

HUM NETWORK LIMITED



Sye 360

MASALA
TV FOOD MAG

GLAM

Company Information

BOARD OF DIRECTORS

Chairman
Directors

Mr. Mazhar -ul- Haq Siddiqui
Ms. Sultana Siddiqui
Mr. Munawwar Alam Siddiqui
Mr. Shunaid Qureshi
Mrs. Mahtab Akbar Rashdi
Mrs. Khush Bakht Shujaat
Mr. Muhammad Ayub Younus Adhi

Chief Executive Officer
Chief Financial Officer
Company Secretary
Head of Internal Audit

Mr. Duraid Qureshi
Mr. Muhammad Abbas Hussain
Mr. Mohsin Naeem
Mr. Kamran Shamshad Ahmed

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

AUDITORS

M/s. Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
7th Floor Progressive Plaza,
Beaumont Road, Karachi

INTERNAL AUDITORS

M/s. KPMG Taseer Hadi & Company
Chartered Accountants
1st Floor, Sheikh Sultan Trust Building
No. 2, Beaumont Road, Karachi

LEGAL ADVISOR

M/s. Ijaz Ahmed & Associates
No. 7, 11th Zamzama Street Phase -V
D.H.A. Karachi

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
National Bank Limited
KASB Bank Limited
Js Bank Limited
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Standard Chartered Bank (Pakistan) Limited
Bank of America
Habibsons Bank Limited

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

WEBSITES' INFORMATION

KAACHI STOCK EXCHANGE SYMBOL

www.humnetwork.tv
HUMNL

Directors' Report

On behalf of the Board of Directors, I am pleased to present the performance of the first quarter ended September 30, 2014. Regardless of fragile economic and volatile political environment, our focus remained on enhancing customer's value with superior quality content on subject of interest and relevance to a range of audience.

Net revenues recorded for the quarter were Rs. 901M as compared to Rs. 636M of the corresponding period last year; hence, a positive variation of 42% amounting to Rs. 265M. Moreover, profit after tax increased by Rs. 51M from Rs. 138M to Rs. 189M for the quarter i.e. increase of 37% resulting in an increase in EPS (restated) by Re. 0.05; i.e. from Re. 0.15 to Re. 0.20.

With regards to HUM TV a number of new block buster dramas were launched during this quarter which received overwhelming response of the audiences.

Also in case of HUM Sitaray a new celebrity talk show has been launched that has generated extremely good response from both the viewers as well as the advertisers. We are confident that Hum Sitaray will create a niche for itself in the entertainment genre in the near future.

Masala family festival was held in Lahore during this quarter once again it turned out to be a very successful event in term of the response received from our valued customer as well as advertising partners. The Network also celebrates 8th Anniversary of Masala TV channel in the month of September.

Over the last few years The Network has earned the reputation of organizing quality musical concerts / events with the top celebrities of South Asia. In line with the same tradition the Network organized a grand musical evening with Rahat Fateh Ali Khan in Lahore during the quarter.

The HUM Brand's reputation is increasing globally and is now considered amongst the top most South Asian satellite channels as per Broadcasters' Audience Research Board (BARB) ratings. Another success story during this quarter is digital media business which has demonstrated rapid growth.

Based on the results, the Board has announced an interim cash dividend of Rs. 1.75/- per share at the face value of Rs.10/- per share.

Consolidated results are as follows:

	<u>Rupees</u>
Revenue – net	919,795,591
Gross Profit	419,364,282
Profit for the period – before taxation	236,805,275
Earnings per share – Re.	0.19

Future Outlook

Increasing competitive environment, inflation, volatility of consumer demand will remain a challenge for the business. We will however continue to drive our agenda of growth with sustainability through relevant innovations, building brand equities and exploitation of emerging opportunities.

October 29, 2014
Karachi

For & On behalf of the Board of Directors
Sd/-
Duraidd Qureshi
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

		September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	222,291,918	212,673,251
Intangible assets		12,482,444	13,315,502
Long term investment	5	101,636,813	97,597,764
Long term deposits		20,732,956	20,732,956
Television program costs		253,072,383	248,419,271
Deferred tax asset		15,033,769	697,152
		625,250,283	593,435,896
CURRENT ASSETS			
Inventories		6,863,073	5,956,137
Current portion of television program costs		303,618,536	304,853,048
Trade debts	6	922,453,814	776,328,171
Advances	7	212,781,164	145,433,634
Deposits and prepayments		9,281,958	10,422,534
Other receivables	8	58,269,641	11,993,781
Cash and bank balances		102,766,377	106,516,721
		1,616,034,563	1,361,504,026
TOTAL ASSETS		2,241,284,846	1,954,939,922
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 Ordinary shares of Rs.10/- Each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Unappropriated profit		498,580,040	451,315,585
		1,443,580,040	1,396,315,585
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		2,182,017	2,734,293
CURRENT LIABILITIES			
Trade and other payables	9	620,245,677	545,007,065
Accrued mark-up		-	942,584
Dividend Payable		141,750,000	-
Unclaimed dividend		3,843,880	4,250,835
Taxation – net		27,903,518	4,065,180
Current portion of:			
- liabilities against assets subject to finance lease		1,779,714	1,624,380
		795,522,789	555,890,044
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		2,241,284,846	1,954,939,922

