

HUM NETWORK LIMITED



HALF YEARLY REPORT DECEMBER 31, 2017 (UN-AUDITED)



HUM NETWORK LIMITED



BLANK

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. Muhammad Ayub Younus Adhi
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
Mr. Muhammad Ayub Younus Adhi
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. Muhammad Ayub Younus Adhi
Mr. Hassan Jawed

Secretary

AUDITORS

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
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 half year ended December 31, 2017.

Financial Performance:

The performance of HNL during the half year has been commendable. Despite pricing challenges, and an overall downward trend in the industry, we were able to maintain a healthy net margin of 22 per cent. This outcome indicates that our operations were based on a prudent strategy, and bear testimony to our know-how and expertise.

We maintained a steady progress during the half year, and reported revenue of Rs. 2,432 million with profit before tax of Rs. 575 million as compared to Rs. 562 million during the same period last year. The Company witnessed an increase of 9% in the profit after tax from Rs. 537 million as compared to Rs. 493 million earned during the same period last year. The results translate into earning per share of Re. 0.57 as compared to Re. 0.52 during the same period last year.

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.

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. The channel airs more and more exceptional dramas each quarter. The period under review started with TRP-topping dramas like "Daldal", "O Rangreza", "Yaqeen Ka Safar" and "Alif Allah Aur Insaan" which completely surpassed competition. Other dramas like "Tumhari Mariam", "Khamooshi", "Mein Maa Nahin Bunna Chahti", "Dar Jaati Hai Sila" and "Naseebo Jali" received overwhelming response from the audience.

The second edition of HUM Style Awards took place in Karachi in October 2017 and it was as glitzy an affair as expected. The event was star-studded and a night meant to honour the best and brightest in Pakistani fashion, music, sports, television and film industry.

The couture gala, Bridal Couture Week (BCW) dazzled Lahore in December 2017, presenting the latest bridal trends by leading and burgeoning Pakistani and International fashion designers on the runway in its 15th installment. This grand bridal show has now become the most eagerly awaited event of the fashion industry, and has continued to exceed expectations with each passing show.

After achieving yet another milestone by becoming the first Pakistani culinary TV channel to start its transmission in the UK and Europe, South Asia's first and Pakistan's only 24-hour food channel HUM Masala celebrated its 11th successful year. 11th anniversary celebration was a testament of the channel's dedication to provide its audience with a wide range of Pakistani and continental cuisines.

Pakistan's biggest and much-anticipated festival, Masala Family Festival was organised in Lahore in November 2017. The festival invited all families to enjoy fun and festivities including musical performances, magic and comedy segments, live cooking demonstrations, dance and singing competitions and a chance to meet with their favourite celebrity chefs, with a thrilling mix of all.

The Digital Media Division of HNL is performing extremely well and the Company has strong footholds on social media platforms like Facebook and Youtube. We are the premier Pakistani entertainment network to have its content available on NETFLIX and IFLIX. Further, HNL is the first media broadcaster to launch web exclusive series "Chattkhara" on digital platform.

During the period under review, HUM Films was engaged in the distribution of various films including "Jab Harry Met Sajal", "Toilet-Ek Prem Katha", "Mom", "Secret Superstar", "Golmaal Again", "Yalghaar" and "Verna" which box office hits.

CSR has always been a priority for us at HNL. HNL and Reckitt Benckiser (RB) have announced collaboration on a national initiative "Hoga Saaf Pakistan". It's a 5 year ambitious commitment by RB and HNL towards making Pakistan clean, healthy and hygienic. Earlier this period, HNL collaborated with Fatimid Foundation and conducted a blood donation drive. It proved to be a great success and HUM family members participated actively in the event.

Consolidated results are as follows:

	Rupees
Revenue – net	2,695,100,941
Gross Profit	1,098,925,973
Profit for the period – before taxation	631,519,625
Earnings per share	0.63

Future Outlook

We are very optimistic for our latest venture – HUM News – a 24-hour news channel featuring modern journalism – enterprising, investigative, events-driven, data-based and audience-focused.

The Competition Commission of Pakistan has granted order of the first phase review of the Pre-merger Application of the Scheme of Arrangement with M.D. Productions (Private) Limited to acquire majority of its shares. The Scheme is now with the Court for its approval and completion of related formalities. This would enable HNL to achieve its long term objectives of growth and expansion in the Pakistani media industry and the same is expected to lead to greater profitability in coming periods.

We are confident that we will be able to continue on the path of augmenting shareholder value. HNL has been able to demonstrate its leadership acumen and forward thinking abilities consistently. This is not just borne out by what we have done in the past, or by what we have achieved during the period. It is reflected in the way we are imagining the future, and investing diligently in it.

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.

February 21, 2018
Karachi



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman

ڈائریکٹر رپورٹ

ہم نیٹ ورک لمیٹڈ (ایچ این ایل) کے بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والی ششماہی کیلئے کمپنی کی مالیاتی اور عملی کارکردگی کا جائزہ پیش کر رہے ہیں۔ مالیاتی کارکردگی:

دوران ششماہی ایچ این ایل کی کارکردگی قابل فخر رہی۔ چیلنجز کے باوجود انڈسٹری میں قیمتوں میں اتار چڑھاؤ کا رجحان برقرار رہا۔ ہم صافنی تناسب ۲۲ فیصد حاصل کرنے کے قابل تھے، اس سے یہ ظاہر ہوتا ہے کہ ہماری عملی کارکردگی کی بنیاد شاندار حکمت عملی پر تھی جو کہ ہمارے ماہرین کی حکمت عملی کے تحت تھی۔

