

HUM NETWORK LIMITED



3RD QUARTERLY REPORT MARCH 31, 2018 (UN-AUDITED)



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. 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 period ended March 31, 2018.

Financial Performance:

During the 9MFY18, we were consistently investing in future and took a few big leaps. We continued to invest in a slew of measures spanning operational improvements, investments and enrichment of our viewers' experience. As a result of pursuing the investment strategy, the cost witnessed a surge but we were able to maintain a healthy net margin of 20 per cent; indicative of our effective and efficient management of operations.

During the 9MFY18, we registered a 4% growth in revenue to Rs. 3,560 million in 9MFY18 from Rs. 3,435 million in 9MFY17. The bottom-line profit after tax is Rs. 728 million in 9MFY18 from Rs. 770 million in 9MFY17. The results translate into earning per share of Re. 0.77 in 9MFY18 compared to Re. 0.82 in 9MFY17.

Operational Performance:

HNL celebrated the 13th anniversary of its premier entertainment channel HUM TV in January 2018. The anniversary was held in a special transmission of "Jago Pakistan Jago" and attended by the prominent faces of the country's entertainment landscape. The transmission also revealed the new look of HUM TV and raised curtain on its upcoming mega projects.

The 13th anniversary celebrations of HUM TV began with a cause and as part of the network's CSR activities and vision to contribute positively towards the social development, HNL collaborated with Fatimid Foundation for a blood donation drive which proved to be a great success with many of the network's employees participated actively in the event. "HUM Family Festival 2018", a fun day for the employees and their families and "HUM Premiere League" were the main attractions of HUM's 13th anniversary.

The channel's approach towards hard-hitting social topics is the beacon for every other drama produced in Pakistan with a social message. 2018 started with mega projects by HUM TV that touched the audiences' hearts and have reached new heights of success.

A celebrity chat show titled "The Afternoon Show With Yasir Hussain" was launched with a big bang and has received tremendous response from the audience. The show provides the audience a couple of entertaining segments, they can enjoy and get entertained with the wit and humour that the host Yasir Hussain is famed for.

Miss Veet Pakistan 2017 marked the beginning of several journeys and perhaps the conclusion of a few. The action packed and glittering Miss Veet Pakistan 2017 wrapped up with a huge grand finale in January 2018, where the winner was crowned. Miss Veet Pakistan has served as a life-changing platform for the girls, transforming them from shy and hesitant to confident and daring individuals. The platform helps them become the best version of themselves as they undergo cutthroat competition that eventually works in their favour.

The second annual three-day extravaganza HUM Showcase was held in March 2018, in which the audiences witnessed a myriad of new designs and trends. From fresh summer hues and unique silhouettes to statement pants and sprinkling of flowers motifs-Pakistan's finest designers truly brought their A-game.

The biggest family event, Masala Family Festival 2018, was back with a bang in Karachi in February 2018. The event provided a platform for the food mavens to enjoy Live Cooking Shows of Masala Chefs, Kids Arena, Food Court and shop their favourite brands under one roof.

After the huge success of Masala Cooking Classes over the years in different mega cities of Pakistan, HUM Masala arranged the 1st Masala Cooking Class in Islamabad during February 2018. The one-day event provided a platform to the participants to learn cooking from renowned Chefs of Pakistan.

HNL became the first media broadcaster to launch a web exclusive series "Chattkhara" on digital platform. A new gateway to entertainment – HUM Mobile App was also launched during the period with the aim to provide entertainment on finger tips. This App has enabled the audience to watch live streaming of HUM TV, HUM Sitaray and HUM Masala, all in one app. Further the App has a vast library of HUM TV and HUM Sitaray's favorite Drama Serials, Soap Operas, Morning Shows and other Programs.

During the period under review, HUM Films was engaged in the distribution of various films including "Maan Jao Naa", "Chupan Chupai", "1921" and "Tick Tock" which were appreciated by the audiences.

HNL was the media partner of Pakistan International Film Festival (PIFF) 2018, an initiative of Karachi Film Society (KFS) with the desire to make Pakistan film industry part of the global arena. PIFF aimed to bring international film-makers and their work to Pakistan and create an interactive space for exchange of ideas. The month of March was dedicated to holding workshops, mobile screenings, seminars, award ceremonies, and musical nights to provide the city of Karachi with a flavour of both local and international film industries. It all culminated with Gala night where the closing ceremony was held amid fanfare and celebrations.

