

HUM NETWORK LIMITED

1st QUARTERLY REPORT
SEPTEMBER 30, 2015 (UN-AUDITED)



HUM NETWORK LIMITED



Company Information

Board of Directors

Chairman

Directors

Mr Mazhar-ul-Haq Siddiqui

Ms. Sultana Siddiqui

Mr. Munawar Alam Siddiqui

Mr. Shunaid Qureshi

Mrs. Mahtab Akbar Rashdi

Mrs. Khush Bakht Shujaat

Mr. Muhammad Ayub Younus Adhi

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. Muhammad Ayub Younus Adhi

Ms. Sultana Siddiqui

Mrs. Mahtab Akbar Rashdi

Mr. Shunaid Qureshi

HUMAN RESOURCE AND REMUNERATION

(HR&R) COMMITTEE

Chairman

Members

Mrs. Mahtab Akbar Rashdi

Mrs. Khush Bakht Shujaat

Mr. Shunaid Qureshi

Mr. Duraid Qureshi

Mr. Hassan Jawed

Secretary

AUDITORS

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

INTERNAL AUDITORS

M/s. Ijaz Ahmed & Associates

No.7, 11 th Zamzama Street Phase-V

D.H.A. Karachi.

LEGAL ADVISOR

Bank Alfalah Limited

Faysal Bank Limited

National Bank of Pakistan

KASB Bank Limited

The Bank of Punjab

Allied Bank Limited

United Bank Limited

Askari Bank Limited

Standard Chartered Bank (Pakistan) Limited

Boston Private Bank & Trust

Barclays Bank PLC

Habibsons Bank Limited

BANKERS

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

KARACHI STOCK EXCHANGE

HUMNL

Director's Report

The Board of Directors of HUM Network Limited takes pleasure in presenting the review on the financial and operational performance of the Company for the three months period ended September 30, 2015.

Operational Performance:

The Company is committed to provide quality content to their viewer which is evident from the block buster dramas like "Dayar-e-Dil" and "Sangat" launched during this period which received whelming response of the audiences due to strong cast and relatable story line.

The revamping of HUM Sitaray has been appreciated by the viewers as well as the stakeholders of the industry. Newly launched morning show gained much popularity and has generated awe-inspiring response from the viewers. This is in addition to top quality content including serials and soaps were being acquired.

HUM Masala has continued to add Masala in the life of its viewers by providing new cooking shows and mouthwatering dishes, inspiring home cooks and food lovers. The Network also celebrated 9 years journey of HUM Masala of tantalizing divine food.

Consolidated results are as follows:

	<u>Rupees</u>
Revenue – net	870,545,467
Gross Profit	350,920,951
Profit for the period – before taxation	153,863,905
Earnings per share	0.12

Future Outlook

In a fast changing media landscape, HUM Network's powerful brands and must have programming continue to lead the way however, the best is yet to come. We will continue to invest 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.

October 29, 2015
Karachi

For & On behalf of the Board of Directors



Duraid Qureshi
Chief Executive Officer

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2015

		September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	273,642,648	258,798,586
Intangible assets		15,606,799	15,119,943
Long term investment	5	134,649,074	134,649,074
Long term deposits		29,898,616	29,422,616
Television program costs		554,936,596	434,836,050
Deferred tax asset		46,526,518	46,976,371
		<u>1,055,260,251</u>	<u>919,802,640</u>
CURRENT ASSETS			
Inventories		2,740,283	4,479,119
Current portion of television program costs		533,809,576	521,455,464
Trade debts	6	1,034,181,685	1,036,543,895
Advances	7	195,306,599	240,606,668
Deposits and prepayments		21,716,786	19,077,919
Other receivables	8	29,385,076	33,393,487
Cash and bank balances		58,609,157	13,860,087
		<u>1,875,749,162</u>	<u>1,869,416,639</u>
TOTAL ASSETS		<u>2,931,009,413</u>	<u>2,789,219,279</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
1,500,000,000 Ordinary shares of Re.1/- Each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Unappropriated profit		<u>668,001,803</u>	<u>726,066,536</u>
		<u>1,613,001,803</u>	<u>1,671,066,536</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		38,768,715	39,939,206
CURRENT LIABILITIES			
Trade and other payables	9	700,084,514	648,804,270
Accrued mark-up		7,373,901	6,088,472
Short term borrowings		298,603,623	299,538,538
Dividend Payable		165,375,000	-
Unclaimed dividend		4,902,412	5,156,923
Taxation – net		82,920,509	99,961,316
Current portion of:			
- liabilities against assets subject to finance lease		19,978,936	18,664,018
		<u>1,279,238,895</u>	<u>1,078,213,537</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>2,931,009,413</u>	<u>2,789,219,279</u>