ہم نے دوران ششماہی بہتر کارکردگی کا مظاہرہ کیا اور مبلغ ۴۳۳۲ ملین روپے کی آمدنی بعد از ٹیکس منافع ۵۵۵ ملین روپے حاصل کیا جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران مبلغ ۵۶۲ ملین روپے سے کیا جاسکتا ہے۔ کمپنی نے بعد از ٹیکس منافع مبلغ ۵۳۷ ملین روپے میں ۹ فیصد کا اضافہ حاصل کیا جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران مبلغ ۴۹۳ ملین روپے سے کیا جاسکتا ہے۔ اس طرح فی شیئر آمدنی مبلغ ۵۰ روپے حاصل کی جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران ۵۲۔۰ روپے سے کیا جاسکتا ہے۔ عملی کارکردگی:

ہم پاکستان کا ایک بہترین میڈیا برانڈ ہے اور ملکی و عالمی طور پر چینل کا گلدستہ ہے جس میں لوگوں کی تعداد لاکھوں افراد پر مشتمل ہے۔

ہم ٹی وی اپنے مشہور و معروف ڈراموں سوپ اور سیریل کی وجہ سے بے حد مشہور ہے جن میں حساس امور کو واضح انداز میں پیش کیا گیا ہے۔ اس طرح سوسائٹی کے لئے پیغام بھی شامل ہے۔ اس چینل سے ہر سماجی میں زیادہ سے زیادہ ڈرامے پیش کئے جاتے ہیں۔ زیر نظر مدت میں ٹی آر پی ٹی ٹاپ کے ڈرامے پیش کئے جس میں ”دل دل“، ”او رگرز“، ”یقین“، ”سفر“، اور ”الف اللہ اور انسان“ شامل ہیں۔ دیگر ڈرامے جیسا کہ ”تمہاری مریم“، ”خاموشی“، ”میں ماں نہیں بننا چاہتی“، ”ڈر جاتی ہے سلا“ اور ”نصیبو جلی“ جنہیں ناظرین کی جانب سے بے حد پذیرائی حاصل ہوئی۔

ہم اسٹائل ایوارڈ کا دوسرا ایڈیشن کراچی میں اکتوبر ۲۰۱۷ء کو منعقد کیا گیا جو کہ توقع کے مطابق بے حد شاندار رہا۔ اس پروگرام میں پاکستانی فیشن، میوزک، اسپورٹس، ٹیلی ویژن اور فلم انڈسٹری کے نامور ستارے شامل ہوئے۔

کوچر گالا، برانڈل کوچر و یک کا انعقاد دسمبر ۲۰۱۷ء کو لاہور میں کیا گیا تھا جس میں پاکستانی اور عالمی فیشن ڈیزائنرز نے اپنی ۱۵ ہویں قسط کے حوالے سے حالیہ برانڈل ٹریڈز کو پیش کیا۔ یہ بڑا برانڈل شاپ فیشن انڈسٹری میں بے حد اہمیت کا حامل ہے اور ہرگز نہ والے شو کے ساتھ امیدوں میں مسلسل اضافہ ہو رہا ہے۔

ایک اور سنگ میل حاصل کرنے کے بعد پہلا پاکستانی کوئنگ چینل جس کی ٹرانسمیشن یو کے اور یورپ میں شروع ہو رہی ہے۔ ساؤتھ ایشیا کا پہلا اور پاکستان کا صرف چوتھا چینل کا فو چینل ہم مصالحت نے کامیابی سے اپنا گیارہویں سالگرہ منائی ہے۔ یہ گیارہویں سالگرہ منانے کے لئے ایک امتحان تھا جس میں پاکستانی اور کوئنگ چینل کھانا پکانے کے طریقوں کو ناظرین نے بے حد پسند کیا۔

پاکستان کا ایک بڑا اور بے حد مشہور فیشنول مصالحت فیشنول جس کا انعقاد لاہور میں نومبر ۲۰۱۷ء کو کیا گیا تھا۔ اس فیشنول میں تمام فیشنول کو مدعو کیا گیا تھا تاکہ وہ اس فیشنول فیشنول موسیقی، میچک اور کامیڈی سیکشن میں لطف اندوز ہو سکیں۔ اس کے علاوہ براہ راست کوئنگ شو کا مظاہرہ، ڈانس اور گانوں کا مقابلہ اور اپنے مشہور شیف کے ساتھ ملاقات کا موقع بھی حاصل ہوا۔

ایچ این ایل کے ایک شاندار میڈیا ڈویژن نے سوشل میڈیا پلیٹ فارم جیسا کہ فیس بک اور یوٹیوب پر بہترین کارکردگی کا مظاہرہ کیا۔ ہم پریمیر پاکستانی انٹرٹینمنٹ نیٹ ورک ہے جس کا کونٹینٹ نیٹ ورکس اور فلیکس پر نشر کیا گیا۔ میڈیا ایچ این ایل پہلا میڈیا براڈ کاسٹر ہے جس نے ویب کی منفرد سیریز ”چٹا رہ“ کو ڈیجیٹل پلیٹ فارم پر پیش کیا۔

زیر نظر مدت کے دوران ہم فلمز مختلف فلمز کی ڈسٹری بیوشن میں شامل رہا جس میں مشہور و معروف عالمی فلمیں جیسا کہ ”جب میری میٹ بھل“، ”ٹو اکیٹ ایک پریم کھانا“ اور ”موم“، ”بکیر ہٹ پراسرار“، ”گول مال اگین“، ”یلاخار“ اور ”ورنہ“ جنہیں حاضرین کی جانب سے بے حد سراہا گیا اور باکس آفس پر بھی بزنس کیا۔

