

HUM NETWORK LIMITED



Company Information

Board of Directors

Chairman Directors

Chief Executive Officer Chief Financial Officer Company Secretary Head of Internal Audit AUDIT COMMITTEE Chairman Members

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE Chairperson Members

Secretary AUDITORS

INTERNAL AUDITORS

REGISTERED & HEAD OFFICE

REGISTRAR/TRANSFER AGENT

PAKISTAN STOCK EXCHANGE LIMITED

HUMNL

LEGAL ADVISOR

BANKERS

WEBSITE

Mr Mazhar-ul-Haq Siddiqui Ms. Sultana Siddigui Mr. Munawar Alam Siddiqui Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Mrs. Khush Bakht Shujaat Mr. Muhammad Avub Younus Adhi Mr. Duraid Qureshi Mr. Muhammad Abbas Hussain Mr Mohsin Naeem Mr. Kamran Shamshad Ahmed Mr. Muhammad Avub Younus Adhi Ms. Sultana Siddigui Mrs. Mahtab Akbar Rashdi Mr. Shunaid Qureshi Mrs. Mahtab Akbar Rashdi Mrs. Khush Bakht Shujaat

Mr. Shunaid Qureshi Mr. Duraid Qureshi Mr. Hassan Jawed M/s. Ernst & Young Ford Rhodes Sidat Hyder 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 M/s. Ijaz Ahmed & Associates No.7, 11 th Zamzama Street Phase-V D.H.A. Karachi. Bank Alfalah Limited Faysal Bank Limited National Bank of Pakistan Bank Islami Pakistan The Bank of Puniab Allied Bank Limited United Bank Limited Askari Bank I imited Standard Chartered Bank (Pakistan) Limited Habib Metropolitan Bank Boston Private Bank & Trust **Barclavs Bank PLC** Habibsons Bank Limited Dubai Islamic Bank Hum TV, Plot No. 10/11, Hassan Ali Street, Off. I.I Chundrigar Road, Karachi -74000 UAN: 111 -486-111 M/s. Central Depository Company of Pakistan Limited (CDC) CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi-74400 www.humnetwork.tv

Directors' 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 nine months period ended March 31, 2016.

Financial Performance:

During the period under review, the Company recorded net revenue of Rs. 2,836 million as compared to net revenue of Rs. 2,659 million during the same period last year; hence a positive variation of 7%. Whereas, the Company's profit after tax is Rs. 332 million as compared to Rs. 553 million during the same period last year. The results translate into earnings per share of Re. 0.35.

When comparing the current quarter with the last quarter of the current financial year, the Company recorded net revenue of Rs. 1,000 million as compared to Rs. 1,004 million. The Company witnessed a profit after tax of Rs. 166 million as compared to Rs. 59 million in the last quarter of the current financial year; hence a positive variation of 181%. The results translate into earning per share of Re. 0.18 as compared to Re. 0.06 of the last quarter of current financial year.

Operational Performance:

During the period under review, HUM TV has continued to fulfill its promise of showcasing quality content to its viewers by presenting block buster dramas like "Mann Mayal", "Pakeeza", "Gul-e-Rana", "Sehra Main Sfar" and "Kissay Chahon" that kept the audience eyes remain glued to the screen and out shadowed competition.

The morning show "Sitaray Ki Subha" has provided a stage for a Glorious Morning and enchanted audience due to its distinctive style and content. It has meld entertainment and information in a way that is aimed at making the viewers entertained, informed, hopeful and empowered. During the period, HUM Sitaray has been the media partner of various events, promoting fashion and entertainment in Pakistan.

HUM Masala, being an integral part of every household, has added to its content a series of new cooking and informative shows introducing many different recipes, cooking experts, professional chefs and health consultants which have been overwhelmed by the food mavens. 8th Masala Family Festival was held in Karachi in February, which provided a platform for the cooking lovers to enjoy Live Cooking Shows of Masala chefs, Kids Arena, Food Court and shop their favourite brands under one roof.

HUM Films is making its sincere contributions to bring new folds in the film industry of Pakistan. It has been engaged in the distribution of quality films like "Air Lift", "Sanam Re", "Bachaana" and "Rocky Handsome" which has been appreciated by the masses. The management is committed to exploit more lucrative opportunities in the film distribution and marketing industry.

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Consolidated results are as follows:

	Rupees
Revenue – net	2,966,641,543
Gross Profit	1,003,574,022
Profit for the period – before taxation	404,201,888
Earnings per share	0.32

Future Outlook

HNL continues to be focused on delivering long term shareholders value through improvements in all aspects of the Company's operations. This includes, but might not be limited to, investment in quality content and original content generation in the field of Television Programming and pursue opportunities that position HNL for sustainable growth and value creation.