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

		September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	Note	Rupees	
Revenue – net	11	901,061,750	636,115,747
Cost of production	12	(458,151,708)	(297,799,420)
Transmission cost		(20,562,641)	(21,335,810)
		(478,714,349)	(319,135,230)
Gross profit		422,347,401	316,980,517
Distribution costs		(95,528,645)	(64,435,700)
Administrative expenses		(93,911,116)	(63,319,391)
		232,907,640	189,225,426
Other operating income		22,216,876	17,985,740
		255,124,516	207,211,166
Finance costs		(324,295)	(1,268,894)
Other charges		(5,096,004)	(4,215,355)
Profit before taxation		249,704,217	201,726,917
Taxation		(60,689,762)	(63,932,167)
Profit after taxation		189,014,455	137,794,750
Earnings per share – basic and diluted - restated		0.20	0.15

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	<u>Rupees</u>	<u>Rupees</u>
Profit after taxation	189,014,455	137,794,750
Other comprehensive income	-	-
Total comprehensive income for the year	<u>189,014,455</u>	<u>137,794,750</u>

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	249,704,217	201,726,917
Adjustments for :		
Reversal of provision of doubtful debt	-	(4,869,680)
Depreciation	10,547,249	9,880,583
Amortisation of intangible assets	833,058	707,330
Finance costs	324,295	1,268,894
Exchange loss	(234,134)	1,251,122
Profit on deposit accounts	(1,613,565)	(2,054,728)
Movement in provisions	5,096,004	9,747,820
	14,952,907	15,931,341
Operating profit before working capital changes	264,657,124	217,658,258
Working capital changes		
Decrease in current assets		
Inventories	(906,936)	(442,520)
Television program costs	1,234,512	(22,390,512)
Trade debts	(146,125,643)	4,490,622
Advances	(67,347,530)	(36,108,818)
Deposit and prepayments	1,140,577	(5,511,132)
Other receivables - unsecured, considered good	(46,275,860)	(9,466,380)
	(258,280,880)	(69,428,741)
Increase in current liabilities		
Trade and other payables	70,376,742	81,729,614
Cash generated from operations	76,752,986	229,959,131
Taxes paid	(51,188,041)	(48,474,575)
Finance costs paid	(1,266,879)	(227,798)
Profit received on deposit accounts	1,613,565	2,054,727
Long term deposits	-	3,595,125
Television program costs	(4,653,112)	-
Net cash generated from operating activities	21,258,519	186,906,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,165,917)	(2,195,772)
Addition to intangible Assets	-	(6,326,406)
Long term investment in a subsidiary	(4,039,049)	(161)
Net cash used in investing activities	(24,204,966)	(8,522,339)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(396,942)	(531,575)
Dividends paid	(406,955)	-
Net cash used in financing activities	(803,897)	(531,575)
Net increase in cash and cash equivalents	(3,750,344)	177,852,696
Cash and cash equivalents at the beginning of the year	106,516,721	155,726,559
Cash and cash equivalents at the end of the period	102,766,377	333,579,255

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

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAIQ QURESHI
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Issued, Subscribed and paid-up Capital	Unappropriated Profit Rupees	Total
Balance as at July 01, 2013	500,000,000	956,330,609	1,456,330,609
Net profit for the period	-	137,794,750	137,794,750
Other comprehensive income	-	-	-
Total comprehensive income	-	137,794,750	137,794,750
Final cash dividend for the year ended June 30, 2013	-	(300,000,000)	(300,000,000)
Issue of two ordinary bonus shares for every five ordinary shares	200,000,000	(200,000,000)	-
Balance as at September 30, 2013	700,000,000	594,125,359	1,294,125,359
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

