



# 1ST QUARTERLY REPORT SEPTEMBER 30, 2019 (UN-AUDITED)

**HUM NETWORK LIMITED**



## HUM NETWORK LIMITED





## 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. Nabigha Nasser Masood  
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

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

Secretary  
AUDITORS

### 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  
Dubai Islamic Bank  
Wells Fargo Bank  
Hum TV, Plot No. 10/11, Hassan Ali Street,  
Off. I.I Chundrigar Road, Karachi -74000 UAN: 111 -486-111

### REGISTERED & HEAD OFFICE

### 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, 2019.

### Financial Performance:

The gross loss for the period was Rs. 31 million owing to decrease in revenue due to dwindling foreign exchange reserves, low exports, high inflation, growing fiscal deficit and current account deficit. The Company reported loss before tax of Rs. 270 million whereas loss after tax was Rs. 301 million resulting in loss per share for the period ended September 30, 2019 of Re. 0.32. However we are optimistic that the macroeconomic stability in the country will also have a positive effect on Company's profitability.

### Operational Performance:

Since its inception, HUM TV has been a pioneer in its league, choosing new talent and bold subjects to breaking stereotypes and introducing plays with a strong social message.

Under the banner of HUM Films, blockbuster movies like "Bin Roye" and "Parwaaz Hai Junoon" have contributed to the revival of cinema in Pakistan. During the period, another blockbuster movie "Superstar" was launched which turned out to be a massive hit and people continued to flock to cinemas throughout Eid. The cast, direction, production, budget, scripts and music, everything combined has impacted on the film's success.

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 "Ana", "Khaas", "Inkaar", "Ushq Zahe Naseeb", "Meer Abrur", "Deewar-e-Shab", "Bhook" which were highly appreciated by the audiences.

During the period, HUM TV launched a project "Ehd-e-Wafa" produced by M.D. Productions in collaboration with Inter Services Public Relations which is a mesmerizing blend of friendship, love, sacrifices, patriotism and fun altogether. After the first episode, the response of the audience was overwhelming and this multi-starrer project is definitely a potential blockbuster.

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

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	904,804,334
Gross Profit	59,550
Loss for the period – before taxation	(319,426,116)
Loss per share	(0.37)

### Future Outlook

Our business and financial strategies, and the operational decision that stem from the below initiatives are designed to move HNL from strength to strength, and to ensure that its independence is preserved in a sustainable way. As an enterprise we are well placed to deliver much better growth forward backed by our well-defined business strategies, excellent infrastructure and robust board.

To further enhance market share, the HNL has a planned content lineup of new shows across network channels by means of content differentiation and breaking the existing norms of the genre, we are confident that we would be able to challenge the existing players both in all genres of entertainment and news.

Pakistan has a prospective digital market and the consumer shift towards digital services is exhibited through the rampant expansion of digitized households. HNL is well positioned to take advantage of aforesaid market trends having partnerships with all major international VOD platforms such as Netflix, YouTube etc.

The belief at the Company has always been that higher spends may not necessarily result in sustained incremental viewership. HNL continues to endeavor towards maintaining its cost structures through better negotiations with suppliers; including production houses; and better control on distribution spends.

Risk minimization and exploiting various growth opportunities have always been the main agenda when devising strategies at HNL. The Company is in the process of acquiring M.D. Productions (Private) Limited 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.

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.

### 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 26, 2019  
Karachi.



**DURAID QURESHI**  
Chief Executive



**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

## ڈائریکٹر رپورٹ

ہم نیٹ ورک لمیٹڈ (HNL) کے ڈائریکٹر کا بورڈ ۳۰ ستمبر ۲۰۱۹ کو شرمشہ ماہی کے لیے کمپنی کی مالیاتی اور انتظامی کارکردگی پیش کرتے ہوئے خوش ہے۔

### مالیاتی کارکردگی

زیر جائزہ ماہی کے دوران زمرہ اول کے ذخائر اور مایکرو سروس میں کمی، برقی ہوئی مہینائی، بڑھتے ہوئے مالیاتی خسارے اور کرنٹ اکاؤنٹ کے خسارے کی بدولت معاشی عدم استحکام سے مجموعی آمدنی میں کمی سے مجموعی نقصان ۱۳۱ ملین روپے پر ماہ ۳۰ ستمبر ۲۰۱۹ کو شرمشہ ماہی کے دوران کمپنی نے فیصلہ آگے ۷۰ ملین روپے نقصان اٹھایا جبکہ بعد از ٹیکس ۳۱ ملین روپے نقصان ہوا جس کی بدولت اس مدت کے لیے فی شیئر نقصان ۰.۳۲ روپے بنتا ہے۔ تاہم ہم پر امید ہیں کہ ملک میں منکرو اکاؤنٹ استحکام سے کمپنی کے منافع حاصل کرنے کی صلاحیت پر مثبت اثرات مرتب ہوں گے۔

### انتظامی کارکردگی

اپنے قیام سے ہی، ہم نئی وی بہترین ٹیلنٹ کے ساتھ نئے اور جدیدہ مسائل کی عکاسی سے دوسروں کے لیے مثال قائم کرتا رہا ہے اور معاشرے میں مثبت پیغامات کو متعارف کراتا رہا ہے۔