Acknowledgement

The Board would like to take this opportunity to thank and appreciate employees, customers and strategic partners for their dedication, commitment and contributions towards helping us achieve our objectives. The Board also extends its appreciation to shareholders for their unwavering support and cooperation.

April 29, 2016 Karachi For & On behalf of the Board of Directors

Duraid Qureshi Chief Executive Officer

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

ASSETS	Note	March 31, 2016 (Un-audited) Rup	June 30, 2015 (Audited) pees
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Long term investments Long term deposits Television program costs Deferred tax asset	4 5 6	272,704,550 26,724,683 209,601,445 30,815,332 470,481,850 75,201,248 1,085,529,108	258,798,586 15,119,943 134,649,074 29,422,616 434,836,050 <u>46,976,371</u> 919,802,640
CURRENT ASSETS			
Inventories Current portion of television program costs Trade debts Advances Deposits and prepayments Other receivables Taxation-Net Cash and bank balances	6 7 8 9	2,740,282 485,809,664 1,240,804,819 115,488,209 20,305,244 22,544,183 58,196,934 3,942,823 1,949,832,159	4,479,119 521,455,464 1,036,543,895 240,606,668 19,077,919 33,393,487 - - 13,860,087 1,869,416,639
TOTAL ASSETS		3,035,361,267	2,789,219,279
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital Unappropriated profit		945,000,000 892,890,306 1,837,890,306	945,000,000 726,066,536 1,671,066,536
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		38,005,750	39,939,206
CURRENT LIABILITIES			
Trade and other payables Accrued markup Short term borrowings Dividend payable Taxation – net Current portion of liabilities against assets subject to finance lease		633,021,512 7,904,871 495,262,456 6,073,256 17,203,116 1,159,465,211	648,804,270 6,088,472 299,538,538 5,516,923 99,961,316 18,664,018 1,078,213,537
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		3,035,361,267	2,789,219,279

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

		Nine months period ended		Quarter-ended		
		March 31,	March 31,	March 31,	March 31,	
	Note	2016	2015 ees	2016	2015 es	
	Note	nup		nupi		
Revenue	12	2,836,313,925	2,659,268,738	1,000,316,770	862,134,684	
Cost of production	13	(1,767,967,940)	(1,257,958,941)	(571,240,622)	(356,153,292)	
Transmission cost		(65,021,726)	(63,244,691)	(21,603,389)	(21,604,739)	
		(1,832,989,666)	(1,321,203,632)	(592,844,011)	(377,758,031)	
Gross profit		1,003,324,259	1,338,065,106	407,472,759	484,376,653	
Distribution costs		(318,378,568)	(358,167,251)	(101,328,588)	(135,219,407)	
Administrative expenses		(289,530,184)	(300,792,050)	(102,389,083)	(104,303,340)	
		395,415,507	679,105,805	203,755,088	244,853,906	
Other charges		-	(15,169,653)	-	(5,423,462)	
Other income		62,377,773	94,480,632	25,775,364	34,161,658	
Finance costs		(27,527,244)	(15,103,798)	(9,713,513)	(7,841,037)	
Profit before taxation		430,266,036	743,312,986	219,816,939	265,751,065	
Taxation						
- current		(126,292,143)	(228,634,915)	(72,407,718)	(77,295,270)	
- deferred		28,224,877	38,819,272	18,510,314	(2,072,909)	
		(98,067,266)	(189,815,643)	(53,897,404)	(79,368,179)	
Net profit for the period		332,198,770	553,497,343	165,919,535	186,382,886	
Earnings per share – basic and diluted		Re. 0.35	Re. 0.59	Re. 0.18	Re. 0.20	

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

	Nine month period ended		Quarter-ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rup	ees —
Net profit for the period	332,198,770	553,497,343	165,919,537	186,382,886
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	332,198,770	553,497,343	165,919,537	186,382,886

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

March 31, 2016 March 31, 2016 March 31, 2016 CASH FLOWS FROM OPERATING ACTIVITIES 430,266,036 743,312,986 Adjustments for: Depreciation Amoritization Exchange loss / (gain) 47,773,237 36,031,935 Profit of deposit accounts Gain on disposal of property, plant and equipment Exchange loss / (gain) 47,773,267 36,031,935 Operating profit before working capital changes 76,912,699 64,432,583 Operating profit before working capital changes 507,178,735 807,745,569 Unventories 1,738,837 35,645,800 (61,790) Current portion of television program costs Trade debts 1,738,837 35,645,800 (30,543,228) Increase in current liabilities Trade and other payables (16,745,973) 157,648,433 Cash generated from operations 458,296,913 554,065,507 Taxes paid (28,450,325) (192,662,321) Finance costs paid (27,710,415) (215,770,845) (215,788,781) Prochase of property, plant and equipment Advances, percent advisidiary (7,455,231) (77,441,652) Taxes paid (28,450,325) (192,662,356) (215,788,781)	(UN-AUDIILD)		
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Net (decrease)/increase in cash and cash equivalents (9,917,264) 33,799,636 Cash and cash equivalents at the beginning of the period 13,860,087 106,516,721			
Cash and cash equivalents at the beginning of the period 13,860,087 106,516,721		21,010,002	
	Net (decrease)/increase in cash and cash equivalents	(9,917,264)	33,799,636
Cash and cash equivalents at the end of the period 3,942,823 140,316,357			
	Cash and cash equivalents at the end of the period	3,942,823	140,316,357