Consolidated results are as follows:

	Rupees
Revenue – net	3,962,836,022
Gross Profit	1,628,917,878
Profit for the period – before taxation	914,988,812
Earnings per share	0.92

Future Outlook

The Scheme of Arrangement with M.D. Productions (Private) Limited to acquire majority of its share has been granted the first phase review order of the Pre-merger Application by the Competition Commission of Pakistan. The Scheme is now awaiting approval of the Court 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.

As illustrated in the recent survey of TV Spend Share, there is a prospect for new market players in News, Kids and Sports Genre. One can successfully capture the viewership of news channels and become the voice of the people which can be monetized in earnings through commercial airtime, subscriptions and sponsorships. Pursuing this growth opportunity, HNL is in the final stages of launching its news channel, HUM News, before the end of this fiscal year.

HNL has established a strong brand loyalty over the years as a leading entertainment channel of Pakistan, hence; its reputation and goodwill as a quality and innovative channel can be utilized for its news channel as well.

HNL is committed to professional journalism as the means to fulfill its mission. HUM News aims to model the elements of modern journalism – enterprising, investigative, events-driven, data-based, and audience-focused. We wish to take high quality news experience to everyone across the country and its hinterland.

Further, HNL is hoping to make a mark with its new business venture in an entirely different field. The Company is planning to roll out its e-commerce operations, with the brand name HumMart, the online grocery company that will operate as a subsidiary HUM Mart (Private) Limited; as approved by the Board of Directors of HNL in their recent meeting. HumMart aims at saving users from the hassle of going out and buying every day necessities.

Our business and financial strategies, and the operational decisions that stem from the above 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 going forward backed by our well-defined business strategies, excellent infrastructure and robust brand.

Acknowledgement

On behalf of the management, I take this opportunity to place on record its appreciation for the dedication and commitment of our investors, customers, employees, business partners and other stakeholders whose constant support has made this growth a great success.

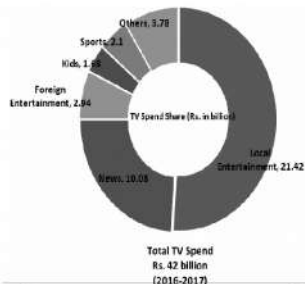
April 30, 2018
Karachi



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



ڈائریکٹرز رپورٹ

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

		March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
Note		Rupees	
ASSETS			
NON-CURRENT ASSETS			
	Property, plant and equipment	5 1,545,455,079	266,513,320
	Intangible assets	37,445,362	24,497,098
	Long term investments	288,898,431	228,898,451
	Long term deposits	28,008,222	36,264,458
	Television program costs	270,812,097	253,655,178
	Deferred tax asset	120,294,834	110,102,953
		2,290,914,025	919,931,458
CURRENT ASSETS			
	Inventories	101,429,334	2,314,986
	Current portion of television program costs	208,170,145	220,168,115
	Trade debts	6 1,753,504,012	1,745,549,232
	Advances	144,950,602	230,916,704
	Trade deposits and short term prepayments	37,783,076	23,478,526
	Taxation – net	67,598,294	46,906,524
	Other receivables	7 124,028,694	34,976,743
	Cash and bank balances	124,170,292	374,219,488
		2,561,634,449	2,678,530,318
	TOTAL ASSETS	4,852,548,474	3,598,461,776
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	2,747,045,891	2,113,010,440
		3,692,045,891	3,058,010,440
NON-CURRENT LIABILITIES			
	Liabilities against assets subject to finance lease	21,007,382	12,068,950
	Long Term Financing	8 342,649,196	-
		363,656,578	12,068,950
CURRENT LIABILITIES			
	Trade and other payables	9 710,388,909	493,126,682
	Short Term Borrowing	10 43,109,815	-
	Accrued markup	1,736,183	128,256
	Unclaimed dividend	20,021,075	5,948,490
	Current portion of liabilities against assets subject to finance lease	21,590,023	29,178,958
		796,846,005	528,382,386
CONTINGENCIES AND COMMITMENTS			
	TOTAL EQUITY AND LIABILITIES	4,852,548,474	3,598,461,776

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 NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