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

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAID QURESHI
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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, 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	204,700,893	195,615,565
Capital work-in-progress		17,591,025	17,057,686
		222,291,918	212,673,251
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		195,615,565	194,942,693
Additions during the period / year	4.1.1	19,632,577	41,934,952
Less:			
Disposal during the period / year - at WDV	4.1.2	-	3,311,508
Depreciation charged during the period / year		10,547,249	37,950,572
		204,700,893	195,615,565
4.1.1 Additions during the period/year			
Owned			
Leased hold improvement		-	1,090,538
Furniture and fittings		-	9,478,016
Vehicles		12,238,800	8,180,720
Audio visual equipment		3,455,995	4,930,140
Uplinking equipment		-	1,285,833
Office equipment		322,000	1,626,378
Computers		3,615,782	11,972,097
Leased			
Vehicles		-	3,371,230
		19,632,577	41,934,952
4.1.2 Disposals during the period/year – at WDV			
Owned			
Vehicles		-	3,311,508
		-	3,311,508
5. LONG TERM INVESTMENT	Holding		
HUM Network UK			
01 ordinary share of GBP 01 each	100%	161	161
Advance for future issue of shares		82,911,299	78,872,250
		82,911,460	78,872,411
HUM TV, Inc., unquoted subsidiary - at cost			
10,000 Common stock, \$ 0.01 at par	100%	8,603	8,603
Advance for future issue of shares		18,716,750	18,716,750
		101,636,813	97,597,764

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	
6. TRADE DEBTS - unsecured		
Considered good	922,453,814	776,328,171
Considered doubtful	26,412,547	26,412,547
	948,866,361	802,740,718
Less: Provision for doubtful debts	26,412,547	26,412,547
	<u>922,453,814</u>	<u>776,328,171</u>
7. ADVANCES - unsecured, considered good		
Includes Rs. 19,560,235/- (June 30, 2014: Rs. 18,999,746/-) and Rs. 3,300,000/- (June 30, 2014: Rs. 3,220,820/-) paid to M.D Production (Private) Limited and MNM Productions, related parties respectively.		
8. OTHER RECEIVABLES - unsecured, considered good		
Includes Rs. 7,980,348/- (June 30, 2014: Rs. 4,450,578/-) and Rs. 10,065,000/- (June 30, 2014: Rs. Nil) receivable from Hum Tv Inc., USA and Hum Network UK Limited, subsidiaries respectively.		
9. TRADE AND OTHER PAYABLES		
Creditors	311,313,230	285,559,792
Accrued liabilities	248,981,228	187,809,090
Withholding tax payable	29,623,060	18,727,044
Sales tax payable	1,434,241	3,287,189
Advances from customers	1,528,952	27,638,254
Workers' welfare fund	21,561,793	16,465,789
Others	5,803,173	5,519,907
	<u>620,245,677</u>	<u>545,007,065</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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 and MNM Productions, related parties as at September 30, 2014 amounted to Rs.59,610,000/- and Nil (June 30, 2014: Rs. 74,810,000/- and Rs.22,500,000/-) respectively. Commitment for purchase of television programs with other than related parties as at September 30, 2014 amounted to Rs.354,409,165/- (June 30, 2014: Rs. 350,748,875/-).

- ii) Commitment for rentals under Ijarah finance agreement:

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	Rupees
Within one year	1,466,494	1,574,844
After one year but not more than five years	154,124	439,485
	<u>1,620,618</u>	<u>2,014,329</u>

Represents Ijarah Finance Facility entered into with Islamic Bank in respect of vehicles. Total Ijarah payments due under the agreement is Rs. 1.62 million (2014: Rs. 2.014 million) and are payable in monthly installments latest by November 2015. Taxes, repairs and replacement and insurance costs are to be borne by the muj'ir (lessor).

11. REVENUE – net

	Quarter Ended	
	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	Rupees	Rupees
Advertisement revenue	1,197,120,855	906,612,478
Less: Agency commission	152,529,507	114,863,051
Sales tax	153,535,166	120,374,195
Discount to customers	71,351,754	49,779,847
	<u>377,416,427</u>	<u>285,017,093</u>
	819,704,428	621,595,385
Production revenue	16,219,287	5,872,413
Digital Sales Revenue	4,344,528	2,130,211
	<u>20,563,815</u>	<u>8,002,624</u>
Less: Sales Tax	2,825,490	1,221,862
Agency commission	991,797	131,650
	<u>3,817,287</u>	<u>1,353,512</u>
	16,746,528	6,649,112
Subscription income	64,610,794	7,871,250
	<u>901,061,750</u>	<u>636,115,747</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		Quarter Ended	
		September 30, 2014	September 30, 2013
		(Un-audited)	(Un-audited)
		Rupees	
12. COST OF PRODUCTION			
Cost of outsourced programs	12.1	317,466,384	210,336,019
Cost of in-house programs		45,125,171	27,225,016
Cost of inventory consumed		-	325,480
Salaries, wages and benefits		74,266,356	60,679,328
Depreciation		5,953,082	6,169,210
Traveling and conveyance		5,151,073	5,231,433
Utilities		3,350,048	2,532,523
Rent, rates and taxes		1,738,500	1,473,100
Insurance		1,004,896	381,816
Repair and maintenance		3,405,332	1,995,937
Fee and subscription		698,771	247,967
Communication		1,233,375	1,703,135
Security charges		703,705	363,957
Amortisation		716,777	520,861
Consultancy		702,244	757,777
Printing and stationery		54,594	246,373
		461,570,308	320,189,932
In production television programs - opening		6,998,811	5,918,111
In production television programs - closing		(10,417,411)	(6,224,111)
		458,151,708	319,883,932
Released / unreleased programs - opening		546,273,508	481,135,313
Released / unreleased programs - closing		(546,273,508)	(503,219,825)
		458,151,708	297,799,420