The annexed notes from 1 to 18 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 QUARTER ENDED SEPTEMBER 30, 2015

		September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	Note	Rupees -----	
Revenue – net	11	831,945,213	901,061,750
Cost of production	12	(475,873,864)	(458,151,708)
Transmission cost		(21,838,666)	(20,562,641)
		(497,712,530)	(478,714,349)
Gross profit		334,232,683	422,347,401
Distribution costs		(95,637,030)	(95,528,645)
Administrative expenses		(95,448,841)	(93,911,116)
		143,146,812	232,907,640
Other operating income		13,909,120	22,216,876
		157,055,932	255,124,516
Finance costs		(8,937,895)	(324,295)
Other charges		(2,962,361)	(5,096,004)
Profit before taxation		145,155,676	249,704,217
Taxation		(37,845,409)	(60,689,762)
Profit after taxation		107,310,267	189,014,455
Earnings per share – basic and diluted		0.11	0.20

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	Rupees	
Profit after taxation	107,310,267	189,014,455
Other comprehensive income	-	-
Total comprehensive income for the period	<u>107,310,267</u>	<u>189,014,455</u>

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	145,155,676	249,704,217
Adjustments for :		
Depreciation	14,221,733	10,547,249
Amortisation of intangible assets	1,123,144	833,058
Finance costs	8,937,895	324,295
Exchange loss	(855,903)	(234,134)
Profit on deposit accounts	(1,023,527)	(1,613,565)
Movement in provisions	2,962,361	5,096,004
	25,365,703	14,952,907
Operating profit before working capital changes	170,521,379	264,657,124
Working capital changes		
Decrease / (Increase) in current assets		
Inventories	1,738,836	(906,936)
Television program costs	(12,354,112)	1,234,512
Trade debts	2,362,210	(146,125,643)
Advances, deposits and prepayments	42,661,202	(66,206,953)
Other receivables - unsecured, considered good	4,008,411	(46,275,860)
	38,416,547	(258,280,880)
Increase in current liabilities		
Trade and other payables	49,173,788	70,376,742
Cash generated from operations	258,111,714	76,752,986
Taxes paid	(54,436,363)	(51,188,041)
Finance costs paid	(7,652,466)	(1,266,879)
Profit received on deposit accounts	1,023,527	1,613,565
Long term deposits	(476,000)	-
Television program costs	(120,100,546)	(4,653,112)
Net cash generated from operating activities	76,469,866	21,258,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,675,797)	(20,165,917)
Long term investment in a subsidiary	-	(4,039,049)
Net cash used in investing activities	(30,675,797)	(24,204,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	144,427	(396,942)
Dividends paid	(254,511)	(406,955)
Net cash used in financing activities	(110,084)	(803,897)
Net increase/ (decrease) in cash and cash equivalents	45,683,985	(3,750,344)
Cash and cash equivalents at the beginning of the year	(285,678,451)	106,516,721
Cash and cash equivalents at the end of the period	(239,994,466)	102,766,377

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Issued, Subscribed and paid-up Capital	Unappropriated Profit Rupees	Total
Balance as at July 01, 2014	945,000,000	451,315,585	1,396,315,585
Net profit for the period	-	189,014,455	189,014,455
Other comprehensive income	-	-	-
Total comprehensive income	-	189,014,455	189,014,455
Final cash dividend for the year ended June 30, 2014		(141,750,000)	(141,750,000)
Balance as at September 30, 2014	945,000,000	498,580,040	1,443,580,040
Balance as at July 01, 2015	945,000,000	726,066,536	1,671,066,536
Net profit for the period	-	107,310,267	107,310,267
Other comprehensive income	-	-	-
Total comprehensive income	-	107,310,267	107,310,267
Final cash dividend for the year ended June 30, 2015	-	(165,375,000)	(165,375,000)
Balance as at September 30, 2015	945,000,000	668,001,803	1,613,001,803

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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 Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2 The Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.
- 1.3 These financial statements are separate financial statements of the Company in which investment in a subsidiary is accounted for on the basis of direct equity interest and is not consolidated.