	Note	Nine months ended		Quarter-ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue	12	3,559,540,392	3,435,212,972	1,127,128,604	1,165,729,874
Cost of production	13	(2,086,400,632)	(1,869,329,905)	(663,873,501)	(606,856,221)
Transmission cost		(113,998,607)	(65,277,743)	(60,996,524)	(21,847,341)
		(2,200,399,239)	(1,934,607,648)	(724,870,025)	(628,703,562)
Gross profit		1,359,141,153	1,500,605,324	402,258,579	537,026,312
Distribution costs		(229,516,921)	(238,839,546)	(82,820,040)	(99,880,324)
Administrative expenses		(407,050,347)	(431,894,875)	(133,550,064)	(141,503,663)
		722,573,885	829,870,903	185,888,475	295,642,325
Other income		72,941,281	54,064,900	28,976,459	11,468,362
		795,515,166	883,935,803	214,864,934	307,110,687
Finance costs		(16,852,598)	(18,688,151)	(11,791,433)	(3,645,327)
Profit before taxation		778,662,568	865,247,652	203,073,501	303,465,360
Taxation					
- current		(60,318,998)	(105,251,725)	(11,660,694)	(33,786,248)
- deferred		10,191,881	10,338,289	1,078,041	7,369,918
		(50,127,117)	(94,913,436)	(10,582,653)	(26,416,330)
Profit after taxation		728,535,451	770,334,216	192,490,848	277,049,030
Earnings per share – basic and diluted		0.77	0.82	0.20	0.29

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2018
(UN-AUDITED)**

	Nine months ended		Quarter-ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Profit after taxation	728,535,451	770,334,216	192,490,848	277,049,030
Other comprehensive income	-	-	-	-
Total comprehensive income	728,535,451	770,334,216	192,490,848	277,049,030

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 NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

	March 31, 2018	March 31, 2017
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	778,662,568	865,247,652
Adjustments for:		
Depreciation	71,107,382	58,473,144
Amortization	6,405,737	5,283,066
Finance costs	16,852,598	18,688,151
Profit on deposit accounts	(16,673,091)	(3,895,673)
Gain on disposal of property, plant and equipment	(1,008,830)	(3,894,524)
Exchange (Gain)/Loss	(32,850,234)	7,610,294
	43,833,562	82,264,458
Operating profit before working capital changes	822,496,130	947,512,110
(Increase)/decrease in current assets		
Inventories	(99,114,348)	155,377
Television program costs	11,997,970	80,154,686
Trade debts	24,895,454	(281,857,523)
Advances, deposits & prepayments	71,661,552	(119,750,874)
Other receivables	(89,051,951)	3,810,300
	(79,611,323)	(317,488,034)
Increase in current liabilities		
Trade and other payables	217,262,229	107,886,769
Cash generated from operations	960,147,036	737,910,845
Taxes paid	(81,010,766)	(211,941,367)
Finance costs paid	(15,244,674)	(27,068,776)
Profit received on deposit accounts	16,673,091	3,895,673
Long-term deposits	8,256,236	(4,697,626)
Television program costs	(17,156,920)	124,120,711
Net cash generated from operating activities	871,664,003	622,219,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(1,384,081,203)	(82,153,754)
Proceeds from sale of property, plant and equipment	15,686,890	6,031,655
Investment made in subsidiaries	(59,999,980)	(11,407,400)
Net cash used in investing activities	(1,428,394,293)	(87,529,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(80,427,415)	(1,162)
Liabilities against assets subject to finance lease	1,349,497	2,700,618
Long Term Financing	342,649,196	
Short term borrowings (repaid) / obtained	43,109,816	(473,987,577)
Net cash used in financing activities	306,681,094	(471,288,121)
Net increase / (decrease) in cash and cash equivalents	(250,049,196)	63,401,840
Cash and cash equivalents at the beginning of the period	374,219,488	12,260,410
Cash and cash equivalents at the end of the period	124,170,292	75,662,250

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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2018
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2016	945,000,000	1,097,627,462	2,042,627,462
Profit after taxation	-	770,334,216	770,334,216
Other comprehensive income	-	-	-
Total comprehensive income	-	770,334,216	770,334,216
Balance as at March 31, 2017	945,000,000	1,867,961,678	2,812,961,678
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	-	728,535,451	728,535,451
Other comprehensive income	-	-	-
Total comprehensive income		728,535,451	728,535,451
Balance as at March 31, 2018	945,000,000	2,747,045,891	3,692,045,891

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


DURAIÐ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018 (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.
- 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 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS Standards) issued by international Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provision of and directives issued under the Companies Act, 2017 have been followed.