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

	Issued, Subscribed and paid-up share capital	Unappropriated Profit Rupees	Total
		napeee	
Balance as at July 01, 2014	945,000,000	451,315,585	1,396,315,585
Final cash dividend for the year June 30, 2014 @ Rs. 1.5 per share	-	(141,750,000)	(141,750,000)
Interim cash dividend for the period September 30, 2014 @ Rs. 1.75 per share	-	(165,375,000)	(165,375,000)
Interim cash dividend for the period December 30, 2014 @ Rs. 1.75 per share		(165,375,000)	(165,375,000)
Net profit for the period	-	553,497,343	553,497,343
Other comprehensive income	-	_	_
Total comprehensive income for the period	-	553,497,343	553,497,343
Balance as at March 31, 2015	945,000,000	532,312,928	1,477,312,928
Balance as at July 01, 2015	945,000,000	726,066,536	1,671,066,536
Final cash dividend for the year June 30, 2015 @ Rs. 0.175 per share		(165,375,000)	(165,375,000)
Net profit for the period	-	332,198,770	332,198,770
Other comprehensive income	-	-	-
Total comprehensive income for the period	-		
Balance as at March 31, 2016	945,000,000	892,890,306	1,837,890,306

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

1. THE COMPANY AND ITS OPERATIONS

Hum Network Limited (the Company) was incorporated in Pakistan on February 25, 2004 as a public limited company under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi Stock Exchange. 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 programmes with respect to information, entertainment, news, education, health, food, music and society.

2. BASIS OF PREPARATION

- 2.1 These condensed interim unconsolidated financial statements of the Company for the nine months period ended March 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015
- **2.3** These condensed interim financial statements are separate financial statements of the Company in which investment in subsidiaries is stated at cost less impairment, if any.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following standards which became effective during the period:

IFRS 10 - Consolidated Financial Statement

IFRS 11 - Joint Arrangements

- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- IFRS 16 Leases

The adoption of the above standards did not have any material effect on these unconsolidated condensed interim financial statements.

In addition to the above, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material effect on the Company's condensed interim financial statements for the period.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

		Note	March 31, 2016 (Un-audited) Rup	June 30, 2015 (Audited) ees
4.	PROPERTY, PLANT AND EQUIPMENT			
	Operating assets Capital work-in-progress	4.1	272,704,550	238,826,688 19,971,898
			272,704,550	258,798,586
4.1	Operating assets			
	Opening balance – at book value		238,826,688	195,615,565
	Additions during the period/year – at cost	4.1.1	81,702,348	111,438,966
			320,529,036	307,054,531
	Less:			
	Disposals during the period / year - at book value		(50,167)	(16,083,605)
	Depreciation charged during the period/year		(47,774,319) (47,824,486)	(52,144,238) (68,227,843)
	Closing balance – at book value		272,704,550	238,826,688
4.1.1	Additions during the period / year			
	Owned			10,000,110
	Leasehold improvements Furniture and fittings		23,252,066	19,392,440 132,990
	Motor vehicles		2,431,769	14,969,972
	Audio visual equipment Office equipment		13,693,532 15,423,244	28,897,538
	Computers		14,595,737	3,271,587 16,831,639
	Leased Motor vehicles		12,306,000	27,942,800
			81,702,348	111,438,966
5.	LONG TERM INVESTMENTS			
	Unquoted subsidiaries	l la lallar a		
	HUM TV, Inc. – USA	Holding		
	10,000 Common stock of \$ 0.01 each	100%	8,603	8,603
	Advance for future issue of shares		<u>18,716,750</u> 18,725,353	<u>18,716,750</u> 18,725,353
	HUM Network UK Ltd.		10,720,000	10,720,000
	1 Ordinary share of 1 GBP	100%	161	161
	Advance for future issue of shares		95,923,590 95,923,751	95,923,590 95,923,751
	Skyline Publications (Private) Ltd.		30,320,701	00,020,701
	• • • •	1000/	40,000,075	10,000,070
	1,999,997 Ordinary shares of Rs.10 each Advance for future issue of shares	100%	19,999,970 5,150,000	19,999,970 -
			25,149,970	19,999,970
	HUM Network FZ LLC -UAE	100%	69,802,371	-
			209,601,445	134,649,074