سی ایس آر ایچ این ایل پر ہمارے لئے ہمیشہ اہمیت کا حامل رہا ہے، ایچ این ایل اور ریکٹ ٹینکسر (آر پی) ملکی سطح پر ”ہوگا صاف پاکستان“ پر تعاون کی پیشکش کی ہے۔ یہ آر پی اور ایچ این ایل کی جانب سے پانچ سالہ معاہدہ ہوا ہے جس کا مقصد پاکستان کو صاف اور صحت مند بنانا ہے۔ اس مدت سے قبل ایچ این ایل نے خون کے عطیہ کیلئے فاطمی فاؤنڈیشن کے ساتھ تعاون کیا جو کہ فاطمی ممبران کیلئے بڑی کامیابی ہے جنہوں نے پروگرام میں شرکت کی۔ اس سلسلے میں متعلقہ نتائج درج ذیل ہیں:

متعلقہ نتائج درج ذیل ہیں:	روپے
صافنی آمدنی	۲,۶۹۵,۱۰۰,۹۳۱
کل آمدنی	۱,۰۹۸,۹۲۵,۹۷۳
قبل از ٹیکس منافع	۶۳۱,۵۱۹,۶۲۵
فی شیئر آمدنی	۰۔۶۳
مستقبل کا جائزہ:	

ہم بہت پر امید ہیں کہ ”ہم نیٹ“ چوتھے گھنٹے کا نیوز چینل جس کا مقصد جدید صحافت، انٹر پرائزنگ، تفتیشی عمل، واقعات پر مبنی، ڈیٹا کی بنیاد پر سامعین کی توجہ مبذول کرانا ہوگا۔ کمپنیشن کمیشن آف پاکستان نے ایم ڈی پروڈکشن (پرائیویٹ) لمیٹڈ کے ساتھ اسٹیم کا انتظام اور پہلے مرحلہ کے جائزے کے لئے آرڈر جاری کیا۔ اب یہ اسٹیم عدالت میں اس کی منظوری اور متعلقہ کاروائیوں کی تکمیل کے لئے موجود ہے جس سے ایچ این ایل اپنے طویل ترین مقاصد کو حاصل کرنے میں کامیاب ہوگا اور پاکستانی میڈیا انڈسٹری میں توسیع کا قہقہہ بولے گا اور امید کی جاتی ہے کہ آنے والی مدت میں شاندار منافع ہوگا۔

ہمیں پر امید ہیں کہ ہم مستقل طور پر اپنے شیئر ہولڈرز کی کامیابی کیلئے وہاں دواں رہیں گے۔ ایچ این ایل نے اپنی قیادت کا شاندار مظاہرہ کیا ہے اور اپنی رائے تفویض کی ہے۔ اس حوالے سے یہ بے حد اہم ہے کہ ہم نے گزشتہ مدت کے دوران کیا حاصل کیا ہے اور ہم مزید پر امید ہیں کہ مستقبل میں اس میں مزید توسیع ہوگی۔

انکھار تشکر:

انتظامیہ کی جانب سے مجھے یہ موقع حاصل ہے کہ میں اپنے تمام شیئر ہولڈرز، ملازمین، کسٹمرز، کاروباری شراکت دار اور دیگر اسٹیک ہولڈرز کا کمپنی پر مکمل اعتماد کرنے پر شکریہ ادا کرتا ہوں، مسلسل تعاون اور سہولیات کے حوالے سے ایچ این ایل اپنے مقاصد کے تحت آگے بڑھتا رہے گا۔

کراچی، ۲۱ فروری ۲۰۱۸ء

مظہر الحق صدیقی
چیئر مین

چیف ایگزیکٹو آفیسر

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanyingunconsolidated condensedinterimbalancesheet of **Hum Network Limited**(the Company) as at **31 December 2017** andthe related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, and unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial informationis not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistanfor interim financial reporting.

Sd/-

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Khurram Jameel

Date: February 21,2018

Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	----- Rupees -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,439,663,335	266,513,320
Intangible assets		24,747,791	24,497,098
Long term investments		228,898,451	228,898,451
Long term deposits		22,867,278	36,264,458
Television program costs		211,684,191	253,655,178
Deferred tax asset		119,216,793	110,102,953
		<u>2,047,077,839</u>	<u>919,931,458</u>
CURRENT ASSETS			
Inventories		49,556,197	2,314,986
Current portion of television program costs		201,160,115	220,168,115
Trade debts	6	1,884,002,026	1,745,549,232
Advances		147,595,738	230,916,704
Trade deposits and short term prepayments		13,888,576	23,478,526
Other receivables	7	73,722,977	34,976,743
Taxation – net		63,624,452	46,906,524
Cash and bank balances		92,012,247	374,219,488
		<u>2,525,562,328</u>	<u>2,678,530,318</u>
TOTAL ASSETS		<u>4,572,640,167</u>	<u>3,598,461,776</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		2,554,555,043	2,113,010,440
		<u>3,499,555,043</u>	<u>3,058,010,440</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		15,395,817	12,068,950
Long term financing	8	339,620,808	-
		<u>355,016,625</u>	<u>12,068,950</u>
CURRENT LIABILITIES			
Trade and other payables	9	669,787,175	493,126,682
Accrued markup		1,736,181	128,256
Unclaimed dividend		20,122,842	5,948,490
Current portion of liabilities against assets subject to finance lease		26,422,301	29,178,958
		<u>718,068,499</u>	<u>528,382,386</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>4,572,640,167</u>	<u>3,598,461,776</u>