ہم فلز کے بہتر سٹے پیش کی جانے والی پلاک بسر موزیہ "بن روئے" اور "پرواز" ہے جو "بھینس قلموں نے پاکستانی سینما کی ہمائی میں اہم کردار ادا کیا ہے۔ زیر جائزہ مدت کے دوران عاماری ایک اور مایکرو سروس "سیرا سٹار" سینما گھروں کی زینت بنی اور یہ فلم عید کے موقع پر شائقین کو سینما گھروں کا رخ کرنے پر مجبور کرتی رہی۔ مایہ ناز اداری، ڈائریکشن، پروڈکشن، بجٹ، اسکرپ اور ڈیزائن کے مجموعی طور پر پہلو سے شادمانہ ہونے کی بدولت فلم کی کامیابی میں اہم کردار ادا کیا۔

ہم نئی وی جدیدہ مسائل پر بہترین عکاسی کے حامل اپنے پروگرام "ڈراموں، سوپ اور سیریلز کی بدولت بہت مشہور ہے اور اسے معاشرے تک پیغام رسانی کے ایک ذریعے کے طور پر دیکھا جاتا ہے۔ زیر جائزہ مدت کے دوران بھی ہم نئی وی نے اپنے ناظرین کو بہترین ڈراموں کی پیش کش جاری رکھی جس میں "اننا"، "خاص"، "مشتاق زہ نصیب"، "میر اور"، "دیوار شب اور"، "بھوک" جیسے مایہ ناز ڈرامے شامل ہیں۔ ان ڈراموں نے ناظرین کو اپنے تحریریں لیتے ہوئے ان کے دل جیت لیے ہیں۔

زیر جائزہ مدت کے دوران، ہم نئی وی نے انٹرنسز پر ایک ریسیور کے اشتراک سے ایم ڈی پروڈکشن کا پروڈکشن "عید وفا" شروع کیا ہے جو کہ دو قی، پیا ر قریانی، حب الوطنی اور تقریر کی ایک عجیب اور سرگیزش پیش ہے۔ اس کی پہلی قسط کے بعد ناظرین کے تاثرات قابلِ رشک تھے، مایہ ناز ڈراموں پر مشتمل ہے پروڈکشن بینٹنا ایک زبردست پلاک بسر ثابت ہو رہا ہے۔

پاکستان کے گلیسرے بھر پر تقریباً ۲۰۱۹ء اور ۲۰۱۹ء میں امریکہ کے شہر میٹروپولیٹن میں مندرجہ ذیل گلیسرے بھر پر دستاروں کی کیکھاں میں ناقابلِ یقین پر فاضل کی بدولت، ہم ایوارڈ ڈی کی تقریب حقیقی طور پر ایک جیت اور شوقا۔ مستقبل میں بھی ہم نیٹ ورک ایوارڈ کی تقریبات اور دیگر مواقع کو بیرون ملک متانے کی منصوبہ بندی کر رہے ہیں کہ بیرون ملک ناظرین کے سامنے پاکستان کا مثبت تصویر پیش کیا جائے۔

ہم معاشرے پر گہری لازمی ضرورت کی حیثیت سے، کھانے پکانے کے سلسلوں کا اضافہ جاری رکھتے ہوئے "معلوما شوڈ کے ذریعے کی طرف سے نئی ریسپور، کوکٹنگ ایکسپرس، ماہر شیف اور ریسیٹ ککٹنگ متعارف کرائے ہیں جنہیں کھانے کے شوقین افراد کی جانب سے بہت سراہا جا رہا ہے۔

کمپنی کے مجموعی نتائج درج ذیل ہیں:

آمدنی - خالص	۹۰,۴۸,۰۳۳
مجموعی منافع	۵۰,۵۵۰
مدت کے دوران نقصان - قبل از ٹیکس	(۳۱۹,۳۲۹,۱۱۶)
پراکٹیشز پر نقصان	(۰.۳۲)

### مستقبل کی منصوبہ بندی

تجارت کاروباری اور مالی منصوبہ بندیان اور انتظامی فیصلوں میں چلنی آگے کے جواقد اہم ہوتے ہیں وہ ہم نیٹ ورک کو طاقت سے طاقت کے حصول کو سامنے رکھ کر مرتبہ کرتے جاتے ہیں اور یہ یقینی بنایا جاتا ہے کہ اس کی آزادی و تنظیم انداز میں محفوظ رکھی گئی ہے۔ ایک انٹر پرائز کے طور پر ہم واضح کاروباری منصوبہ بندی، شادمانہ انفراسٹرکچر اور تجربہ کار بورڈ کی بدولت مزید ترقی کرنے کی اہلیت رکھتے ہیں۔