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

			March 31, 2016 (Un-audited) Rup	June 30, 2015 (Audited) ees
6.	TELEVISION PROGRAM COSTS			
	Unreleased / released less amortization In production Less: Current portion shown under current assets		880,464,533 75,826,981 956,291,514 485,809,664 470,481,850	863,517,050 92,774,464 956,291,514 521,455,464 434,836,050
7.	TRADE DEBTS			
	Considered good Considered doubtful Less: Provision for doubtful debts	7.1	1,240,804,819 26,412,547 1,267,217,366 26,412,547 1,240,804,819	1,036,543,895 26,412,547 1,062,956,442 26,412,547 1,036,543,895
7.1	Includes amount receivable from following related parties			
	Hum TV Inc- USA Hum Network UK Ltd		50,080,888 100,764,800 150,845,688	3,090,442 61,605,730 64,696,172
8.	ADVANCES			
	Includes advance given to a related party M.D Productions (June 30, 2015 Rs. 8,887,155).	(Private) Li	mited amounting to	Rs. 1,928,645
9.	OTHER RECEIVABLES			
	Receivable in respect of sale of DVDs Sales tax receivable Others	9.1	1,142,538 13,363,788 8,037,857 22,544,183	4,618,745 24,120,862 4,653,880 33,393,487
9.1	Includes amount receivable from following related parties			
	Hum TV Inc- USA HUM Network FZ LLC - UAE		3,590,891 4,446,966 8,037,857	2,025,624
10.	SHORT TERM BORROWINGS - secured			
	Running finance Short Term Loan	10.1	442,572,579 52,689,877	299,538,538
			495,262,456	299,538,538

10.1 Represents, short term loan obtained from a financial institution, repayable in 3 equal installments by June 2016 and is secured by way of equitable mortgage over the building of the Company. This carries mark-up rate of 6 months KIBOR plus 4.50% per annum.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The Additional Commissioner Inland Revenue had initiated audit for the tax years 2008 to 2013 and raised a demand of Rs. 80,917,889 in respect of non-withholding of tax on agency commission by the company for the tax year 2008. The company is currently contesting the said order before the appellate

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

forum as well as the Honorable High Court of Sindh in constitutional petition. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly, no provision has been made in this respect in these unconsolidated condensed interim financial statements.

11.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at March 31, 2016 amounted to Rs. 216,284,900 (June 30, 2015 Rs. 207, 497,500). Commitment for purchase of television programs with other than related parties as at March 31, 2016 amounted to Rs. 172,104,680 (June 30, 2015 Rs. 435,464,193).

		Nine months period ended		Quarter-ended		
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	
		Rup	ees	Rup	ees	
12.	REVENUE					
	Advertisement revenue	3,433,912,933	3,525,594,833	1,259,214,643	1,152,611,027	
	Less: Agency commission	441,912,398	447,928,857	161,873,349	146,122,031	
	Sales tax	416,448,502	457,279,381	152,554,470	150,335,720	
	Discount to customers	214,357,392	214,592,299	69,973,392	68,411,818	
		1,072,718,292	1,119,800,537	384,401,211	364,869,569	
		2,361,194,641	2,405,794,296	874,813,432	787,741,458	
	Production revenue	89,228,006	89,117,467	29,975,259	51,875,909	
	Digital sales revenue	32,599,430	9,562,823	4,065,795	3,696,831	
	-	121,827,436	98,680,290	34,041,054	55,572,740	
	Less: Agency commission	4,558,974	5,368,304	2,254,210	3,560,514	
	Sales tax	15,248,054	12,843,178	4,184,507	7,218,600	
		19,807,028	18,211,482	6,438,717	10,779,114	
		2,463,215,049	2,486,263,104	902,415,769	832,535,084	
	Subscription income -					
	international operations	137,420,528	173,005,634	46,740,448	29,599,600	
	Film Distribution Revenue	235,678,348	-	51,160,553	-	
		2,836,313,925	2,659,268,738	1,000,316,770	862,134,684	