2. BASIS OF PRESENTATION

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

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2015.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

		September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees -----	
Operating fixed assets	4.1	273,642,648	238,826,688
Capital work-in-progress		-	19,971,898
		<u>273,642,648</u>	<u>258,798,586</u>
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		238,826,688	195,615,565
Additions during the period / year	4.1.1	49,037,693	147,708,966
Less:			
Disposal during the period / year - at book value		-	52,353,601
Depreciation charged during the period / year		14,221,733	52,144,238
Closing balance - at book value		<u>273,642,648</u>	<u>238,826,688</u>
4.1.1 Additions during the period/year			
Owned			
Leased hold improvement		20,393,198	19,392,440
Furniture and fittings		-	132,990
Vehicles		2,375,299	14,969,972
Audio visual equipment		6,441,804	28,897,538
Office equipment		5,953,954	3,271,587
Computers		8,992,438	16,831,639
Leased			
Vehicles		4,881,000	35,112,800
Audio visual equipment		-	19,440,000
Uplinking equipment		-	9,660,000
		<u>49,037,693</u>	<u>147,708,966</u>
5. LONG TERM INVESTMENT	Holding		
Unquoted Subsidiaries			
HUM Network UK Ltd			
01 ordinary share of GBP 01 each	100%	161	161
Advance for future issue of shares		95,923,590	95,923,590
		95,923,751	95,923,751
HUM TV, Inc., USA			
10,000 Common stock, \$ 0.01 each	100%	8,603	8,603
Advance for future issue of shares		18,716,750	18,716,750
		18,725,353	18,725,353
Sky Line Publication (Private) Limited			
1,999,997 Ordinary Shares of Rs. 10 each	100%	19,999,970	19,999,970
		<u>134,649,074</u>	<u>134,649,074</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	<u>Rupees</u>	
6. TRADE DEBTS - unsecured		
Considered good	1,034,181,685	1,036,543,895
Considered doubtful	26,412,547	26,412,547
	<u>1,060,594,232</u>	<u>1,062,956,442</u>
Less: Provision for doubtful debts	26,412,547	26,412,547
	<u>1,034,181,685</u>	<u>1,036,543,895</u>
7. ADVANCES - unsecured, considered good		
Includes Rs.1,540,131 (June 30, 2015: Rs. 8,887,155) paid to M.D Production (Private) Limited, related parties respectively.		
8. OTHER RECEIVABLES - unsecured, considered good		
Receivable in respect of sale of DVDs	4,618,745	4,618,745
Sales tax receivable	19,141,981	24,120,862
Others	5,624,350	4,653,880
	<u>29,385,076</u>	<u>33,393,487</u>
9. TRADE AND OTHER PAYABLES		
Creditors	368,993,203	355,163,243
Accrued liabilities	275,315,167	245,533,493
Withholding tax payable	22,566,599	10,038,069
Advances from customers	1,267,389	9,722,086
Workers' welfare fund	24,197,423	21,235,062
Others	7,744,733	7,112,317
	<u>700,084,514</u>	<u>648,804,270</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The Additional Commissioner Inland Revenue has 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 financial statements.

10.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited , related parties as at Sep 30, 2015 amounted to Rs. 182,516,500/- (June 30, 2015: Rs. 207,497,500/-). Commitment for purchase of television programs with other than related parties as at Sep 30, 2015 amounted to Rs. 328,540,171/- (June 30, 2015: Rs. 435,464,193/-).