اپنے مارکیٹ شیئر کو مزید بڑھانے کے لیے، ہم نیٹ ورک لمیٹڈ نے پورے ملک کے مختلف جیلوں سے شوڈ کے لیے پیش کئے جانے والے ہوا کی منصوبہ بندی کے پیش نظر جداد اور مختلف موضوعات کو تیار رکھا ہوا ہے تاکہ موجودہ طور پر یقین سے بہت کچھ نظر میں کیا جاسکے۔ ہم پر امید ہیں کہ ان منصوبہ بندیوں سے ہم انٹرٹینمنٹ اور نیوز کے میدانوں میں موجود پلیئر ڈیٹنگ کرنے کی بھرپور صلاحیت کے حامل ہوں گے۔

پاکستان کی ڈیجیٹل مارکیٹ بہت جلد افزا ہے اور یہاں کی روزمرہ کی ضروریات کا میز سے ڈیجیٹل سروسز میں منتقل ہونا اس بات کا واضح ثبوت ہے۔ ہم نیٹ ورک لمیٹڈ اس مارکیٹ ٹریڈ سے فائدہ اٹھانے کے لیے عملی طور پر تیار ہے اور اس کے لیے نیٹ ورک کے نیٹ ورکس، یوٹیوب جیسے بڑے عامی VOD پلیٹ فارمز کے ساتھ شراکت داری کر رہی ہے۔

کمپنی میں اس بات کی سوچ کو پروان چڑھایا گیا ہے کہ ناظرین کی تعداد میں اضافہ کے لیے خلیہ رقم خرچ کرنا ضروری نہیں ہوتا۔ ہم نیٹ ورک لمیٹڈ سٹارڈیز بھول پروڈکشن ڈائریکٹر کے ساتھ بہترین اور اعلیٰ ترین گفت و شنید اور اپنے ڈسٹری بیوٹن کے اخراجات پر کنٹرول کی طرف بھرپور توجہ مرکوز رکھتا ہے۔

خطرات میں کمی اور ترقی کے مواقع سے فائدہ اٹھانے کی سوچ ہم نیٹ ورک لمیٹڈ کی منصوبہ بندی کا اہم جزو رہی ہے۔ ہم نیٹ ورک لمیٹڈ کی جانب سے ایم ڈی پروڈکشن (پراجیکٹ) لمیٹڈ کا حصول بھی پاکستان کی میڈیا انڈسٹری میں طویل مدتی ترقی اور توسیع کے پیش نظر عمل میں لایا جا رہا ہے اور اس سے مستقبل میں بہترین منافع کی امید کی جاتی ہے۔

اس ڈیجیٹل دور میں جوش پڑھنے والی تبدیلیوں کے پیش نظر، ہم نیٹ ورک لمیٹڈ مارٹ کے ذریعے ای کامرس مارکیٹ میں قدم رکھ دیا ہے۔ ہم پر امید ہیں کہ اس اقدام سے ڈیجیٹل مارکیٹ سے بھرپور فائدہ حاصل ہوگا اور نئے والے سالوں میں ہم مارٹ ایک منافع بخش بزنس ثابت ہوگا۔

### اٹھنا رتھکر

انتظامیہ کی جانب سے، میں اس موقع پر اپنے شیئر ہولڈرز، ملازمین، سٹورڈ کاروباری شراکت داروں اور دیگر اسٹیک ہولڈرز کا کمپنی پر اعتماد کے لیے شکر یہ ادا کروں گا کہ ان کے مسلسل تعاون اور مدد سے ہی ہم نیٹ ورک لمیٹڈ اپنے مقاصد تک چلنے کے طرف بڑھتے ہیں کامیاب رہا ہے۔

کراچی، ۲۶ ستمبر ۲۰۱۹

منظر الحق مدنی

چیرمین

در پردہ شیشی

چیف ایگزیکٹو آفیسر

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT SEPTEMBER 30, 2019

		September 2019 (Un-audited)	June 2019 (Audited)
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,445,964,985	1,494,444,226
Intangible assets		41,822,284	45,543,151
Long term investments	5	368,898,451	368,898,451
Long term deposits		24,325,472	24,479,812
Television program costs		238,272,617	227,228,617
Deferred tax asset		11,415,517	57,032,586
		<b>2,130,699,326</b>	<b>2,217,626,843</b>
<b>CURRENT ASSETS</b>			
Inventories		20,545,531	19,532,155
Current portion of television program costs		210,385,799	213,385,799
Trade debts	6	1,648,917,491	1,776,702,967
Short term investments		705,327,623	838,041,574
Advances		207,926,737	116,418,606
Trade deposits and short-term prepayments		18,074,776	16,632,975
Other receivables		189,418,606	166,594,761
Taxation - net		206,196,136	175,896,680
Cash and bank balances		38,520,168	152,042,869
		<b>3,245,312,867</b>	<b>3,475,248,386</b>
<b>TOTAL ASSETS</b>		<b>5,376,012,193</b>	<b>5,692,875,229</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		1,910,873,408	2,212,120,835
		<b>2,855,873,408</b>	<b>3,157,120,835</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		10,100,855	11,263,903
Long term financing		885,690,089	978,644,795
		<b>895,790,944</b>	<b>989,908,698</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	918,441,462	847,005,655
Accrued mark-up		14,353,144	5,490,094
Short term borrowings		299,894,420	299,853,260
Unclaimed dividend		5,948,490	5,948,490
Unpaid Dividend		205,159	205,159
Current portion of long term financing		371,665,896	371,910,267
Current portion of liabilities against assets subject to finance lease		13,839,270	15,432,771
		<b>1,624,347,841</b>	<b>1,545,845,696</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,376,012,193</b>	<b>5,692,875,229</b>