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

		Nine months period ended		Quarter-ended	
		March 31,	March 31,	March 31,	March 31,
		2016	2015	2016	2015
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
40		Rup	ees	Rup	ees
13.	COST OF PRODUCTION				
	Cost of outsourced programs	1,206,842,543	1,007,063,518	290,990,883	363,940,367
	Cost of in-house programs	151,598,595	154,381,925	42,163,938	74,173,491
	Inventories consumed	-	251,435	-	-
	Salaries and benefits	317,979,402	238,030,744	95,814,746	87,570,398
	Depreciation	21,766,027	18,955,294	7,572,520	6,658,976
	Amortisation	2,740,392	2,165,331	913,449	731,777
	Traveling and conveyance	18,415,394	15,767,729	4,635,221	5,707,880
	Utilities	9,136,033	8,830,388	2,592,807	2,239,501
	Rent, rates and taxes	6,968,118	27,806,325	2,278,487	1,863,325
	Insurance	4,877,542	5,346,193	2,059,321	1,232,130
	Repair and maintenance	12,431,006	9,606,336	2,837,889	3,374,739
	Fee and subscription	4,119,129	5,021,506	1,590,973	1,769,515
	Communication expense	5,907,454	5,281,788	2,689,279	1,997,912
	Security charges	1,778,753	2,307,471	449,748	252,629
	Consultancy	3,038,305	3,235,131	1,210,938	1,128,399
	Printing and stationery	369,248	239,866	161,334	61,192
	Donation		-	-	-
		1,767,967,940	1,504,290,980	457,961,533	552,702,231
	In production television programs				
	- opening	92,774,464	6,998,811	52,158,884	10,833,050
	In production television programs				
	- closing	(75,826,981)	(13,530,850)	(75,826,981)	(13,530,850)
		1,784,915,423	1,497,758,941	434,293,436	550,004,431
	Released / unreleased programs				
	- opening	863,517,050	546,273,508	1,017,411,719	592,222,369
	Released / unreleased programs				
	- closing	(880,464,533)	(786,073,508)	(880,464,533)	(786,073,508)
		1,767,967,940	1,257,958,941	571,240,622	356,153,292

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company include subsidiaries, associates, retirement funds, directors and key management personnel. Details of transactions with related parties during the period, are as follows:

		March 31, 2016	March 31, 2015
			ees ———
		(Un-audited)	(Un-audited)
Related parties	Nature of transactions		
Subsidiaries	Investments made	74,952,371	37,051,310
	Receipt on behalf of the		
	Company	70,727,387	25,213,676
	Payment on behalf of the		
	Company	31,707,313	14,489
	Payment on behalf of subsidiaries	5,169,321	-
	Remittance from subsidiaries	29,005,978	29,761,936
	Subscription income	103,435,500	89,996,440
	Management Fee	1,557,647	-
Associates	Purchase of television programs	340,341,964	200,583,970
	Receipts on behalf of associates	68,372,218	
Retirement fund	Contribution to fund	16,667,225	14,030,318
Key management personnel	Remuneration	365,446,902	361,884,677

15. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on April 29, 2016 by the Board of Directors.

16. SUBSEQUENT EVENT

The Board of Directors in its meeting held on April 29, 2016 declared an interim cash dividend of Rs. Nil per share.

17. GENERAL

Amounts have been rounded off to the nearest rupee.

MAZHAR-UL-HAQ SIDDIQUI

Chairman

Eller

DURAIDQURESHI Chief Executive

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT March 31, 2016

ASSETS	Note	March 31, 2016 (Un-audited) Ru	June 30, 2015 (Audited) pees
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Long term deposits Television program costs Deferred tax asset	4 5	277,236,779 57,000,995 33,023,627 470,481,850 75,825,649 913,568,900	264,079,326 47,951,207 31,575,692 434,836,050 47,583,838 826,026,113
CURRENT ASSETS			
Inventories Current portion of television program costs Trade debts Advances Trade deposits and short term prepayments Other receivables Taxation-net Cash and bank balances	5 6 7	2,740,282 485,809,664 1,300,301,853 115,488,209 63,579,047 11,755,230 59,764,007 78,316,042 2,117,754,334	4,479,117 521,455,464 1,099,372,556 240,649,168 34,806,311 31,367,863 26,450,936 1,958,581,415
TOTAL ASSETS		3,031,323,234	2,784,607,528
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
lssued, subscribed and paid-up share capital Reserves		945,000,000 <u>813,366,738</u> 1,758,366,738	945,000,000 671,233,709 1,616,233,709
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		38,005,750	39,939,206
CURRENT LIABILITIES			
Trade and other payables Accrued markup Short term borrowing Unclaimed dividend Taxation – net Current portion of liabilities against assets subject to finance lease CONTINGENCIES AND COMMITMENTS	8	708,507,047 7,904,871 495,262,456 6,073,256 17,203,116 1,234,950,746	700,541,805 6,088,472 299,538,538 5,156,923 98,444,857 18,664,018 1,128,434,613
TOTAL EQUITY AND LIABILITIES		3,031,323,234	2,784,607,528