- ii) Commitment for rentals under Ijarah finance agreement:

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	----- Rupees -----	
Within one year	154,124	439,485
After one year but not more than five years	-	-
	<u>154,124</u>	<u>439,485</u>

Quarter Ended	
September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
----- Rupees -----	

11. REVENUE – net

Advertisement revenue	1,105,950,546	1,197,120,855
Less: Agency commission	142,579,546	152,529,507
Sales tax	134,382,273	153,535,166
Discount to customers	78,668,588	71,351,754
	<u>355,630,407</u>	<u>377,416,427</u>
	750,320,139	819,704,428
Production revenue	12,236,062	16,219,287
Digital Sales Revenue	5,937,166	4,344,528
	<u>18,173,228</u>	<u>20,563,815</u>
Less: Sales Tax	2,511,011	2,825,490
Agency commission	1,053,470	991,797
	<u>3,564,481</u>	<u>3,817,287</u>
	764,928,886	16,746,528
Subscription income	43,712,613	64,610,794
Film Distribution Revenue	23,303,714	-
	<u>831,945,213</u>	<u>901,061,750</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

Quarter Ended	
September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
----- Rupees -----	

12. COST OF PRODUCTION

Cost of outsourced programs	12.1	397,178,529	317,466,384
Cost of in-house programs		66,814,265	45,125,171
Salaries, wages and benefits		114,777,608	74,266,356
Depreciation		6,555,393	5,953,082
Traveling and conveyance		6,661,107	5,151,073
Utilities		3,185,621	3,350,048
Rent, rates and taxes		2,360,153	1,738,500
Insurance		1,493,539	1,004,896
Repair and maintenance		3,983,130	3,405,332
Fee and subscription		931,171	698,771
Communication		1,968,036	1,233,375
Security charges		263,537	703,705
Amortisation		960,494	716,777
Consultancy		1,128,399	702,244
Printing and stationery		67,541	54,594
		<u>608,328,522</u>	<u>461,570,308</u>
In production television programs - opening		92,774,464	6,998,811
In production television programs - closing		(73,775,981)	(10,417,411)
		<u>627,327,005</u>	<u>458,151,708</u>
Released / unreleased programs - opening		863,517,050	546,273,508
Released / unreleased programs - closing		(1,014,970,191)	(546,273,508)
		<u>475,873,864</u>	<u>458,151,708</u>

12.1 This includes Rs. 3,260,661/- (Sep 30, 2014: Rs. 1,898,186/-) in respect of staff retirement benefits.

Quarter Ended	
September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
----- Rupees -----	

13. CASH AND CASH EQUIVALENTS

Cash and bank balances	58,609,157	102,766,377
Short term borrowing	(298,603,623)	-
	<u>(239,994,466)</u>	<u>102,766,377</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associated companies, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

Related Party	Nature of relationship	Nature of transactions	Quarter Ended	
			September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
			Rupees	
M.D. Production (Private) Limited	Associate	Purchase of television programs	133,274,130	78,180,000
M.D. Production (Private) Limited	Associate	Film Distribution Revenue	9,989,924	-
HUM TV, Inc.	Wholly owned subsidiary	Subscription income	10,904,250	-
HUM TV, Inc.	Wholly owned subsidiary	Collection on behalf of Hum Network Limited	6,171,017	3,544,259
HUM TV, Inc.	Wholly owned subsidiary	Payments on behalf of Hum Network Limited	9,782,924	14,489
HUM TV, Inc.	Wholly owned subsidiary	Management Fee	514,785	-
Hum Network UK Limited	Wholly owned subsidiary	Investment in a subsidiary	-	4,039,049
Hum Network UK Limited	Wholly owned subsidiary	Subscription income	23,817,500	10,065,000
Hum Network UK Limited	Wholly owned subsidiary	Remittances from Hum UK Network Ltd	8,050,000	-
Hum Network Limited-Employees' Provident Fund	Retirement Fund	Contribution to Fund	5,075,288	3,773,961
Remuneration and benefits to key management personnel		Remuneration	113,838,042	105,680,158

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

15. ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 06, 2015 has recommended a final cash dividend Re. 0.175/- per share @ 17.5 % amounting to Rs. 165,375,000/- on the paid-up value of the ordinary share capital as at June 30, 2015 approved by the shareholders in the Annual General Meeting held on October 28, 2015.

These condensed interim financial statements include the effect of these appropriations.

16. SUBSEQUENT EVENT

The Board of Directors in their meeting held on October 29, 2015 has recommended an interim cash dividend of Re. Nil per share.

17. DATE OF AUTHORIZATION

These financial statements have been authorized for issue October 29, 2015 by the Board of Directors of the Company.