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
**DURAID 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, 2019 (UNAUDITED)

		SEPTEMBER 30, 2019 (Un-audited)	SEPTEMBER 30, 2018 (Un-audited)
		----- Rupees -----	
<b>Revenue – net</b>	9	709,228,805	1,094,520,391
Cost of production	10	(703,508,018)	(978,159,972)
Transmission cost		(36,460,566)	(46,504,157)
		(739,968,584)	(1,024,664,129)
<b>Gross(Loss)/Profit</b>		(30,739,779)	69,856,262
Distribution costs		(90,901,145)	(84,834,779)
Administrative expenses		(109,952,264)	(128,345,663)
		(231,593,188)	(143,324,180)
Other operating income		25,172,788	33,441,464
		(206,420,400)	(109,882,716)
Finance costs		(63,122,096)	(26,264,977)
<b>(Loss) before taxation</b>		(269,542,496)	(136,147,693)
Taxation		(31,704,931)	(21,100,655)
<b>(Loss) after taxation</b>		(301,247,427)	(157,248,348)
<b>(Loss) per share – basic and diluted</b>		(0.32)	(0.17)

The annexed notes from 1 to 14 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, 2019

	SEPTEMBER 30, 2019 (Un-audited)	SEPTEMBER 30, 2018 (Un-audited)
	----- Rupees -----	
<b>(Loss) after taxation</b>	<b>(301,247,427)</b>	<b>(157,248,348)</b>
Other comprehensive income	-	-
<b>Total comprehensive (loss) for the period</b>	<b><u>(301,247,427)</u></b>	<b><u>(157,248,348)</u></b>

The annexed notes from 1 to 14 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, 2019

	SEPTEMBER 30, 2019 (Un-audited)	SEPTEMBER 30, 2018 (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(269,542,496)	(136,147,693)
<b>Adjustments for :</b>		
Depreciation	58,838,008	57,827,834
Amortisation of intangible assets	3,720,867	3,082,102
Finance costs	63,122,096	26,264,978
(Gain) on Disposal of Fixed Assets	(329,611)	(510,225)
Exchange Loss/(Gain)	7,984,386	(7,335,065)
Profit on deposit accounts	(3,748,316)	(5,259,791)
Unrealised gain on revaluation of investments	(4,937,018)	(7,829,411)
	<b>124,650,412</b>	<b>66,240,422</b>
<b>Operating (loss)/profit before working capital changes</b>	<b>(144,892,084)</b>	<b>(69,907,271)</b>
<b>Working capital changes</b>		
<b>Decrease / (Increase) in current assets</b>		
Inventories	(1,013,376)	(20,253,352)
Television program costs	3,000,000	23,715,381
Trade debts	119,801,090	2,406,243
Advances, deposits and prepayments	(92,949,932)	41,530,265
Other receivables	(22,823,845)	6,645,073
	<b>6,013,937</b>	<b>54,043,610</b>
<b>Increase in current liabilities</b>		
Trade and other payables	71,435,808	79,933,811
Cash generated from operations	<b>(67,442,339)</b>	<b>64,070,150</b>
Taxes paid	(16,387,318)	(19,810,374)
Finance costs paid	(54,259,045)	(18,584,466)
Profit received on deposit accounts	3,748,316	5,259,791
Long term deposits	154,340	476,000
Television program costs	(11,044,000)	(24,465,681)
Net cash generated from operating activities	<b>(145,230,046)</b>	<b>6,945,420</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment & intangibles	(14,074,998)	(44,770,439)
Investments redeemed/ (made) during the year-net	137,650,969	(20,920,589)
Proceeds from sale of property, plant and equipment	4,045,840	531,027
Net cash used in investing activities	<b>127,621,811</b>	<b>(65,160,001)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	(2,756,549)	(5,026,219)
Short term borrowing acquired/ (repaid)	41,160	(17,803,070)
Long term financing (repaid)/acquired	(93,199,077)	256,400,000
Net cash used in financing activities	<b>(95,914,466)</b>	<b>233,570,711</b>
Net increase/ (decrease) in cash and cash equivalents	<b>(113,522,701)</b>	<b>175,356,130</b>
Cash and cash equivalents at the beginning of the year	<b>152,042,869</b>	<b>165,743,041</b>
Cash and cash equivalents at the end of the period	<b>38,520,168</b>	<b>341,099,171</b>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements



**DURAIQ 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, 2019 (UN-AUDITED)

	Issued, Subscribed and paid-up Capital	Unappropriated Profit -----Rupees-----	Total
<b>Balance as at July 01, 2018</b>	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)
<b>Balance as at September 30, 2018</b>	<b>945,000,000</b>	<b>2,590,755,580</b>	<b>3,535,755,580</b>
<b>Balance as at July 01, 2019</b>	945,000,000	2,212,120,835	3,157,120,835
Net (loss) for the period	-	(301,247,427)	(301,247,427)
Other comprehensive income	-	-	-
Total comprehensive (loss)	-	(301,247,427)	(301,247,427)
<b>Balance as at September 30, 2019</b>	<b>945,000,000</b>	<b>1,910,873,408</b>	<b>2,855,873,408</b>

The annexed notes from 1 to 14 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, 2019

### 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, 2019.

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- Rupees -----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating fixed assets	4.1	<b>1,386,933,051</b>	1,435,412,292
Capital work-in-progress		<b>59,031,934</b>	59,031,934
		<b><u>1,445,964,985</u></b>	<u>1,494,444,226</u>
<b>4.1 Operating fixed assets – owned and leased</b>			
Book value at the beginning of the period / year		<b>1,435,412,292</b>	1,501,592,770
Additions during the period / year	4.1.1	<b>14,074,996</b>	213,991,351
Less:			
Disposal during the period / year - at book value		<b>3,716,229</b>	21,195,296
Depreciation charged during the period / year		<b>58,838,008</b>	258,976,533
Closing balance - at book value		<b><u>1,386,933,051</u></b>	<u>1,435,412,292</u>
<b>4.1.1 Additions during the period/year</b>			
<b>Owned</b>			
Building on leasehold land		<b>1,855,107</b>	1,916,800
Leased hold improvement		<b>3,823,116</b>	5,497,657
Furniture and fittings		<b>-</b>	2,412,985
Vehicles		<b>72,800</b>	24,785,442
Audio visual equipment		<b>2,487,288</b>	136,539,907
Uplinking equipment		<b>-</b>	10,204,336
Office equipment		<b>304,705</b>	3,217,825
Computers		<b>2,745,780</b>	13,134,336
<b>Leased</b>			
Vehicles		<b>2,786,200</b>	16,282,063
		<b><u>14,074,996</u></b>	<u>213,991,351</u>
<b>5. LONG TERM INVESTMENTS – unquoted subsidiaries</b>			
<b>HUM TV, Inc</b>	<b>Holding</b>		
10,000 Common stock at \$ 0.01	100%	<b>8,603</b>	8,603
Advance for future issue of shares		<b>18,716,750</b>	18,716,750
		<b>18,725,353</b>	18,725,353
<b>HUM Network UK Ltd</b>			
553,677 Ordinary Share of 1 GBP	100%	<b>95,923,751</b>	95,923,751
<b>Sky Line Publication (Private) Limited</b>			
3,999,997 Ordinary Shares of Rs. 10 each	100%	<b>39,999,970</b>	39,999,970
<b>HUM Network FZ LLC</b>			
2,400 Ordinary Shares of AED 1000 each	100%	<b>69,802,371</b>	69,802,371
Advance for future issue of shares		<b>4,446,966</b>	4,446,966
		<b>74,249,337</b>	74,249,337
<b>HUMM Co. (Private) Limited</b>			
4 ordinary shares of Rs. 10 each	100%	<b>40</b>	40
<b>HUM Mart (Private) Limited</b>			
14,000,000 ordinary share of Rs. 10 each	70%	<b>140,000,000</b>	140,000,000
		<b><u>368,898,451</u></b>	<u>368,898,451</u>

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	----- Rupees -----	
<b>6. TRADE DEBTS - unsecured</b>		
Considered good	1,648,917,491	1,776,702,967
Considered doubtful	47,026,912	47,026,912
	<u>1,695,944,403</u>	<u>1,823,729,879</u>
Less: Provision for doubtful debts	47,026,912	47,026,912
	<u>1,648,917,491</u>	<u>1,776,702,967</u>
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors	613,665,681	611,909,478
Accrued liabilities	213,581,260	142,684,435
Due to related party – HUM Network FZ LLC	39,744,832	43,783,425
Withholding tax payable	16,835,038	20,494,352
Advances from customers	8,083,400	7,132,512
Payable to provident fund	2,498,487	987,442
Others	24,032,764	20,014,011
	<u>918,441,462</u>	<u>847,005,655</u>
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
<p>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.</p>		
<b>8.2 Commitments</b>		
i)	<p>Purchase of television programs commitments with M.D Production (Private) Limited - related parties as at September 30, 2019 amounted to Rs. 262,717,000/- (June 2019: Rs. 393,586,400/-). Commitment for purchase of television programs with other than related parties as at September 30, 2019 amounted to Rs. 47,232,000/- (June 2019: Rs. 68,207,000/-).</p>	

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		Quarter Ended	
		SEPTEMBER 30, 2019 (Un-audited)	SEPTEMBER 30, 2018 (Un-audited)
		----- Rupees -----	
<b>9. REVENUE – net</b>			
Advertisement revenue		583,185,234	890,919,781
Production revenue		11,188,599	45,450,854
Digital revenue		958,900	1,508,020
Subscription income		106,194,194	73,627,549
Film distribution revenue		7,701,878	83,014,187
9.1		<u>709,228,805</u>	<u>1,094,520,391</u>