12.1 This includes Rs. 1,898,186/- (Sep 30, 2013: Rs. 1,283,808/-) in respect of staff retirement benefits.

		Quarter Ended	
		September 30, 2014	September 30, 2013
		(Un-audited)	(Un-audited)
		Rupees	
13. CASH AND CASH EQUIVALENTS			
Cash and bank balances		102,766,377	533,579,255
Short term borrowing		-	(200,000,000)
		102,766,377	333,579,255

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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:

			Quarter Ended	
			September 30, 2014	September 30, 2013
			(Un-audited)	(Un-audited)
			----- Rupees -----	
Related Party	Nature of relationship	Nature of transactions		
M.D. Production (Private) Limited	Chief Executive's spouse is Chief Executive Officer	Purchase of television programs	78,180,000	66,450,000
MNM Productions	Chief Executive's spouse is partner	Purchase of television programs	-	6,000,000
HUM TV, Inc.	Wholly owned subsidiary	Subscription income	-	7,871,250
HUM TV, Inc.	Wholly owned subsidiary	Collection on behalf of Hum Network Limited	3,544,259	-
HUM TV, Inc.	Wholly owned subsidiary	Payments on behalf of Hum Network Limited	14,489	-
Hum Network UK Limited	Wholly owned subsidiary	Investment in a subsidiary	4,039,049	161
Hum Network UK Limited	Wholly owned subsidiary	Subscription income	10,065,000	-
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	3,773,961	2,584,275
Remuneration and key benefits to key management personnel		Remuneration	105,680,158	77,920,256

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

15. ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 02, 2014 recommended a final cash dividend Rs. 1.5/- per share @ 15% amounting to Rs. 141,750,000/- on the paid-up value of the ordinary share capital as at June 30, 2014 approved by the shareholders in the Annual General Meeting held on October 27, 2014.

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

16. SUBSEQUENT EVENT

16.1 The Board of Directors in their meeting held on October 29, 2014 recommended an interim cash dividend of Rs. 1.75/- per share @ 17.5% amounting to Rs. 165,375,000/- on the paid-up value of the ordinary share capital as at September 30, 2014.

16.2 The Board of Directors in their meeting held on October 02, 2014 proposed subdivision of company's capital by decreasing the face value of shares from Rs. 10/- per share to Re. 1/- per share resulting in increase in number of shares from 94.5 M to 945 M which is approved by the shareholders of the company in their general meeting held on October 27, 2014.

16.3 Based on above, the earnings per share for the quarter ended September 30, 2014 and the corresponding period have been restated accordingly.

17. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 29, 2014 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.

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAID QURESHI
Chief Executive

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2014

		September 30, 2014	June 30, 2014
		(Un-audited)	(Audited)
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	225,670,277	216,066,054
Goodwill		1,333,457	1,288,013
Intangible assets		32,801,163	33,622,108
Long term deposits		20,732,956	21,861,356
Television program costs		253,072,383	248,419,271
Deferred tax asset		15,545,294	3,945,022
		549,155,530	525,201,824
CURRENT ASSETS			
Inventories		6,863,073	5,956,137
Current portion of television program costs		303,618,536	304,853,048
Trade debts	5	961,653,277	790,405,463
Advances – unsecured considered good	6	212,781,164	145,433,634
Deposits and prepayments		15,101,499	24,102,692
Other receivables – unsecured considered good		40,224,293	12,331,622
Cash and bank balances		126,909,339	120,518,338
		1,667,151,181	1,403,600,934
TOTAL ASSETS		2,216,306,711	1,928,802,758
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 ordinary shares of Rs,10/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Reserves		450,253,006	412,156,569
		1,395,253,006	1,357,156,569
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		2,182,017	2,734,293
CURRENT LIABILITIES			
Trade and other payables	7	643,594,576	555,682,697
Accrued mark-up		-	942,584
Dividend Payable		141,750,000	-
Unclaimed Dividend		3,843,880	4,250,835
Taxation – net		27,903,518	6,411,400
Current portion of			
- liabilities against assets subject to finance lease		1,779,714	1,624,380
		818,871,688	568,911,896
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		2,216,306,711	1,928,802,758