The annexed notes from 1 to 16 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 PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Note	Half-year ended		Quarter-ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue	11	2,432,411,788	2,269,483,098	1,205,257,563	1,185,885,890
Cost of production	12	(1,422,527,131)	(1,262,473,684)	(706,045,649)	(684,922,982)
Transmission cost		(53,002,082)	(43,430,401)	(27,937,518)	(21,874,447)
		(1,475,529,213)	(1,305,904,085)	(733,983,167)	(706,797,429)
Gross profit		956,882,575	963,579,013	471,274,396	479,088,461
Distribution costs		(146,696,882)	(138,959,222)	(87,482,665)	(85,329,363)
Administrative expenses		(273,500,283)	(290,391,213)	(138,545,826)	(149,114,216)
Other income		43,964,821	50,456,699	25,675,196	40,731,481
Other expenses		-	(7,860,161)	-	(7,132,228)
Finance costs		(5,061,164)	(15,042,824)	(3,267,041)	(6,255,451)
Profit before taxation		575,589,067	561,782,292	267,654,060	271,988,684
Taxation					
- current		(48,658,304)	(71,465,477)	(23,989,334)	(33,516,073)
- deferred		9,113,840	2,968,371	4,986,216	(7,055,180)
		(39,544,464)	(68,497,106)	(19,003,118)	(40,571,253)
Profit after taxation		536,044,603	493,285,186	248,650,942	231,417,431
Earnings per share – basic and diluted		0.57	0.52	0.26	0.24

The annexed notes from 1 to 16 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 INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)

	Half-year ended		Quarter-ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees -----		----- Rupees -----	
Profit after taxation	536,044,603	493,285,186	248,650,942	231,417,431
Other comprehensive income	-	-	-	-
Total comprehensive income	536,044,603	493,285,186	248,650,942	231,417,431

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	December 31, 2017	December 31, 2016
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	575,589,067	561,782,292
Adjustments for:		
Depreciation	39,438,397	38,307,508
Amortization	4,093,308	3,473,269
Finance costs	5,061,164	15,042,824
Profit on bank accounts	(14,391,281)	(2,604,602)
Gain on disposal of property, plant and equipment	(503,095)	(3,894,524)
Exchange (gain) / loss	(14,434,948)	7,860,161
	19,263,545	58,184,636
Operating profit before working capital changes	594,852,612	619,966,928
(Increase) / decrease in current assets		
Inventories	(47,241,210)	155,377
Television program costs	19,008,000	57,302,170
Trade debts	(124,017,846)	(204,567,886)
Advances	83,320,966	(70,597,908)
Trade deposits and short - term prepayments	9,589,950	(643,452)
Other receivables	(38,746,235)	4,644,892
	(98,086,375)	(213,706,807)
Increase in current liabilities		
Trade and other payables	176,660,493	106,101,024
Cash generated from operations	673,426,730	512,361,145
Taxes paid	(65,376,231)	(182,262,289)
Finance costs paid	(3,453,240)	(18,894,376)
Profit received on bank accounts	14,391,281	2,604,602
Long-term deposits	13,397,180	240,650
Television program costs	41,970,986	120,936,004
Net cash generated from operating activities	674,356,706	434,985,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,219,522,282)	(49,768,854)
Purchase of intangible assets	(4,344,000)	(2,155,000)
Proceeds from sale of property, plant and equipment	7,436,964	6,031,655
Investment made in subsidiaries	-	(11,407,400)
Net cash used in investing activities	(1,216,429,318)	(57,299,599)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(80,325,648)	(1,162)
Liabilities against assets subject to finance lease	570,210	(980,262)
Short term borrowings repaid	-	(259,233,627)
Long term financing acquired	339,620,808	-
Net cash generated from / (used in) financing activities	259,865,370	(260,215,051)
Net (decrease)/ increase in cash and cash equivalents	(282,207,242)	117,471,086
Cash and cash equivalents at the beginning of the period	374,219,489	12,260,410
Cash and cash equivalents at the end of the period	92,012,247	129,731,496

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


DURAIID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Unappropriated profit Rupees	Total
Balance as at July 01, 2016	945,000,000	1,097,627,462	2,042,627,462
Profit after taxation	-	493,285,186	493,285,186
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	493,285,186	493,285,186
Balance as at December 31, 2016	945,000,000	1,590,912,648	2,535,912,648
Balance as at July 01, 2017	945,000,000	2,113,010,440	3,058,010,440
Final cash dividend for the year June 30, 2017 @ Rs. 0.1 per share	-	(94,500,000)	(94,500,000)
Profit after taxation	-	536,044,603	536,044,603
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	536,044,603	536,044,603
Balance as at December 31, 2017	945,000,000	2,554,555,043	3,499,555,043

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Hum Network Limited (the Company) was incorporated in Pakistan on February 25, 2004 as a public limited company under the repealed Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan. 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 programs with respect to information, entertainment, news, education, health, food, music and society. Further, during the period, the Board of Directors of the company approved the launch of new channel by the name of Hum News.
- 1.2** These are separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated.

2. BASIS OF PREPARATION

- 2.1** The Securities and Exchange Commission of Pakistan (SECP) vide its Circular 23/2017 dated October 4, 2017 has notified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Further, the Institute of Chartered Accountants of Pakistan (ICAP) through its Circular 17/2017 dated October 6, 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the repealed Companies Ordinance, 1984 for the period ending on or before December 31, 2017. Accordingly, these unconsolidated condensed interim financial statements of the Company for the half year ended December 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.
- 2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2017. These unconsolidated condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3** The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2017 and December 31, 2016.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated 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, 2017 except that the Company has adopted the following standards which became effective during the period:

IAS 7– Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12– Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

IFRS 12 – Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above amendments and improvements did not have any material effect on these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2017

