | 668,818,072 |
| In production television programs - opening | | 91,472,116 | 86,240,166 |
| In production television programs - closing | | (92,222,416) | (91,590,116) |
| | | 1,029,943,302 | 663,468,122 |
| Released / unreleased programs - opening | | 384,062,756 | 387,583,127 |
| Released / unreleased programs - closing | | (384,062,756) | (296,445,190) |
| | | 1,029,943,302 | 754,606,059 |

9.1 This includes Rs. 9,243,153/- (Sep 30, 2017: Rs. 3,907,156/-) in respect of staff retirement benefits.

10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprises subsidiaries, associates, 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:

| | | September 30, 2018 (Un-audited) | September 30, 2017 (Un-audited) |
|--------------------------|---------------------------------|--|--|
| | | ----- Rupees ----- | |
| Related parties | Nature of transactions | | |
| Associates | Purchase of television programs | 383,626,134 | 272,082,065 |
| Retirement fund | Contributions | 11,967,312 | 6,198,111 |
| Key management personnel | Remuneration | 159,028,917 | 161,056,331 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

11. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on October 29, 2018 by the Board of Directors of the Holding Company.

12. GENERAL

12.1 There were no material reclassifications that could affect the financial statements.

12.2 Figures have been rounded off to the nearest Rupee.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

Printed Matter

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Magazine

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