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

		Nine months period ended		Quarter-ended	
		March 31,	March 31,	March 31,	March 31,
		2016	2015	2016	2015
	Note	Rup	ees	Rup	ees
Revenue – net	10	2,966,641,543	2,727,266,256	1,041,978,593	885,293,393
Cost of production	11	(1,799,948,266)	(1,257,958,941)	(562,893,922)	(355,662,742)
Transmission cost		(163,119,255)	(130,990,973)	(63,803,962)	(38,903,849)
		(1,963,067,521)	(1,388,949,914)	(626,697,884)	(394,566,591)
Gross profit		1,003,574,022	1,338,316,342	415,280,709	490,726,802
Distribution costs		(318,974,591)	(365,286,857)	(99,569,866)	(137,532,065)
Administrative expenses		(317,366,438)	(328,708,939)	(116.640.655)	(113,019,320)
Administrative expenses		(317,300,430)	(320,700,939)	(110,040,055)	(113,019,320)
		367,232,993	644,320,546	199.070.188	240,175,417
		307,232,333	044,020,040	133,070,100	240,170,417
Other operating income		64,585,766	92,835,933	27,608,044	32,486,156
		431,818,759	737,156,479	226,678,232	272,661,573
Finance costs		(27,616,871)	(15,218,065)	(9,706,376)	(7,879,791)
O			<i>(</i>		
Other charges		-	(15,169,653)	-	(5,423,462)
Profit before taxation		404,201,888	706,768,761	216,971,856	259,358,320
		404,201,000	700,700,701	210,971,050	209,000,020
Taxation					
- current		(126,292,143)	(228,634,915)	(72,407,718)	(77,295,270)
- deferred		28,224,877	38,819,272	18,510,314	(2,072,909)
		(98,067,266)	(189,815,643)	(53,897,404)	(79,368,179)
			,		
Net profit for the period		306,134,622	516,953,118	163,074,452	179,990,141
Earnings per share –		0.00	0.55	0.47	0.10
basic and diluted		0.32	0.55	0.17	0.19

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

	Nine months ended		Quarter	-ended
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Net profit for the period	306,134,622	516,953,118	163,074,452	179,990,141
Other comprehensive income	1,373,407	(3,175,120)	924,480	(279,909)
Total comprehensive income for the period	307,508,029	513,777,998	163,998,932	179,410,232

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

(UN-AUDIILD)		
	March 31,	March 31,
	2016	2015
		ees) ——
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	404,201,888	706,768,761
Adjustments for:		
Depreciation	49,036,602	37,957,082
Amortization	3,433,316	4,749,896
Finance costs	27,616,871	15,218,065
Profit on deposit accounts	(2,374,218)	(5,241,667)
Gain on disposal of property, plant and equipment	(394,157)	(591,000)
Exchange gain	963,215	1,484,065
Exchange difference on translation of foreign currency	3,410,894	(3,175,120)
Worker's Welfare Fund	-	15,169,653
	81,692,523	65,570,974
Operating profit before working capital changes	485,894,411	772,339,735
(Increase)/decrease in current assets	1 700 005	(001 700)
Inventories Current portion of television program costs	1,738,835 35,645,800	(661,790) (30,543,258)
Trade debts	(200,929,297)	(201,673,169)
Advances, deposits and prepayments	96,388,224	(147,623,460)
Other receivables	19,612,633	(17,019,295)
	(47,543,805)	(397,520,972)
Increase in current liabilities	(,,,	(
Trade and other payables	7,002,025	166,733,371
Cash generated from operations	445,352,631	541,552,134
Taxes paid	(284,517,941)	(193,734,785)
Finance costs paid	(25,800,472)	(9,265,136)
Profit received on deposit accounts	2,374,218	5,241,667
Long-term deposits	(1,447,935)	(4,755,597)
Television program costs	(35,645,800)	(215,788,781)
Net cash generated from operating activities	100,314,701	123,249,502
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(77,266,339)	(80,676,740)
Excess cash paid over net assets acquired on acquisition		(11,803,791)
Proceeds from sale of property, plant and equipment	945,850	591,000
Net cash used in investing activities	(76,320,489)	(91,889,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(164,458,667)	(306,805,003)
Payment of liabilities against assets subject to finance lease	(3,394,358)	19,728,267
Short term borrowings obtained	195,723,919	296,833,188
Net cash used in financing activities	27,870,894	9,756,452
Net increase / (decrease) in cash and cash equivalents	51,865,106	41,116,423
Cash and cash equivalents at the beginning of the period	26,450,936	120,518,338
Cash and cash equivalents at the end of the period	78,316,042	161,634,761

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016 (UN-AUDITED)