18. GENERAL

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

18.2 Figures have been rounded off to the nearest Rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIÐ QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2015

		September 30, 2015	June 30, 2015
		(Un-audited)	(Audited)
	Note	----- Rupees -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	278,506,230	264,079,326
Goodwill		13,161,917	13,136,600
Intangible assets		33,724,195	34,814,607
Long term deposits		32,089,473	31,575,692
Television program costs		554,936,596	434,836,050
Deferred tax asset		47,150,502	47,583,838
		<u>959,568,913</u>	<u>826,026,113</u>
CURRENT ASSETS			
Inventories		2,740,283	4,479,117
Current portion of television program costs		533,809,576	521,455,464
Trade debts	5	1,075,487,267	1,099,372,556
Advances – unsecured considered good	6	195,306,599	240,649,168
Trade deposits and short term prepayments		34,775,595	34,806,311
Other receivables – unsecured considered good		44,382,402	31,367,863
Cash and bank balances		86,566,055	26,450,936
		<u>1,973,067,777</u>	<u>1,958,581,415</u>
TOTAL ASSETS		<u><u>2,932,636,690</u></u>	<u><u>2,784,607,528</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Reserves		619,679,249	671,233,709
		<u>1,564,679,249</u>	<u>1,616,233,709</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		38,768,715	39,939,206
CURRENT LIABILITIES			
Trade and other payables	7	751,502,497	700,541,805
Accrued mark-up		7,373,901	6,088,472
Short term borrowing		298,603,623	299,538,538
Dividend Payable		165,375,000	5,156,923
Unclaimed dividend		4,902,412	
Taxation – net		81,452,357	98,444,857
Current portion of			
- liabilities against assets subject to finance lease		19,978,936	18,664,018
		<u>1,329,188,726</u>	<u>1,128,434,613</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u><u>2,932,636,690</u></u>	<u><u>2,784,607,528</u></u>

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


MAZHAR-UL-HAQ SIDDIQUI
Chairman


DURAIQ QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2015

		September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	Note	Rupees -----	
Revenue – net	9	870,545,467	919,795,591
Cost of production	10	(482,155,103)	(458,151,708)
Transmission cost		(37,469,413)	(42,279,601)
		(519,624,516)	(500,431,309)
Gross profit		350,920,951	419,364,282
Distribution costs		(96,670,220)	(97,723,016)
Administrative expenses		(103,104,563)	(101,565,202)
		151,146,168	220,076,064
Other operating income		14,648,427	22,216,876
		165,794,595	242,292,940
Finance costs		(8,968,329)	(391,661)
Other charges		(2,962,361)	(5,096,004)
Profit before taxation		153,863,905	236,805,275
Taxation		(37,845,409)	(60,689,762)
Net profit for the period		116,018,496	176,115,513
Earnings per share – basic and diluted		0.12	0.19

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	----- Rupees -----	
Profit after taxation	116,018,496	176,115,513
Other comprehensive (loss) / income	(2,197,956)	3,730,924
Total comprehensive income for the period	<u>113,820,540</u>	<u>179,846,437</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	153,863,905	236,805,275
Adjustments for :		
Depreciation	14,638,889	10,831,037
Amortisation of intangible assets	1,128,457	833,058
Finance costs	8,968,329	391,661
Exchange (loss) / gain	(855,905)	(234,134)
Exchange difference on translation of foreign currency	(651,316)	3,730,924
Profit on deposit accounts	(1,023,527)	(1,613,565)
Movement in provisions	2,962,361	5,096,004
	25,167,288	19,034,985
Operating profit before working capital changes	179,031,193	255,840,260
Working capital changes		
Decrease / (Increase) in current assets		
Inventories	1,738,834	(906,936)
Television program costs	(12,354,112)	1,234,512
Trade debts	23,885,289	(171,247,815)
Advances, deposit and prepayments	45,373,285	(58,346,337)
Other receivables - unsecured, considered good	(13,014,539)	(27,892,671)
	45,628,757	(257,159,247)
Increase / (decrease) in current liabilities		
Trade and other payables	48,854,236	83,050,009
Cash generated from operations	273,514,186	81,731,022
Taxes paid	(54,404,573)	(50,797,916)
Finance costs paid	(7,682,900)	(1,334,245)
Profit received on deposit accounts	1,023,527	1,613,565
Long term deposits	(513,781)	1,128,400
Television program costs	(120,100,546)	(4,653,112)
Net cash generated from operating activities	91,835,913	27,687,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,675,795)	(20,492,817)
Net cash used in investing activities	(30,675,795)	(20,492,817)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	144,427	(396,942)
Dividends paid	(254,511)	(406,954)
Net cash used in financing activities	(110,084)	(803,896)
Net increase in cash and cash equivalents	61,050,034	6,391,001
Cash and cash equivalents at the beginning of the year	(273,087,602)	120,518,338
Cash and cash equivalents at the end of the period	(212,037,568)	126,909,339