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	287,374,760	262,435,796
Capital work-in-progress	5.2	1,152,288,575	4,077,524
		<u>1,439,663,335</u>	<u>266,513,320</u>
5.1 Operating fixed assets			
Opening balance – at book value		262,435,796	265,710,406
Additions during the period / year – at cost	5.1.1	71,311,231	81,244,991
		<u>333,747,027</u>	<u>346,955,397</u>
Less:			
Disposals during the period / year – at book value		(6,933,870)	(6,268,862)
Depreciation charged during the period / year		(39,438,397)	(78,250,739)
		<u>(46,372,267)</u>	<u>(84,519,601)</u>
Closing balance – at book value		<u>287,374,760</u>	<u>262,435,796</u>
5.1.1 Additions during the period / year			
Owned			
Leasehold improvements		-	9,614,920
Furniture and fittings		1,236,423	11,121,035
Motor vehicles		14,457,084	2,053,623
Audio visual equipment		12,573,678	7,005,000
Uplinking equipment		240,000	-
Office equipment		8,203,645	15,303,482
Computers		11,576,950	9,093,997
Leased			
Motor vehicles		23,023,451	27,052,934
		<u>71,311,231</u>	<u>81,244,991</u>
5.2 Capital work-in-progress			
Opening balance		4,077,524	-
Additions during the period / year	5.2.1	1,148,211,051	22,997,574
Transfers to operating fixed assets		-	(18,920,050)
Closing balance		<u>1,152,288,575</u>	<u>4,077,524</u>
5.2.1 Additions during the period / year			
Leasehold land		679,992,000	-
Building on leasehold land		138,298,640	-
Leasehold improvements		-	9,614,920
Motor vehicles		24,486,961	-
Audio visual equipment		230,403,566	-
Uplinking equipment		38,122,100	-
Office equipment		15,097,916	10,623,854
Computers		18,279,028	-
Others		3,530,840	2,758,800
		<u>1,148,211,051</u>	<u>22,997,574</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
6. TRADE DEBTS			
Considered good	6.1	1,884,002,026	1,745,549,232
Considered doubtful		47,026,912	47,026,912
		<u>1,931,028,938</u>	<u>1,792,576,144</u>
Less: Provision for doubtful debts		47,026,912	47,026,912
		<u>1,884,002,026</u>	<u>1,745,549,232</u>
6.1 Include amount receivable from the following related parties:			
Hum TV, Inc – USA		153,405,314	132,215,676
Hum Network UK Ltd		111,991,185	104,218,457
		<u>265,396,499</u>	<u>236,434,133</u>
7. OTHER RECEIVABLES – considered good			
Due from related parties	7.1	40,157,857	26,727,341
Sales tax receivable		30,406,371	8,069,402
Others		3,158,749	180,000
		<u>73,722,977</u>	<u>34,976,743</u>
7.1 Include amount receivable from the following related parties:			
Hum TV, Inc – USA		10,076,965	8,446,143
Sky Line Publication (Private) Limited		30,080,892	18,281,198
		<u>40,157,857</u>	<u>26,727,341</u>
8. LONG TERM FINANCING – secured			
During the period, the Company obtained a long term loan from Faysal Bank Limited. The loan carries markup rate of six month KIBOR + 1% per annum, payable quarterly. The loan is repayable within 5 years in forty eight equal monthly instalments starting from January 2019. The loan is secured by first charge of equitable mortgage of building, paripassu hypothecation charge of property, plant and equipment of the Company.			
		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
9. TRADE AND OTHER PAYABLES			
Creditors		393,020,480	185,756,972
Accrued liabilities		236,871,350	253,819,783
Withholding tax payable		15,507,248	32,266,550
Advances from customers		1,973,994	10,848,088
Payable to provident fund		6,485,552	85,234
Others		15,928,551	10,350,055
		<u>669,787,175</u>	<u>493,126,682</u>
9.1 Include amounts payable to related parties amounting to Rs 259,856,318/- (June 30, 2017: Rs.156,103,220/-).			

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2017.

10.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited related party as at December 31, 2017 amounted to Rs. 272,851,250/- (June 30, 2017: Rs.163,962,500/-). Commitment for purchase of television programs with other than related parties as at December 31, 2017 amounted to Nil (June 30, 2017: Rs. 11,753,000/-).

Note	Half-year ended		Quarter-ended	
	December 31, 2017 (Un-audited)	December 31, 2016 (Un-audited)	December 31, 2017 (Un-audited)	December 31, 2016 (Un-audited)
	----- Rupees -----		----- Rupees -----	
11. REVENUE – net				
Advertisement revenue	2,115,361,830	2,075,300,472	1,059,885,011	1,068,127,596
Production revenue	76,715,890	85,181,808	57,727,512	57,810,064
Digital sales revenue	16,701,613	10,841,942	13,343,210	5,261,283
Subscription income	84,111,124	75,116,622	42,661,657	36,602,118
Film distribution revenue	139,521,331	23,042,254	31,640,173	18,084,829
11.1	<u>2,432,411,788</u>	<u>2,269,483,098</u>	<u>1,205,257,563</u>	<u>1,185,885,890</u>

11.1 Revenue is net off the following items:

Sales tax	323,321,579	346,470,839	155,800,686	179,677,223
Discount to customers	176,761,780	152,615,118	88,790,844	77,988,228
	<u>500,083,359</u>	<u>499,085,957</u>	<u>244,591,530</u>	<u>257,665,451</u>