- 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

3. SIGNIFICANT 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 standards did not have any material effect on these unconsolidated 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 NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

	Note	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,361,024,467	262,435,796
Capital work-in-progress	5.2	184,430,612	4,077,524
		<u>1,545,455,079</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	1,184,374,115	81,244,991
		1,446,809,911	346,955,397
Less:			
Disposals during the period / year - at book value		(14,678,060)	(6,268,862)
Depreciation charged during the period / year		(71,107,384)	(78,250,739)
		(85,785,444)	(84,519,601)
Closing balance – at book value		<u>1,361,024,467</u>	<u>262,435,796</u>
5.1.1 Additions during the period / year – at cost			
Owned			
Building on Leasehold Land		765,611,008	-
Leasehold improvements		90,407,064	9,614,920
DSNG		60,614,132	-
Furniture and fittings		7,844,946	11,121,035
Motor vehicles		19,535,191	2,053,626
Audio visual equipment		97,980,936	7,005,000
Uplinking Equipment		20,771,351	-
Office equipment		48,641,377	15,303,482
Computers		40,074,770	9,093,997
Leased			
Motor vehicles		32,893,340	27,052,934
		<u>1,184,374,115</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	1,242,711,095	22,997,574
Transfers to operating fixed assets		(1,062,358,007)	(18,920,050)
Closing balance		<u>184,430,612</u>	<u>4,077,524</u>
5.2.1 Additions during the period / year			
Leasehold land		72,297,725	-
Building on leasehold land		776,821,702	-
DSNG		24,604,286	-
Leasehold improvements		-	9,614,920
Motor vehicles		463,994	-
Audio visual equipment		292,940,587	-
Uplinking equipment		38,122,100	-
Office equipment		16,960,393	10,623,854
Computers		18,279,028	-
Others		2,221,280	2,758,800
		<u>1,242,711,095</u>	<u>22,997,574</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

		March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
6. TRADE DEBTS			
Considered good	6.1	1,753,504,012	1,745,549,232
Considered doubtful		47,026,912	47,026,912
		1,800,530,924	1,792,576,144
Less: Provision for doubtful debts		47,026,912	47,026,912
		<u>1,753,504,012</u>	<u>1,745,549,232</u>

6.1 Include amount receivable from the following related parties:

Hum TV, Inc- USA	150,779,841	132,215,676
Hum Network UK Ltd	123,613,885	104,218,457
	<u>274,393,726</u>	<u>236,434,133</u>

7. OTHER RECEIVABLES – considered good

	Note		
Sales tax receivable		52,521,040	8,069,402
Due from related parties	7.1	71,488,654	26,727,341
Others		19,000	180,000
		<u>124,028,694</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	35,433,930	18,281,198
HUMMART	25,977,759	-
	<u>71,488,654</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.

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	----- Rupees -----	
9. TRADE AND OTHER PAYABLES		
Creditors	395,035,960	185,756,972
Accrued liabilities	281,955,648	253,819,783
Withholding tax payable	7,403,735	32,266,550
Advances from customers	-	10,848,088
Payable to provident fund	7,797,385	85,234
Others	18,196,181	10,350,055
	<u>710,388,909</u>	<u>493,126,682</u>

9.1 Include amounts payable to related parties amounting to Rs. 264,872,809/- (June 30, 2017: Rs. 156,103,220/-)

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

10. SHORT TERM BORROWINGS— secured

As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 475,000,000 (June 2017: Rs. 475,000,000) and Local bill discounting facilities amounted to Rs. 175,000,000 (June 2017: Rs. 225,000,000). These facilities are secured by way of paripassu charge and first hypothecation charge on all current assets of the Company and carry mark-up rates ranging from 3 months KIBOR + 0.75% to 1.5% (June 30, 2017: 3 months KIBOR + 0.75% to 1.5%). The facilities will mature latest by December 2018.

11. CONTINGENCIES AND COMMITMENTS

11.1 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.

11.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited related party as at March 31, 2018 amounted to Rs. 343,456,249/- (June 30, 2017: Rs.163,962,500/-). Commitment for purchase of television programs with other than related parties as at March 31, 2018 amounted to Nil (June 30, 2017: Rs. 11,753,000/-).