## 9.1 Revenue is net off the following items:

Sales tax	83,226,206	128,359,021
Discount to customers	54,399,694	63,722,686
	<u>137,625,900</u>	<u>192,081,707</u>

		Quarter Ended	
		SEPTEMBER 30, 2019 (Un-audited)	SEPTEMBER 30, 2018 (Un-audited)
		----- Rupees -----	
<b>10. COST OF PRODUCTION</b>			
Cost of outsourced programs		409,313,057	387,713,008
Cost of in-house programs		20,879,694	278,106,325
Salaries, wages and benefits	10.1	185,492,097	216,567,145
Depreciation		46,297,747	44,039,604
Traveling and conveyance		10,678,684	14,561,413
Utilities		4,252,520	5,481,574
Rent, rates and taxes		4,600,976	7,537,710
Insurance		6,063,596	7,411,615
Repair and maintenance		5,415,805	4,981,604
Fee and subscription		11,191,854	3,138,386
Communication		3,531,157	4,535,960
Security charges		-	896,554
Amortisation		2,750,483	2,288,896
Consultancy		793,228	1,431,570
Printing and stationery		291,120	218,908
		<u>711,552,018</u>	<u>978,910,272</u>
In production television programs - opening		54,213,916	91,472,116
In production television programs - closing		<u>(62,257,916)</u>	<u>(92,222,416)</u>
		<u>703,508,018</u>	<u>978,159,972</u>
Released / unreleased programs - opening		386,400,500	384,062,756
Released / unreleased programs - closing		<u>(386,400,500)</u>	<u>(384,062,756)</u>
		<u>703,508,018</u>	<u>978,159,972</u>

10.1 This includes Rs. 8,602,211/- (Sep 30, 2018: Rs. 9,243,153/-) in respect of staff retirement benefits.

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

### 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, 2019	September 30, 2018
		(Un-audited)	(Un-audited)
Subsidiaries	Subscription income	11,744,000	9,034,350
	Management fee	1,170,750	
Associates	Purchase of television programs	333,939,514	383,626,134
Retirement fund	Contributions	11,122,975	11,967,312
Key management personnel	Remuneration	27,671,570	39,863,330

### 12. SUBSEQUENT EVENT

The Board of Directors in their meeting held on October 26, 2019 has recommended an interim cash dividend of Nil per share.

### 13. DATE OF AUTHORIZATION

These financial statements have been authorized for issue October 26, 2019 by the Board of Directors of the Company.

### 14. GENERAL

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

14.2 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 SEPTEMBER 30, 2019

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,480,967,865	1,530,839,523
Intangible assets		119,852,729	127,507,933
Long term investments		73,926,614	77,195,824
Long term deposits		51,212,255	41,449,670
Television program costs		238,272,617	227,228,617
Deferred tax asset		29,916,947	75,817,744
		<b>1,994,149,027</b>	<b>2,080,039,311</b>
<b>CURRENT ASSETS</b>			
Inventories		58,715,612	61,876,831
Current portion of television program costs		210,385,799	213,385,799
Trade debts	5	1,860,942,705	1,888,525,902
Short term investments		705,327,623	838,041,574
Advances		215,517,685	154,148,617
Trade deposits and short-term prepayments		112,323,820	20,483,767
Other receivables		149,649,527	204,777,946
Taxation – net		208,030,574	177,748,834
Cash and bank balances		175,781,654	361,610,061
		<b>3,696,674,999</b>	<b>3,920,599,331</b>
<b>TOTAL ASSETS</b>		<b>5,690,824,026</b>	<b>6,000,638,642</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
1,500,000,000 (2018: 1,500,000,000) Ordinary shares of Re.1/- each		<b>1,500,000,000</b>	<b>1,500,000,000</b>
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Revenue Reserves		1,916,607,268	2,276,458,987
Attributable to owners of the Holding Company		2,861,607,268	3,221,458,987
Non-controlling interest		44,644,397	53,144,321
		<b>2,906,251,665</b>	<b>3,276,603,308</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		10,100,855	11,263,903
Long term financing		885,690,089	978,644,795
		<b>895,790,944</b>	<b>989,908,698</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,180,479,148	1,033,302,739
Accrued mark-up		14,435,226	5,572,176
Short term borrowings		299,894,420	299,853,260
Unclaimed dividend		5,948,490	5,948,490
Unpaid dividend		205,159	205,159
Taxation – net		2,313,808	1,901,774
Current portion of long term financing		371,665,896	371,910,267
Current portion of liabilities against assets subject to finance lease		13,839,270	15,432,771
		<b>1,888,781,417</b>	<b>1,734,126,636</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,690,824,026</b>	<b>6,000,638,642</b>

The annexed notes from 1 to 13 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, 2019