12. COST OF PRODUCTION

Cost of outsourced programs	781,947,824	672,123,156	387,636,937	379,858,458
Cost of in-house programs	220,455,917	140,151,763	132,739,186	86,720,889
Inventories consumed	167,863	155,373	167,863	-
Salaries and benefits	261,081,950	198,479,916	153,154,857	112,567,644
Depreciation	23,757,708	18,906,225	12,393,549	10,167,914
Amortisation	2,445,197	2,013,757	1,275,273	1,038,858
Traveling and conveyance	21,026,815	11,412,616	14,550,198	7,227,411
Utilities	8,602,113	7,568,339	4,696,169	3,999,749
Rent, rates and taxes	12,856,797	7,294,469	9,578,969	3,274,863
Insurance	5,505,850	4,874,989	2,506,232	2,735,982
Repair and maintenance	9,817,471	10,669,681	6,077,634	6,584,744
Fee and subscription	4,433,617	2,547,785	1,319,087	1,269,478
Communication expense	5,148,895	4,850,129	2,709,084	2,837,949
Security charges	1,403,653	393,574	597,453	319,174
Consultancy	2,749,829	2,458,091	1,371,544	1,233,186
Printing and stationery	146,645	335,648	80,614	207,920
	<u>1,361,548,144</u>	<u>1,084,235,511</u>	<u>730,854,649</u>	<u>620,044,219</u>
In production television programs - opening	86,240,166	80,456,290	91,590,116	67,096,880
In production television programs - closing	(91,399,116)	(77,218,116)	(91,399,116)	(77,218,116)
	<u>1,356,389,194</u>	<u>1,087,473,685</u>	<u>731,045,649</u>	<u>609,922,983</u>
Released / unreleased programs - opening	387,583,127	880,608,495	296,445,190	780,608,495
Released / unreleased programs - closing	(321,445,190)	(705,608,496)	(321,445,190)	(705,608,496)
	<u>1,422,527,131</u>	<u>1,262,473,684</u>	<u>706,045,649</u>	<u>684,922,982</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprisesubsidiaries, 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	December 31, 2017 ----- Rupees ----- (Un-audited)	December 31, 2016 ----- (Un-audited)
Subsidiaries	Investments made	-	11,407,400
	Payments during the period – net	<u>(7,496,999)</u>	<u>(5,961,786)</u>
	Subscription income	-	7,442,500
	Management fee	<u>1,630,875</u>	<u>1,600,500</u>
Associates	Purchase of television programs	<u>609,648,758</u>	<u>629,797,390</u>
Retirement fund	Contributions	<u>12,963,201</u>	<u>10,500,298</u>
Key management personnel	Remuneration	<u>339,355,346</u>	<u>295,095,562</u>

14. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017. There have been no changes in any risk management policies since the year end.

The carrying value of all the financial instruments reflected in these financial statements approximate to their fair value.

15. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on February 21, 2018 by the Board of Directors.

16. GENERAL

Amounts have been rounded off to the nearest rupee.


DURAIQ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,445,694,973	272,944,752
Intangible assets		83,495,590	83,609,083
Long term deposits		23,031,510	43,420,421
Television program costs	6	211,684,191	253,655,178
Deferred tax asset		168,226,105	157,320,050
		<u>1,932,132,369</u>	<u>810,949,484</u>
CURRENT ASSETS			
Inventories		49,693,597	2,314,986
Current portion of television program costs	6	201,160,115	220,168,115
Trade debts	7	2,001,866,868	1,755,839,800
Advances		165,590,485	242,770,231
Trade deposits and short term prepayments		39,833,498	38,818,124
Taxation – net		65,320,937	48,610,716
Other receivables		46,570,268	21,042,953
Cash and bank balances		207,794,607	453,827,053
		<u>2,777,830,375</u>	<u>2,783,391,978</u>
TOTAL ASSETS		<u>4,709,962,744</u>	<u>3,594,341,462</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		2,517,163,088	2,011,816,774
		<u>3,462,163,088</u>	<u>2,956,816,774</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		15,395,817	12,068,950
Long term financing	8	339,620,808	-
		<u>355,016,625</u>	<u>12,068,950</u>
CURRENT LIABILITIES			
Trade and other payables	9	844,501,707	590,200,033
Accrued markup		1,736,181	128,257
Unclaimed dividend		20,122,842	5,948,490
Current portion of liabilities against assets subject to finance lease		26,422,301	29,178,958
		<u>892,783,031</u>	<u>625,455,738</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>4,709,962,744</u>	<u>3,594,341,462</u>

The annexed notes from 1 to 15 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

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)**

	Note	Half-year ended		Quarter-ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		Rupees	Rupees	Rupees	Rupees
Revenue	11	2,695,100,941	2,409,723,772	1,336,632,843	1,230,540,807
Cost of production	12	(1,484,454,289)	(1,301,054,381)	(729,848,230)	(697,807,121)
Transmission cost		(111,720,679)	(105,640,692)	(58,022,140)	(44,833,449)
		(1,596,174,968)	(1,406,695,073)	(787,870,370)	(742,640,570)
Gross profit		1,098,925,973	1,003,028,699	548,762,473	487,900,237
Distribution costs		(148,228,701)	(150,976,940)	(89,014,484)	(97,347,081)
Administrative expenses		(357,958,401)	(344,810,068)	(180,785,648)	(170,726,934)
Other income		43,862,339	50,038,377	24,908,700	40,565,570
Other expenses – exchange loss		-	(7,860,161)	-	(7,132,228)
Finance costs		(5,081,585)	(15,056,263)	(3,278,150)	(6,264,998)
Profit before taxation		631,519,625	534,363,644	300,592,891	246,994,566
Taxation					
- current		(48,658,304)	(71,465,477)	(23,880,626)	(33,516,073)
- deferred		9,113,840	2,968,371	4,986,216	(7,055,180)
		(39,544,464)	(68,497,106)	(18,894,410)	(40,571,253)
Profit after taxation		591,975,161	465,866,538	281,698,481	206,423,313
Earnings per share – basic and diluted		0.63	0.49	0.30	0.22

The annexed notes from 1 to 15 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 INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)

	Half-year ended		Quarter-ended	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Profit after taxation	591,975,161	465,866,538	281,698,481	206,423,313
Other comprehensive income	7,871,153	2,225,125	11,660,125	(1,437,284)
Total comprehensive income	<u>599,846,314</u>	<u>468,091,663</u>	<u>293,358,606</u>	<u>204,986,029</u>