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

	Nine months ended		Quarter-ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
12. REVENUE – net				
Note				
Advertisement revenue	3,112,220,253	3,147,704,246	996,858,423	1,072,403,774
Production revenue	130,425,287	115,891,435	53,709,397	30,709,627
Digital Sales Revenue	18,306,934	13,593,537	1,605,321	2,751,595
Subscription Income	149,815,919	117,841,096	65,704,795	42,724,474
Film Distribution Revenue	148,771,999	40,182,658	9,250,668	17,140,404
12.1	<u>3,559,540,392</u>	<u>3,435,212,972</u>	<u>1,127,128,604</u>	<u>1,165,729,874</u>
12.1 Revenue is net off the following items:				
Sales tax	468,518,498	525,409,311	145,196,919	178,938,472
Discount to customers	259,280,801	239,337,788	82,519,021	86,722,670
	<u>727,799,299</u>	<u>764,747,099</u>	<u>227,715,940</u>	<u>265,661,142</u>
13. COST OF PRODUCTION				
Cost of outsourced programs	1,185,081,632	1,070,621,865	403,133,808	398,498,709
Cost of in-house programs	296,813,987	184,732,843	76,358,070	44,581,080
Inventories consumed	167,865	155,373	-	-
Salaries and benefits	437,744,565	297,739,825	176,662,616	99,259,909
Depreciation	45,890,120	29,778,934	22,132,412	10,872,709
Amortisation	3,987,820	3,063,198	1,542,623	1,049,441
Traveling and conveyance	38,408,262	17,570,199	17,381,447	6,157,583
Utilities	13,355,259	10,472,239	4,753,146	2,903,900
Rent, rates and taxes	21,168,806	10,102,577	8,312,009	2,808,108
Insurance	9,513,940	7,681,831	4,008,090	2,806,841
Repair and maintenance	18,438,418	16,323,895	8,620,947	5,654,214
Fee and subscription	5,412,716	4,054,609	979,099	1,506,824
Communication expense	8,753,775	7,318,671	3,604,880	2,468,542
Security charges	2,498,806	1,195,448	1,095,153	801,874
Consultancy	4,144,771	3,781,926	1,394,942	1,323,835
Printing and stationery	178,840	461,076	32,195	125,429
	<u>2,091,559,582</u>	<u>1,665,054,509</u>	<u>730,011,437</u>	<u>580,818,998</u>
In production television programs				
- opening	86,240,166	80,456,290	91,399,116	77,218,116
In production television programs				
- closing	(91,399,116)	(78,135,116)	(91,399,116)	(78,135,116)
	<u>2,086,400,632</u>	<u>1,667,375,683</u>	<u>730,011,437</u>	<u>579,901,998</u>
Released / unreleased programs				
- opening	387,583,127	880,608,495	321,445,190	705,608,496
Released / unreleased programs				
- closing	(387,583,127)	(678,654,273)	(387,583,126)	(678,654,273)
	<u>2,086,400,632</u>	<u>1,869,329,905</u>	<u>663,873,501</u>	<u>606,856,221</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

14. 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	March 31, 2018 ----- (Un-audited)	March 31, 2017 ----- (Un-audited)
		Rupees	
Subsidiaries	Investments made	<u>59,999,980</u>	<u>11,407,400</u>
	Receipts / (payments) during the year – net	<u>(40,960,695)</u>	<u>939,562</u>
	Subscription income	<u>8,507,500</u>	<u>10,657,500</u>
	Management fee	<u>1,630,875</u>	<u>2,398,875</u>
Associates	Purchase of television programs	<u>995,210,163</u>	<u>989,098,365</u>
Retirement fund	Contributions	<u>20,358,803</u>	<u>18,624,673</u>
Key management personnel	Remuneration	<u>494,732,202</u>	<u>482,963,060</u>

15. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on April 30, 2018 by the Board of Directors.

16. 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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

		March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
Note		Rupees	
ASSETS			
NON-CURRENT ASSETS			
	Property, plant and equipment	5 1,551,286,824	272,944,752
	Intangible assets	100,529,619	83,609,083
	Long term deposits	28,022,454	43,420,421
	Television program costs	270,812,097	253,655,178
	Deferred tax asset	171,273,368	157,320,050
		2,121,924,362	810,949,483
CURRENT ASSETS			
	Inventories	101,596,134	2,314,986
	Current portion of television program costs	208,170,145	220,168,115
	Trade debts	1,966,394,773	1,755,839,800
	Advances	147,822,774	242,770,231
	Trade deposits and short term prepayments	77,268,034	38,818,124
	Taxation – net	69,300,801	48,610,716
	Other receivables	84,813,131	21,042,953
	Cash and bank balances	305,316,356	453,827,053
		2,960,682,148	2,783,391,979
	TOTAL ASSETS	5,082,606,510	3,594,341,462
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	2,801,826,821	2,011,816,774
		3,746,826,821	2,956,816,774
NON-CURRENT LIABILITIES			
	Liabilities against assets subject to finance lease	21,007,382	12,068,950
	Long Term Financing	342,649,196	-
		363,656,578	12,068,950
CURRENT LIABILITIES			
	Trade and other payables	885,666,017	590,200,033
	Accrued markup	1,736,181	128,257
	Short term borrowings	43,109,815	-
	Unclaimed dividend	20,021,075	5,948,490
	Taxation – net	-	-
	Current portion of liabilities against assets subject to finance lease	21,590,023	29,178,958
		972,123,111	625,455,738
	CONTINGENCIES AND COMMITMENTS	5,082,606,510	3,594,341,462
	TOTAL EQUITY AND LIABILITIES	5,082,606,510	3,594,341,462