		September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
	Note	----- Rupees -----	
<b>Revenue – net</b>	8	<b>904,804,334</b>	1,254,253,361
Cost of production	9	(773,859,183)	(1,029,943,302)
Transmission cost		(130,885,601)	(102,875,103)
		(904,744,784)	(1,132,818,405)
<b>Gross profit</b>		<b>59,550</b>	121,434,956
Distribution costs		(114,381,664)	(100,070,291)
Administrative expenses		(167,053,291)	(154,456,993)
		(281,375,405)	(133,092,328)
Other operating income		24,289,379	33,610,719
		(257,086,026)	(99,481,609)
Finance costs		(63,380,613)	(26,476,555)
Other Expenses		(115,221)	-
Share of net profit of associate		1,155,744	-
<b>(Loss)/Profit before taxation</b>		<b>(319,426,116)</b>	(125,958,164)
Taxation		(32,611,218)	(21,606,765)
<b>Net (loss)/profit for the period</b>		<b>(352,037,334)</b>	(147,564,929)
<b>Attributable to:</b>			
Owners of Holding Company		(341,537,410)	-
Non-controlling interests		(10,499,924)	-
		(352,037,334)	-
<b>(Loss)/Earnings per share – basic and diluted</b>		<b>(0.37)</b>	(0.16)

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



**DURAIÐ 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, 2019**

	<b>September 30, 2019 (Un-audited)</b>	<b>September 30, 2018 (Un-audited)</b>
	<b>----- Rupees -----</b>	
<b>(Loss)/Profit after taxation</b>	<b>(352,037,334)</b>	<b>(147,564,929)</b>
Other comprehensive income/(loss)	<b>(18,314,309)</b>	<b>10,535,797</b>
<b>Total comprehensive (loss)/income for the period</b>	<b><u>(370,351,643)</u></b>	<b><u>(137,029,132)</u></b>
<b>Attributable to:</b>		
Owners of Holding Company	<b>(359,851,719)</b>	<b>-</b>
Non-controlling interests	<b>(10,499,924)</b>	<b>-</b>
	<b><u>(370,351,643)</u></b>	<b><u>-</u></b>

The annexed notes from 1 to 13 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, 2019

	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(319,426,117)	(125,958,164)
<b>Adjustments for :</b>		
Depreciation	61,270,421	58,392,587
Amortisation of intangible assets	7,655,204	3,586,260
Finance costs	63,380,613	26,476,555
(Gain)/Loss on disposal of fixed assets	(329,611)	(510,225)
Exchange loss / (gain)	7,984,386	(7,335,065)
Unrealized capital gain	(4,937,018)	(7,829,411)
Exchange difference on translation of foreign currency	(18,314,309)	10,535,797
Profit on deposit accounts	(4,020,446)	(5,415,845)
Movement in provisions	(294,233)	2,408,461
	<u>112,395,007</u>	<u>80,309,114</u>
<b>Operating (loss)/profit before working capital changes</b>	<b>(207,031,110)</b>	<b>(45,649,050)</b>
<b>Working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Inventories	3,161,219	(27,758,477)
Television program costs	3,000,000	23,715,381
Trade debts	19,893,044	(39,550,569)
Advances, deposit and prepayments	(153,209,121)	50,286,884
Other receivables - unsecured, considered good	55,128,419	(8,899,799)
	<u>(72,026,439)</u>	<u>(2,206,580)</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	147,176,409	170,691,345
<b>Cash generated from operations</b>	<b>(131,881,140)</b>	<b>122,835,715</b>
Taxes paid	(16,580,126)	(19,841,464)
Finance costs paid	(54,517,562)	(18,796,045)
Profit received on deposit accounts	4,020,446	5,415,845
Long term deposits	(9,762,586)	(369,743)
Television program costs	(11,044,000)	(24,465,681)
<b>Net cash generated from operating activities</b>	<b>(219,764,968)</b>	<b>64,778,627</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment & intangibles	(15,114,992)	(47,091,472)
Short term investment	137,650,969	(80,067,905)
Long Term Investment	3,269,210	-
Proceeds from sale of property, plant and equipment	4,045,840	531,025
<b>Net cash used in investing activities</b>	<b>129,851,027</b>	<b>(126,628,352)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	(2,756,549)	(5,026,219)
Short Term Borrowing Acquired	41,160	-
Long term financing (repaid)/acquired	(93,199,077)	256,400,000
<b>Net cash used in financing activities</b>	<b>(95,914,466)</b>	<b>251,373,781</b>
<b>Net increase in cash and cash equivalents</b>	<b>(185,828,407)</b>	<b>189,524,056</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>361,610,061</b>	<b>376,300,846</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>175,781,654</u></b>	<b><u>565,824,902</u></b>

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

  
**DURAIQ QURESHI**  
Chief Executive

  
**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

  
**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

**DURAID QURESHI**  
Chief Executive

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**MUHAMMAD ABBAS HUSSAIN**  
Chief Financial Officer

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

### 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

	2019	2018
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK Limited	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (Private) Limited	100%	100%
HUM Mart (Private) Limited	70%	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 Newline Publication (Private) Limited, which is engaged in publishing "Newline" 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.