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


MAZHAR-UL-HAQ SIDDIQUI
Chairman


DURAIID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Issued, subscribed and paid-up capital	Reserves			Total
		Foreign exchange translation reserve	Unappropriated Profit	Sub-total	
Balance as at July 01, 2014	945,000,000	(2,512,152)	414,668,721	412,156,569	1,357,156,569
Net profit for the period	-	-	176,115,513	176,115,513	176,115,513
Other comprehensive income	-	3,730,924	-	3,730,924	3,730,924
Total comprehensive income	-	3,730,924	176,115,513	179,846,437	179,846,437
Final cash dividend for the year ended June 30, 2014	-	-	(141,750,000)	(141,750,000)	(141,750,000)
Balance as at September 30, 2014	945,000,000	1,218,772	449,034,234	450,253,006	1,395,253,006
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	-	-	116,018,496	116,018,496	116,018,496
Other comprehensive income	-	(2,197,956)	-	(2,197,956)	(2,197,956)
Total comprehensive income	-	(2,197,956)	116,018,496	113,820,540	113,820,540
Final cash dividend for the year ended June 30, 2015	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Balance as at September 30, 2015	945,000,000	(6,558,262)	626,237,511	619,679,249	1,564,679,249

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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 El Camino Real, #223 Los Altos, CA 94022 and HUM Network UK LTD having registered office at Office suite 505, Fairgate house, 205, Kings road, Tyseley, Birmingham, B11, 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.

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 followed in the preparation of the Company's annual financial statements for the year ended June 30, 2015.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

		September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	278,506,230	244,107,428
Capital work-in-progress		-	19,971,898
		<u>278,506,230</u>	<u>264,079,326</u>
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		244,107,428	199,008,368
Additions during the period / year	4.1.1	49,037,691	151,765,562
Less:			
Disposal during the period / year - at WDV		-	52,353,605
Depreciation charged during the period / year		14,638,889	54,312,897
		<u>278,506,230</u>	<u>244,107,428</u>
4.1.1 Additions during the period/year			
<u>Owned</u>			
Leased hold improvement		20,393,198	19,392,440
Furniture and fittings		-	554,661
Vehicles		2,375,299	14,969,972
Audio visual equipment		6,441,804	28,897,538
Office equipment		5,953,952	5,785,873
Computers		8,992,438	17,952,278
<u>Leased</u>			
Vehicles		4,881,000	35,112,800
Audio visual equipment		-	19,440,000
Uplinking equipment		-	9,660,000
		<u>49,037,691</u>	<u>151,765,562</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
5. TRADE DEBTS – unsecured	----- Rupees -----	
Considered good	1,075,487,267	1,099,372,556
Considered doubtful	26,557,297	26,557,297
	1,102,044,564	1,125,929,853
Less: Provision for doubtful debts	26,557,297	26,557,297
	1,075,487,267	1,099,372,556

6. ADVANCES - unsecured, considered good

Includes Rs.1,540,131 (June 30, 2015: Rs. 8,887,155) paid to M.D Production (Private) Limited, related parties respectively.

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
7. TRADE AND OTHER PAYABLES	----- Rupees -----	
Creditors	377,458,053	379,281,118
Accrued liabilities	316,269,918	265,889,950
Withholding tax payable	22,566,599	10,038,069
Advances from customers	1,267,389	9,722,086
Workers' welfare fund	24,197,423	21,235,062
Others	9,743,115	14,375,520
	751,502,497	700,541,805

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

The Additional Commissioner Inland Revenue has 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 financial statements.