The annexed notes from 1 to 15 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 CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	December 31, 2017	December 31, 2016
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	631,519,625	534,363,644
Adjustments for:		
Depreciation	39,438,397	38,721,360
Amortization	4,093,308	3,473,269
Finance costs	5,081,585	15,056,263
Profit on bank accounts	(14,391,281)	(2,604,602)
Gain on disposal of property, plant and equipment	(503,097)	(3,894,524)
Exchange difference on translation of foreign currency	8,635,131	2,225,125
Exchange loss/(gain)	(14,434,948)	7,860,161
	27,919,095	60,837,052
Operating profit before working capital changes	659,438,720	595,200,696
(Increase)/decrease in current assets		
Inventories	(47,378,611)	155,376
Television program costs	19,008,000	57,302,170
Trade debts	(231,592,119)	(193,572,099)
Advances, deposits and prepayments	76,164,373	(48,912,446)
Other receivables	(25,527,315)	(6,888,012)
	(209,325,672)	(191,915,011)
Increase in current liabilities		
Trade and other payables	254,301,674	106,034,026
Cash generated from operations	704,414,722	509,319,711
Taxes paid	(67,160,737)	(182,314,341)
Finance costs paid	(3,473,661)	(18,907,819)
Profit received on bank accounts	14,391,281	2,604,602
Long-term deposits	20,388,911	20,563,226
Television program costs	41,970,986	120,936,004
Net cash generated from operating activities	710,531,502	452,201,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(1,223,866,282)	(55,970,791)
Proceeds from sale of property, plant and equipment	7,436,964	6,031,655
Net cash used in investing activities	(1,216,429,318)	(49,939,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(80,325,648)	(1,162)
Long term financing acquired	339,620,808	-
Liabilities against assets subject to finance lease	570,210	(980,262)
Short term borrowings (repaid) / obtained	-	(259,233,627)
Net cash used in financing activities	259,865,370	(260,215,051)
Net increase / (decrease) in cash and cash equivalents	(246,032,446)	142,047,196
Cash and cash equivalents at the beginning of the period	453,827,053	50,367,783
Cash and cash equivalents at the end of the period	207,794,607	192,414,979

The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2017

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Reserves		Total
			Unappropriated Profit	Sub-total	
Balance as at July 01, 2016	945,000,000	(3,837,148)	996,829,185	992,992,037	1,937,992,037
Net profit for the period	-	-	465,866,538	465,866,538	465,866,538
Other comprehensive income	-	2,225,125	-	2,225,125	2,225,125
Total comprehensive income	-	2,225,125	465,866,538	468,091,663	468,091,663
Balance as at December 31, 2016	945,000,000	(1,612,023)	1,462,695,723	1,461,083,700	2,406,083,700
Balance as at July 01, 2017	945,000,000	(8,125,872)	2,019,942,646	2,011,816,774	2,956,816,774
Profit for the period	-	-	591,975,161	591,975,161	591,975,161
Other comprehensive income	-	7,871,153	-	7,871,153	7,871,153
Total comprehensive income	-	7,871,153	591,975,161	599,846,314	599,846,314
Final cash dividend for the year June 30, 2017 @ Rs. 0.1 per share			(94,500,000)	(94,500,000)	(94,500,000)
Balance as at December 31, 2017	945,000,000	(254,719)	2,517,417,807	2,517,163,088	3,462,163,088

The annexed notes from 1 to 15 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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. THE COMPANY AND ITS OPERATIONS

The 'Group' consists of

1.1 Holding Company

HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Holding Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.

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. Further, during the period, the Board of Directors of the Holding company approved the launch of new channel by the name of Hum News.

Subsidiary Companies

The 'Group' consists of

Holding Company

HUM Network Limited

	2017	2016
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK LTD	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (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 is engaged in the publications of books and magazines. During the year ended June 30, 2015, Skyline Publications (Private) Limited acquired 100% equity in Newslines Publication (Private) Limited, which is engaged in publishing "Newslines" a monthly English magazine.

During the year ended June 30, 2017, a HUMM Co. (Private) Limited was incorporated as a consequence of a scheme of arrangement with M.D Productions (Private) Limited which will be engaged in undertaking, developing and producing contents, shows and programs to be aired on the Holding Company's network of channels.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

2. BASIS OF PREPARATION

- 2.1 The Securities and Exchange Commission of Pakistan (SECP) vide its Circular 23/2017 dated October 4, 2017 has notified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Further, the Institute of Chartered Accountants of Pakistan (ICAP) through its Circular 17/2017 dated October 6, 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the repealed Companies Ordinance, 1984 for the period ending on or before December 31, 2017. Accordingly, these consolidated condensed interim financial statements of the Company for the half year ended December 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.
- 2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2017.

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, 2017.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2017.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	293,406,398	268,867,228
Capital work-in-progress	5.2	1,152,288,575	4,077,524
		<u>1,445,694,973</u>	<u>272,944,752</u>
5.1 Operating fixed assets			
Opening balance – at book value		268,867,228	269,132,577
Additions during the period / year – at cost	5.1.1	71,311,231	85,373,565
		<u>340,178,459</u>	<u>354,506,142</u>
Less:			
Disposals during the period / year – at book value		(6,933,867)	(6,268,862)
Depreciation charged during the period / year		(39,838,194)	(79,370,052)
		<u>(46,772,061)</u>	<u>(85,638,914)</u>
Closing balance – at book value		<u>293,406,398</u>	<u>268,867,228</u>
5.1.1 Additions during the period / year – at cost			
Owned			
Leasehold improvements		-	9,614,920
Furniture and fittings		1,236,423	14,919,737
Motor vehicles		14,457,084	2,053,623
Audio visual equipment		12,573,678	7,005,000
Uplinking Equipment		240,000	-
Office equipment		8,203,645	15,633,354
Computers		11,576,950	9,093,997
Leased			
Motor vehicles		23,023,451	27,052,934
		<u>71,311,231</u>	<u>85,373,565</u>
5.2 Capital work-in-progress			
Opening balance		4,077,524	-
Additions during the period / year	5.2.1	1,148,211,051	22,997,574
Transfers to operating fixed assets		-	(18,920,050)
Closing balance		<u>1,152,288,575</u>	<u>4,077,524</u>
5.2.1 Additions during the period / year			
Leasehold land		679,992,000	-
Building on leasehold land		138,298,640	-
Leasehold improvements		-	9,614,920
Motor vehicles		24,486,961	-
Audio visual equipment		230,403,566	-
Uplinking equipment		38,122,100	-
Office equipment		15,097,916	10,623,854
Computers		18,279,028	-
Others		3,530,840	2,758,800
		<u>1,148,211,051</u>	<u>22,997,574</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- Rupees -----	
6. TELEVISION PROGRAM COSTS		
Unreleased / released less amortization	321,445,190	387,583,127
In production	91,399,116	86,240,166
	412,844,306	473,823,293
Less: Current portion	201,160,115	220,168,115
	211,684,191	253,655,178
7. TRADE DEBTS		
Considered good	2,001,866,868	1,755,839,800
Considered doubtful	129,090,366	129,090,366
	2,130,957,234	1,884,930,166
Less: Provision for doubtful debts	129,090,366	129,090,366
	2,001,866,868	1,755,839,800