			Reserves		
	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Unappropriated Profit	Sub-total	Total
Balance as at July 01, 2014	945,000,000	(2,512,152)	414,668,721	412,156,569	1,357,156,569
Profit for the period Other comprehensive income Total comprehensive income	-	(3,175,120)	516,953,118	516,953,118 (3,175,120) 513,777,998	516,953,118 (3,175,120) 513,777,998
Final cash dividend for the year ended June 30,2014 @ Rs. 1.5 per share	-		(141,750,000)	(141,750,000)	(141,750,000)
Interim cash dividend for the period ending September 30, 2014 @ Rs. 1.75 per share	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Interim cash dividend for the period ending December 31, 2014 @ Rs. 1.75 per share	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Balance as at March 31, 2015	945,000,000	(5,687,272)	459,121,839	453,434,567	1,398,434,567
Balance as at July 01, 2015	945,000,000	(4,360,306)	675,594,015	671,233,709	1,616,233,709
Profit for the period Other comprehensive income Total comprehensive income	-	1,373,407 1,373,407	306,134,622 	306,134,622 1,373,407 307,508,029	306,134,622 1,373,407 307,508,029
Final cash dividend for the year ended June 30, 2015 @ Rs. 0.175 per share	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Balance as at March 31, 2016	945,000,000	(2,986,899)	816,353,637	813,366,738	1,758,366,738

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

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 Karachi 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.

1.2 Subsidiary Companies

HUM TV, Inc. (the subsidiary company), having registered office at 4546 EI Camino Real, #223 Los Altos, CA 94022 and HUM Network UK LTD having registered office at Office suit 505, Fiargate house, 205, Kings road, Tyseley, Birmingham, Bll, 24-A, United Kingdom 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 and UK 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 and UK and will establish relations with advertisers, as well as develop US and UK based media materials, such as dramas, documentaries and other entertainment shows and events.

HUM TV. Inc is a wholly owned subsidiary of the Holding Company with effect from April 01,2011. HUM Network UK LTD is a wholly owned subsidiary of the Holding Company and was incorporated in United Kingdom on August 22, 2013.

The company also have a wholly owned subsidiary in the name of Skyline Publication (private) Limited which is engaged in the publication of books and magazines.

During the year, the network has started process of incorporation of 100% owned subsidiary in UAE with the name of "HUM Network FZ-LLC". Over the last decade UAE has become a global hub of media business. Therefore, it is strategically important for the network to have an independent entity in UAE.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015.

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following standards which became effective during the period:

IFRS 10 - Consolidated Financial Statement

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interest in Other Entities

IFRS 13 - Fair Value Measurement

The adoption of the above accounting standards and interpretations did not have any effect on the consolidated condensed interim financial statements.

		Note	March 31, 2016 (Un-audited) Rup	June 30, 2015 (Audited) sees
4.	PROPERTY, PLANT AND EQUIPMENT			
	Operating assets Capital work-in-progress	4.1	277,236,779	244,107,428 <u>19,971,898</u> 264,079,326
4.1	Operating assets			
	Opening balance – at book value Additions during the period/year	4.1.1	244,107,428 82,216,120 326,323,548	199,008,368 151,765,562 350,773,930
	Less: Disposals during the period / year - at book value Depreciation charged during the period/year		50,167 49,036,602 49,086,769	52,353,605 54,312,897 106,666,502
	Closing balance – at book value		277,236,779	244,107,428
4.1. 1	Additions during the period / year			
	Owned Leasehold improvements Furniture and fittings Vehicles Audio visual equipment Office equipment Computers Leased Vehicles Audio visual equipment Uplinking equipment		23,252,066 2,445,098 14,193,975 15,423,244 14,595,737 12,306,000 82,216,120	19,392,440 554,661 14,969,972 28,897,538 5,785,873 17,952,278 35,112,800 19,440,000 <u>9,660,000</u> 151,765,562
5.	TELEVISION PROGRAM COSTS			
	Unreleased / released less amortization In production		880,464,533 75,826,981 956,291,514	863,517,050 92,774,464 956,291,514
	Less: Current portion shown under current assets		485,809,664 470,481,850	521,455,464 434,836,050
6.	TRADE DEBTS			
	Considered good Considered doubtful		1,300,301,853 26,557,297 1,326,859,150	1,099,372,556 26,557,297 1,125,929,853
	Less: Provision for doubtful debts		1,320,839,130 26,557,297 1,300,301,853	26,557,297 1,099,372,556

7. ADVANCES – considered good

Include advance given to a related party M.D Productions (Private) Limited amounting to Rs. 1,928,645 (June 30, 2015: Rs. 8,887,155).

			March 31, 2016 (Un-audited <u>)</u>	June 30, 2015 (Audited)
			Rupe	es
8	SHORT TERM BORROWINGS- secured			
	Running finance Short term Ioan	8.1	442,572,579 52,689,877	299,538,538
			495,262,456	299,538,538

8.1 Represents, short term loan obtained from a financial institution, repayable in 3 equal installments by June 2016 and is secured by way of equitable mortgage over the building of the Company. This carries mark-up rate of 6 months KIBOR plus 4.50% per annum.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The Additional Commissioner Inland Revenue had initiated audit for the tax years 2008 to 2013 and raised a demand of Rs. 80,917,889 in respect of non-withholding of tax on agency commission by the company for the tax year 2008. The company is currently contesting the said order before the appellate forum as well as the Honorable High Court of Sindh in constitutional petition. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly, no provision has been made in this respect in these consolidated condensed interim financial statements.