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

	Note	Nine months ended		Quarter-ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Rupees	Rupees	Rupees	Rupees
Revenue	11	3,962,836,022	3,717,812,550	1,267,735,081	1,308,088,777
Cost of production	12	(2,131,505,611)	(1,931,987,619)	(647,051,322)	(630,933,238)
Transmission cost		(202,412,533)	(143,250,945)	(90,691,854)	(37,610,252)
		(2,333,918,144)	(2,075,238,564)	(737,743,176)	(668,543,490)
Gross profit		1,628,917,878	1,642,573,986	529,991,905	639,545,287
Distribution costs		(232,173,210)	(250,901,183)	(83,944,509)	(99,924,244)
Administrative expenses		(537,811,767)	(520,755,076)	(179,853,367)	(175,945,007)
		858,932,901	870,917,727	266,194,029	363,676,036
Other income		72,938,580	54,571,841	29,076,240	12,393,625
Finance costs		(16,882,669)	(18,713,433)	(11,801,083)	(3,657,170)
Profit before taxation		914,988,812	906,776,135	283,469,186	372,412,491
Taxation					
- current		(60,318,998)	(105,251,725)	(11,660,694)	(33,786,248)
- deferred		10,191,881	10,338,289	1,078,041	7,369,918
		(50,127,117)	(94,913,436)	(10,582,653)	(26,416,330)
Profit after taxation		864,861,695	811,862,699	272,886,533	345,996,161
Earnings per share – basic and diluted		0.92	0.86	0.29	0.37

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim 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 NINE MONTHS ENDED MARCH 31, 2018
(UN-AUDITED)**

	Nine months ended		Quarter-ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
Profit after taxation	864,861,695	811,862,699	272,886,533	345,996,161
Other comprehensive income	19,648,352	(580,059)	7,871,153	(2,805,184)
Total comprehensive income	884,510,047	811,982,640	280,757,686	343,190,977

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim 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 NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

	March 31, 2018	March 31, 2017
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	914,988,812	906,776,135
Adjustments for:		
Depreciation	71,107,382	59,173,144
Amortization	6,405,737	5,283,066
Finance costs	16,882,669	18,713,433
Profit on bank accounts	(16,673,091)	(3,895,673)
Gain on disposal of property, plant and equipment	(1,008,830)	(3,894,524)
Exchange difference on translation of foreign currency	16,275,766	(580,059)
Exchange (gain) / loss	(32,850,234)	7,610,294
Reversal / provision for doubtful debts	82,063,454	
	142,202,853	82,409,681
Operating profit before working capital changes	1,057,191,665	989,185,816
(Increase)/decrease in current assets		
Inventories	(99,281,148)	155,377
Television program costs	11,997,971	80,154,686
Trade debts	(259,768,193)	(383,878,860)
Advances, deposits and prepayments	56,497,548	(6,450,430)
Other receivables	(63,770,179)	(6,772,915)
	(354,324,001)	(377,792,142)
Increase in current liabilities		
Trade and other payables	295,465,984	133,331,852
Cash generated from operations	998,333,648	744,725,526
Taxes paid	(84,770,519)	(211,979,488)
Finance costs paid	(15,274,745)	(27,094,062)
Profit received on bank accounts	16,673,091	3,895,673
Long-term deposits	15,397,967	(5,615,049)
Television program costs	(17,156,920)	124,120,711
Net cash generated from operating activities	913,202,522	628,053,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(1,384,081,203)	(86,200,692)
Proceeds from sale of property, plant and equipment	15,686,890	6,031,655
Net cash used in investing activities	(1,368,394,313)	(80,169,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(80,427,415)	(1,162)
Liabilities against assets subject to finance lease	1,349,497	2,700,618
Short term borrowings (repaid) / obtained	43,109,816	(473,987,576)
Long term borrowings (repaid) / obtained	342,649,196	-
Net cash used in financing activities	306,681,094	(471,288,120)
Net increase / (decrease) in cash and cash equivalents	(148,510,697)	76,596,154
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	305,316,356	126,963,937

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim 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 NINE MONTHS ENDED MARCH 31, 2018