### 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, 2019.

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- Rupees -----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating fixed assets	4.1	<b>1,421,935,931</b>	1,471,807,589
Capital work-in-progress		<b>59,031,934</b>	59,031,934
		<b>1,480,967,865</b>	1,530,839,523
<b>4.1 Operating fixed assets – owned and leased</b>			
Book value at the beginning of the period / year		<b>1,471,807,589</b>	1,533,137,692
Additions during the period / year	4.1.1	<b>15,114,992</b>	227,868,451
Less:			
Disposal during the period / year - at WDV		<b>3,716,229</b>	21,223,999
Depreciation charged during the period / year		<b>61,270,421</b>	267,974,555
		<b>1,421,935,931</b>	1,471,807,589
<b>4.1.1 Additions during the period/year</b>			
<b>Owned</b>			
Building on leasehold land		<b>1,855,107</b>	1,916,800
Leased hold improvement		<b>3,823,116</b>	5,497,657
Furniture and fittings		<b>1,039,996</b>	4,474,717
Vehicles		<b>72,800</b>	27,701,083
Audio visual equipment		<b>2,487,288</b>	136,539,907
Uplinking equipment		<b>-</b>	10,204,336
Office equipment		<b>304,705</b>	7,852,458
Computers		<b>2,745,780</b>	17,399,430
<b>Leased</b>			
Vehicles		<b>2,786,200</b>	16,282,063
		<b>15,114,992</b>	227,868,451
		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- Rupees -----	
<b>5. TRADE DEBTS – unsecured</b>			
Considered good		<b>1,860,942,705</b>	1,888,525,902
Considered doubtful		<b>87,537,860</b>	87,832,093
		<b>1,948,480,565</b>	1,976,357,995
Less: Provision for doubtful debts		<b>87,537,860</b>	87,832,093
		<b>1,860,942,705</b>	1,888,525,902



## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	----- Rupees -----	
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors	685,923,868	683,156,587
Accrued liabilities	292,681,790	193,961,595
Payable against investment in associate	55,636,517	55,636,517
Withholding tax payable	16,835,038	20,494,352
Security deposit payable	10,925,771	11,017,173
Advance from customer	61,478,558	27,142,240
Payable to provident fund	2,783,198	1,198,590
Book overdraft	-	528,815
Others	54,214,408	40,166,870
	<u>1,180,479,148</u>	<u>1,033,302,739</u>

## 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 - related parties as at September 30, 2019 amounted to Rs. 262,717,000/- (June 2019: Rs. 393,586,400/-). Commitment for purchase of television programs with other than related parties as at September 30, 2019 amounted to Rs. 47,232,000/- (June 2019: Rs. 68,207,000/-).

	Quarter Ended	
	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
	----- Rupees -----	
<b>8. REVENUE – net</b>		
Advertisement revenue	711,910,002	1,017,563,934
Production revenue	11,188,599	45,450,854
Digital revenue	958,900	1,508,020
Subscription income	108,287,703	88,459,584
Film distribution revenue	9,612,791	83,014,187
Sales of goods	62,846,339	18,256,782
8.1	<u>904,804,334</u>	<u>1,254,253,361</u>
<b>8.1 Revenue is net off the following items:</b>		
Sales tax	83,226,206	128,359,021
Discount to customers	54,399,694	63,722,686
	<u>137,625,900</u>	<u>192,081,707</u>

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

9. COST OF PRODUCTION	Note	Quarter Ended	
		September 30, 2019	September 30, 2018
		(Un-audited)	(Un-audited)
		----- Rupees -----	
Cost of outsourced programs	9.1	411,233,741	404,061,903
Cost of in-house programs		20,879,694	278,106,325
Cost of inventory consumed		63,539,262	17,119,824
Salaries, wages and benefits		188,241,340	224,374,826
Depreciation		46,369,316	44,380,899
Traveling and conveyance		10,870,639	17,748,321
Utilities		4,260,055	5,481,574
Rent, rates and taxes		4,604,240	10,630,958
Insurance		6,120,251	7,474,732
Repair and maintenance		5,483,261	5,571,250
Fee and subscription		11,191,853	3,138,386
Communication expense		3,623,762	4,996,001
Security charges		-	1,076,628
Amortisation		2,750,483	2,299,182
Consultancy		1,056,559	1,431,570
Printing and stationery		1,678,727	2,801,223
		781,903,183	1,030,693,602
In production television programs - opening		54,213,916	91,472,116
In production television programs - closing		(62,257,916)	(92,222,416)
		773,859,183	1,029,943,302
Released / unreleased programs - opening		386,400,500	384,062,756
Released / unreleased programs - closing		(386,400,500)	(384,062,756)
		773,859,183	1,029,943,302

9.1 This includes Rs. 8,602,211/- (Sep 30, 2018: Rs. 9,243,153/-) 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:

Related parties	Nature of transactions	September 30, 2019	September 30, 2018
		----- Rupees -----	----- Rupees -----
		(Un-audited)	(Un-audited)
Associates	Purchase of television programs	333,939,514	383,626,134
Retirement fund	Contributions	11,122,975	11,967,312
Key management personnel	Remuneration	47,693,570	43,487,515

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

### 11. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in their meeting held on October 26, 2019 recommended an interim cash dividend of Rs. Nil per share.

### 12. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on October 26, 2019 by the Board of Directors of the Holding 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

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