8. LONG TERM FINANCING – secured

During the period, the Holding Company obtained a long term loan from Faysal Bank Limited. The loan carries markup rate of six month KIBOR + 1% per annum, payable quarterly. The loan is repayable within 5 years in forty eight equal monthly installments starting from January 2019. The loan is secured by first charge of equitable mortgage of building, paripassu hypothecation charge of property, plant and equipment of the Company.

	Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
9. TRADE AND OTHER PAYABLES			
Creditors	9.1	536,452,266	245,539,358
Accrued liabilities		280,140,760	273,693,876
Withholding tax payable		15,507,248	32,266,550
Advances from customers		1,973,994	14,160,308
Others		10,427,439	24,539,941
		844,501,707	590,200,033

9.1 Include amounts payable to related parties amounting to Rs259,856,318/- (June 30, 2017: Rs.156,103,220/-).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2017.

10.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited related party as at December 31, 2017 amounted to Rs. 272,851,250/- (June 30, 2017: Rs.163,962,500/-). Commitment for purchase of television programs with other than related parties as at December 31, 2017 amounted to Nil (June 30, 2017: Rs. 11,753,000/-).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Note	Half-year ended		Quarter-ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
11. REVENUE – net					
Advertisement revenue		2,371,375,494	2,222,981,446	1,184,463,504	1,093,993,042
Production revenue		76,715,890	85,181,808	57,727,512	57,810,064
Digital sales revenue		16,701,613	10,841,942	13,343,210	5,261,283
Subscription income		89,604,999	67,676,322	48,276,830	55,391,589
Film distribution revenue		140,702,945	23,042,254	32,821,787	18,084,829
	11.1	<u>2,695,100,941</u>	<u>2,409,723,772</u>	<u>1,336,632,843</u>	<u>1,230,540,807</u>

11.1 Revenue is net off the following items:

Sales tax	323,321,579	346,470,839	155,800,686	179,677,223
Discount to customers	176,761,780	152,615,118	88,790,844	77,988,228
	<u>500,083,359</u>	<u>499,085,957</u>	<u>244,591,530</u>	<u>257,665,451</u>

		Half-year ended		Quarter-ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
12. COST OF PRODUCTION					
Cost of outsourced programs		827,947,814	701,048,156	405,751,220	387,162,901
Cost of in-house programs		220,455,917	144,141,505	132,739,186	88,764,631
Inventories consumed		167,865	1,679,623	167,865	1,385,238
Salaries and benefits		268,678,631	198,479,916	156,960,380	112,567,644
Depreciation		23,870,917	19,184,249	12,452,981	10,354,329
Amortisation		2,445,197	2,047,777	1,275,273	1,020,762
Traveling and conveyance		21,267,931	11,412,616	14,696,159	6,802,011
Utilities		8,796,217	7,734,901	4,786,225	4,159,357
Rent, rates and taxes		13,800,726	8,145,270	10,050,933	4,100,925
Insurance		5,512,900	4,881,943	2,508,631	2,742,936
Repair and maintenance		9,951,458	10,702,078	6,145,598	6,056,637
Fee and subscription		4,433,617	2,547,785	1,319,087	1,269,478
Communication expense		5,256,207	5,933,344	2,761,091	3,904,154
Security charges		1,403,653	393,574	597,453	319,174
Consultancy		2,749,829	2,458,091	1,371,544	420,529
Training		-	96,699	-	96,699
Printing and stationery		6,736,423	1,928,681	1,073,604	1,800,952
		<u>1,423,475,302</u>	<u>1,122,816,208</u>	<u>754,657,230</u>	<u>632,928,357</u>
In production television programs					
- opening		86,240,166	80,456,290	91,590,116	67,096,880
In production television programs					
- closing		(91,399,116)	(77,218,116)	(91,399,116)	(77,218,116)
		<u>1,418,316,352</u>	<u>1,126,054,382</u>	<u>754,848,230</u>	<u>622,807,121</u>
Released / unreleased programs					
- opening		387,583,127	880,608,495	296,445,190	780,608,495
Released / unreleased programs					
- closing		(321,445,190)	(705,608,496)	(321,445,190)	(705,608,496)
		<u>1,484,454,289</u>	<u>1,301,054,381</u>	<u>729,848,230</u>	<u>697,807,121</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise 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	December 31, 2017 ----- (Un-audited)	December 31, 2016 ----- (Un-audited)
		Rupees	
Associates	Purchase of television programs	<u>609,648,758</u>	<u>629,797,390</u>
Retirement fund	Contributions	<u>12,963,201</u>	<u>10,500,298</u>
Key management personnel	Remuneration	<u>397,635,362</u>	<u>342,630,677</u>

14. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on February 21, 2018 by the Board of Directors of the Holding Company.

15. GENERAL

Amounts 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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