8.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited, related parties as at Sep 30, 2015 amounted to Rs. 182,516,500/- (June 30, 2015: Rs. 207,497,500/-). Commitment for purchase of television programs with other than related parties as at Sep 30, 2015 amounted to Rs. 328,540,171/- (June 30, 2015: Rs. 435,464,193/-).
- ii) Commitment for rentals under Ijarah finance agreement:

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	----- Rupees -----	
Within one year	154,124	439,485
After one year but not more than five years	-	-
	<u>154,124</u>	<u>439,485</u>

Quarter Ended	
September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
----- Rupees -----	

9. REVENUE – net

Advertisement revenue	1,196,333,797	1,228,082,496
Less: Agency commission	159,640,792	154,692,307
Sales tax	134,382,273	153,535,166
Discount to customers	78,668,589	71,351,754
	<u>372,691,654</u>	<u>379,579,227</u>
	823,642,143	848,503,269
Production revenue	12,236,062	16,219,287
Digital Sales Revenue	5,937,166	4,344,528
	<u>18,173,228</u>	<u>20,563,815</u>
Less: Sales Tax	2,511,011	2,825,490
Agency commission	1,053,470	991,797
	<u>3,564,481</u>	<u>3,817,287</u>
	14,608,747	16,746,528
Subscription income	8,990,863	54,545,794
Film Distribution Revenue	23,303,714	-
	<u>870,545,467</u>	<u>919,795,591</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

		Quarter Ended	
		September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
		----- Rupees -----	
10. COST OF PRODUCTION	Note		
Cost of outsourced programs		397,178,529	317,466,384
Cost of in-house programs		66,814,265	45,125,171
Salaries, wages and benefits	10.1	118,659,799	74,266,356
Depreciation		6,694,405	5,953,082
Traveling and conveyance		6,661,107	5,151,073
Utilities		3,277,281	3,350,048
Rent, rates and taxes		2,706,653	1,738,500
Insurance		1,495,526	1,004,896
Repair and maintenance		4,014,561	3,405,332
Fee and subscription		970,621	698,771
Communication expense		1,968,036	1,233,375
Security charges		263,537	703,705
Amortisation		965,807	716,777
Consultancy		1,128,399	702,244
Printing and stationery		1,811,235	54,594
		614,609,761	461,570,308
In production television programs - opening		92,774,464	6,998,811
In production television programs - closing		(73,775,981)	(10,417,411)
		633,608,244	458,151,708
Released / unreleased programs - opening		863,517,050	546,273,508
Released / unreleased programs - closing		(1,014,970,191)	(546,273,508)
		482,155,103	458,151,708

10.1 This includes Rs. 3,260,661/- (Sep 30, 2014: Rs. 1,898,186/-) in respect of staff retirement benefits.

		Quarter Ended	
		September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
		----- Rupees -----	
11. CASH AND CASH EQUIVALENTS			
Cash and bank balances		86,566,055	126,909,339
Short term borrowing		(298,603,623)	-
		(212,037,568)	126,909,339

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associated companies, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

Related Party	Nature of relationship	Nature of transactions	Quarter Ended	
			September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
			----- Rupees -----	----- Rupees -----
M.D. Production (Private) Limited	Associate	Purchase of television programs	<u>133,274,130</u>	<u>78,180,000</u>
M.D. Production (Private) Limited	Associate	Film Distribution Revenue	<u>9,989,924</u>	<u>-</u>
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	<u>5,075,288</u>	<u>3,773,961</u>
Remuneration and benefits to key management personnel		Remuneration	<u>118,915,392</u>	<u>109,594,033</u>

13. ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on October 06, 2015 recommended a final cash dividend Re. 0.175/- per share @ 17.5 % amounting to Rs. 165,375,000/- on the paid-up value of the ordinary share capital as at June 30, 2015 approved by the shareholders in the Annual General Meeting held on October 28, 2015.

These condensed interim consolidated financial statements include the effect of these appropriations.

14. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in their meeting held on October 29, 2015 recommended an interim cash dividend of Rs. Nil per share.

15. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on October 29, 2015 by the Board of Directors of the Holding Company.

16. GENERAL

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

16.2 Figures have been rounded off to the nearest Rupee.


MAZHAR-UL-HAQ SIDDIQUI
Chairman


DURAIID QURESHI
Chief Executive

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