	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
Profit for the period	-	-	811,862,699	811,862,699	811,862,699
Other comprehensive income		(580,059)	-	(580,059)	(580,059)
Total comprehensive income		(580,059)	811,862,699	811,982,640	811,982,640
Balance as at March 31, 2017	<u>945,000,000</u>	<u>(4,417,207)</u>	<u>1,808,691,884</u>	<u>1,804,274,677</u>	<u>2,749,274,677</u>
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	-	-	864,861,695	864,861,695	864,861,695
Other comprehensive income	-	19,648,352	-	19,648,352	19,648,352
Total comprehensive income	-	19,648,352	864,861,695	884,510,047	884,510,047
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 March 31, 2018	<u>945,000,000</u>	<u>11,522,480</u>	<u>2,790,304,341</u>	<u>2,801,826,821</u>	<u>3,746,826,821</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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018

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.

Subsidiary Companies

The 'Group' consists of

Holding Company

HUM Network Limited

	2018	2017
	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%	100%
HUM MART (Private) Limited	100%	-

1.2 Nature of operations of subsidiaries

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

Skyline Publication (Private) Limited is engaged in the publications of books and magazines. During the year ended June 30, 2015, Skyline Publications (Private) Limited acquired 100% equity in Newsline Publication (Private) Limited, which is engaged in publishing "Newsline" 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.

As approved by the board of directors of HNL, a wholly owned subsidiary HUM Mart (Private) Limited was incorporated on February 27, 2018. HUM Mart (Private) Limited is an online grocery company established with the aim of saving users from the hassle of going out and buying every day necessities. With this new business venture, HNL wishes to make its mark in the e-commerce.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018

2. BASIS OF PREPARATION

2.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS Standards) issued by international Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provision of and directives issued under the Companies Act, 2017 have been followed.

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 NINE MONTHS ENDED MARCH 31, 2018

		March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
		----- Rupees -----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	1,366,856,212	268,867,228
Capital work-in-progress	5.2	184,430,612	4,077,524
		<u>1,551,286,824</u>	<u>272,944,752</u>
5.1 Operating fixed assets			
Opening balance – at book value		268,867,227	269,132,577
Additions during the period / year – at cost	5.1.1	1,184,374,115	85,373,565
		<u>1,453,241,342</u>	<u>354,506,142</u>
Less:			
Disposals during the period / year – at book value		(14,678,060)	(6,268,862)
Depreciation charged during the period / year		(71,707,070)	(79,370,052)
		<u>(86,385,130)</u>	<u>(85,638,914)</u>
Closing balance – at book value		<u>1,366,856,212</u>	<u>268,867,228</u>
5.1.1 Additions during the period / year – at cost			
Owned			
Building on Leashold Land		765,611,008	-
Leasehold improvements		90,407,064	9,614,920
DSNG		60,614,132	-
Furniture and fittings		7,844,946	14,919,737
Motor vehicles		19,535,191	2,053,623
Audio visual equipment		97,980,936	7,005,000
Uplinking Equipment		20,771,351	-
Office equipment		48,641,377	15,633,354
Computers		40,074,770	9,093,997
Leased			
Motor vehicles		32,893,340	27,052,934
		<u>1,184,374,115</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	1,242,711,095	22,997,574
Transfers to operating fixed assets		(1,062,358,007)	(18,920,050)
Closing balance		<u>184,430,612</u>	<u>4,077,524</u>
Additions during the period / year			
Leasehold land		72,297,725	-
Building on leasehold land		776,821,702	-
DSNG		24,604,286	-
Leasehold improvements		-	9,614,920
Motor vehicles		463,994	-
Audio visual equipment		292,940,587	-
Uplinking equipment		38,122,100	-
Office equipment		16,960,393	10,623,854
Computers		18,279,028	-
Others		2,221,280	2,758,800
		<u>1,242,711,095</u>	<u>22,997,574</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
Note	----- Rupees -----	
6. TRADE DEBTS		
Considered good	1,966,394,773	1,755,839,800
Considered doubtful	<u>129,090,366</u>	<u>129,090,366</u>
	2,095,485,139	1,884,930,166
Less: Provision for doubtful debts	<u>129,090,366</u>	<u>129,090,366</u>
	<u>1,966,394,773</u>	<u>1,755,839,800</u>

7. 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.