9.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at March 31, 2016 amounted to Rs. 216,284,900 (June 30, 2015 Rs. 207,497,500). Commitment for purchase of television programs with other than related parties as at March 31, 2016 amounted to Rs. 172,104,680 (June 30, 2015 Rs. 435,464,193).

		Nine months period ended		Quarter-ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		Rup	ees	Rup	ees
10.	REVENUE – net				
	Advertisement revenue	3,714,107,185	3,690,449,224	1,348,152,162	1,207,203,091
	Less: Agency commission	488,343,532	454,789,290	175,529,795	147,955,786
	Sales tax	416,448,502	457,279,381	152,554,470	150,335,720
	Discount to customers	214,357,392	214,592,299	69,973,392	68,411,818
		1,119,149,426	1,126,660,970	398,057,657	366,703,324
		2,594,957,759	2,563,788,254	950,094,505	840,499,767
	Production revenue	89,228,006	89,117,467	29.975.259	51,875,909
	Digital sales revenue	32,599,430	9,562,823	4,065,795	3,696,831
	-	121,827,436	98,680,290	34,041,054	55,572,740
	Less: Agency commission	4,558,974	5,368,304	2,254,210	3,560,514
	Sales tax	15,248,054	12,843,178	4,184,507	7,218,600
		19,807,028	18,211,482	6,438,717	10,779,114
		2,696,978,167	2,644,257,062	977,696,842	885,293,393
	Subscription Income - international operations	33,985,028	83,009,194	13,121,199	-
	Film Distribution Revenue	235,678,348	-	51,160,552	-
		2,966,641,543	2,727,266,256	1,041,978,593	885,293,393

		Nine months period ended		Quarter	ended
		March 31,	March 31,	March 31,	March 31,
		2016	2015	2016	2015
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		Rupe	es	Rupe	es
11.	COST OF PRODUCTION				
	Cost of outsourced programs	1,206,842,543	1,007,063,518	263,500,527	363,940,367
	Cost of in-house programs	164,073,420	154,381,925	54,638,763	74,173,491
	Inventories consumed	-	251,435	-	-
	Salaries and benefits	330,615,883	238,030,744	100,260,492	87,209,728
	Depreciation	22,183,063	18,955,294	7,711,533	6,636,017
	Amortisation	2,756,330	2,165,331	918,762	730,520
	Traveling and conveyance	18,415,394	15,767,729	4,635,221	5,707,880
	Utilities	9,327,003	8,830,388	2,630,846	2,229,463
	Rent, rates and taxes	8,007,618	27,806,325	2,624,987	1,788,809
	Insurance	4,883,502	5,346,193	2,061,308	1,232,130
	Repair and maintenance	12,500,534	9,606,336	2,860,485	3,368,256
	Fee and subscription	4,246,298	5,021,506	1,639,758	1,764,775
	Communication expense	5,907,454	5,281,788	2,689,279	1,997,912
	Security charges	1,778,753	2,307,471	449,748	252,629
	Consultancy	3,038,305	3,235,131	1,210,938	1,123,201
	Training	39,904	-	19,602	-
	Printing and stationery	5,332,262	239,866	1,762,584	56,503
		1,799,948,266	1,504,290,980	449,614,833	552,211,681
	In production television programs				
	- opening	92,774,464	6,998,811	52,158,884	10,833,050
	In production television programs				
	- closing	(75,826,981)	(13,530,850)	(75,826,981)	(13,530,850)
		1,816,895,749	1,497,758,941	425,946,736	549,513,881
	Released / unreleased programs				
	- opening	863,517,050	546,273,508	1,017,411,719	592,222,369
	Released / unreleased programs				
	- closing	(880,464,533)	(786,073,508)	(880,464,533)	(786,073,508)
	-	1,799,948,266	1,257,958,941	562,893,922	355,662,742

12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company includes subsidiaries, associates, retirement funds, directors and key management personnel. Details of transactions with related parties during the period, are as follows:

		March 31, 2016 ——— Rup	March 31, 2015 ees
Transactions during the period		(Un-audited)	(Un-audited)
Related parties	Nature of transactions		
Associates	Purchase of television programs Receipt on behalf of associate	418,349,509 68,372,218	200,583,970
Retirement fund Key management personnel	Contribution to fund Remuneration	16,667,225 369,806,902	14,030,318 374,619,397

13. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on April 29,2016 by the Board of Directors of the Holding Company.

14. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in its meeting held on April 29, 2016 declared an interim cash dividend of Rs. Nil per share.

15. GENERAL

Amounts have been rounded off to the nearest rupee.

MAZHAR-UL-HAQ SIDDIQUI Chairman

DURAID QURESHI Chief Executive

Printed Matter

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