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
Note	----- Rupees -----	
8. TRADE AND OTHER PAYABLES		
Creditors	8.1 535,751,991	245,539,358
Accrued liabilities	329,399,190	273,693,876
Withholding tax payable	7,403,735	32,266,550
Advances from customers	-	14,160,308
Others	<u>13,111,101</u>	<u>24,539,941</u>
	<u>885,666,017</u>	<u>590,200,033</u>

8.1 Include amounts payable to related parties amounting to Rs. 264,872,809/- (June 30, 2017: Rs. 156,103,220/-)

9. SHORT TERM BORROWINGS– secured

As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 475,000,000 (June 2017: Rs. 475,000,000) and Local bill discounting facilities amounted to Rs. 175,000,000 (June 2017: Rs. 225,000,000). These facilities are secured by way of paripassu charge and first hypothecation charge on all current assets of the Company and carry mark-up rates ranging from 3 months KIBOR + 0.75% to 1.5% (June 30, 2017: 3 months KIBOR + 0.75% to 1.5%). The facilities will mature latest by December 2018.

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 March 31, 2018 amounted to Rs. 343,456,249/- (June 30, 2017: Rs.163,962,500/-). Commitment for purchase of television programs with other than related parties as at March 31, 2018 amounted to Nil (June 30, 2017: Rs. 11,753,000/-).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Nine months ended		Quarter-ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
11. REVENUE – net					
Advertisement revenue		3,504,594,515	3,440,961,324	1,133,219,021	1,217,979,877
Production revenue		130,425,287	115,891,435	53,709,397	30,709,627
Digital sales revenue		18,306,934	13,593,537	1,605,321	2,751,595
Subscription income		149,934,174	107,183,596	60,329,175	39,507,274
Film distribution revenue		159,575,112	40,182,658	18,872,167	17,140,404
	11.1	<u>3,962,836,022</u>	<u>3,717,812,550</u>	<u>1,267,735,081</u>	<u>1,308,088,777</u>

11.1 Revenue is net off the following items:

Sales tax	468,518,498	525,409,311	145,196,919	178,938,472
Discount to customers	259,280,801	239,337,788	82,519,021	86,722,670
	<u>727,799,299</u>	<u>764,747,099</u>	<u>227,715,940</u>	<u>265,661,142</u>

		Nine months ended		Quarter-ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
12. COST OF PRODUCTION					
Cost of outsourced programs		1,197,671,706	1,113,297,580	369,723,892	412,249,424
Cost of in-house programs		296,813,987	185,837,563	76,358,070	41,696,058
Inventories consumed		1,471,441	2,443,423	1,303,576	763,800
Salaries and benefits		450,240,668	304,065,554	181,562,038	105,585,638
Depreciation		45,890,120	30,195,970	22,019,203	11,011,721
Amortisation		3,987,820	3,114,228	1,542,623	1,066,451
Traveling and conveyance		38,871,335	17,570,199	17,603,404	6,157,583
Utilities		13,529,204	10,587,007	4,732,987	2,852,106
Rent, rates and taxes		22,339,934	11,378,778	8,539,208	3,233,508
Insurance		9,581,039	7,688,785	4,068,139	2,806,841
Repair and maintenance		18,615,536	16,375,640	8,664,078	5,673,562
Fee and subscription		5,412,716	4,054,609	979,099	1,506,824
Communication expense		8,864,726	8,550,725	3,608,519	2,617,381
Security charges		2,498,806	1,195,448	1,095,153	801,875
Consultancy		4,144,771	3,781,927	1,394,942	1,323,835
Training		-	96,699	-	-
Printing and stationery		16,730,752	7,478,088	9,994,327	5,549,408
		<u>2,136,664,561</u>	<u>1,727,712,223</u>	<u>713,189,258</u>	<u>604,896,015</u>
In production television programs - opening		86,240,166	80,456,290	91,399,116	77,218,116
In production television programs - closing		(91,399,116)	(78,135,116)	(91,399,116)	(78,135,116)
		<u>2,131,505,611</u>	<u>1,730,033,397</u>	<u>713,189,258</u>	<u>603,979,015</u>
Released / unreleased programs - opening		387,583,127	880,608,495	321,445,190	705,608,496
Released / unreleased programs - closing		(387,583,127)	(678,654,273)	(387,583,126)	(678,654,273)
		<u>2,131,505,611</u>	<u>1,931,987,619</u>	<u>647,051,322</u>	<u>630,933,238</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018

13. 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	March 31, 2018 ----- (Un-audited)	March 31, 2017 ----- (Un-audited)
		Rupees	
Associates	Purchase of television programs	<u>995,210,163</u>	<u>989,098,365</u>
	Receipts during the period	<u>-</u>	<u>-</u>
Retirement fund	Contributions	<u>20,358,803</u>	<u>18,624,673</u>
Key management personnel	Remuneration	<u>577,310,339</u>	<u>556,426,777</u>

14. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on April 30, 2018 by the Board of Directors.

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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