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

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAIQ QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	Note	Rupees	
Revenue – net	9	919,795,591	662,698,000
Cost of production	10	(458,151,708)	(297,799,420)
Transmission cost		(42,279,601)	(30,169,020)
		(500,431,309)	(327,968,440)
Gross profit		419,364,282	334,729,560
Distribution costs		(97,723,016)	(65,620,100)
Administrative expenses		(101,565,202)	(79,760,341)
		220,076,064	189,349,119
Other operating income		22,216,876	17,985,740
		242,292,940	207,334,859
Finance costs		(391,661)	(1,281,353)
Other charges		(5,096,004)	(4,215,355)
Profit before taxation		236,805,275	201,838,151
Taxation		(60,689,762)	(63,932,167)
Net profit for the year		176,115,513	137,905,984
Earnings per share – basic and diluted - restated		0.19	0.15

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

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	Rupees	
Profit after taxation	176,115,513	137,905,984
Other comprehensive income	3,730,924	1,439,043
Total comprehensive income for the year	179,846,437	139,345,027

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	236,805,275	201,838,151
Adjustments for :		
Reversal of provision of doubtful debt	-	(4,869,680)
Depreciation	10,831,037	9,934,763
Amortisation of intangible assets	833,058	707,330
Finance costs	391,661	1,281,353
Exchange (loss) / gain	(234,134)	1,251,122
Exchange difference on translation of foreign currency	3,730,924	1,439,043
Profit on deposit accounts	(1,613,565)	(2,054,728)
Gain on disposal of operating fixed assets	-	-
Movement in provisions	5,096,004	9,344,302
	19,034,985	17,033,505
Operating profit before working capital changes	255,840,260	218,871,657
Working capital changes		
Decrease / (Increase) in current assets		
Inventories	(906,936)	(442,520)
Television program costs	1,234,512	(22,390,512)
Trade debts	(171,247,815)	(3,119,581)
Advances - unsecured, considered good	(67,347,530)	(49,499,443)
Deposit and prepayments	9,001,193	(4,770,343)
Other receivables - unsecured, considered good	(27,892,671)	1,444,611
	(257,159,247)	(78,777,789)
Increase / (decrease) in current liabilities		
Trade and other payables	83,050,009	88,991,085
Cash generated from operations	81,731,022	229,084,953
Taxes paid	(50,797,916)	(48,474,575)
Finance costs paid	(1,334,245)	(227,798)
Profit received on deposit accounts	1,613,565	2,054,728
Long term deposits	1,128,400	3,595,125
Television program costs	(4,653,112)	-
Net cash generated from operating activities	27,687,714	186,032,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,492,817)	(2,195,772)
Addition to intangible assets	-	(6,326,406)
Disposal of property, plant and equipment	-	-
Net cash used in investing activities	(20,492,817)	(8,522,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(396,942)	(531,575)
Dividends paid	(406,954)	-
Net cash used in financing activities	(803,896)	(531,575)
Net increase in cash and cash equivalents	6,391,001	176,978,680
Cash and cash equivalents at the beginning of the year	120,518,338	232,725,438
Cash and cash equivalents at the end of the period	11 126,909,339	409,704,118

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

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAIQ QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Reserves		Total
			Unappropriated Profit	Sub-total	
Balance as at July 01, 2013	500,000,000	1,039,365	951,814,213	952,853,578	1,452,853,578
Net profit for the year	-	-	137,905,984	137,905,984	137,905,984
Other comprehensive income	-	1,439,043	-	1,439,043	1,439,043
Total comprehensive income	-	1,439,043	137,905,984	139,345,027	139,345,027
Final cash dividend for the year ended June 30, 2013	-	-	(300,000,000)	(300,000,000)	(300,000,000)
Issue of two bonus ordinary shares for every five ordinary shares	200,000,000	-	(200,000,000)	(200,000,000)	-
Balance as at September 30, 2013	700,000,000	2,478,408	589,720,197	592,198,605	1,292,198,605
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	-	-	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

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

Sd/-
MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-
DURAID QURESHI
Chief Executive

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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 Evergreen House, Grafton Place, Euston, London, NW1 2DX, 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.

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, 2014.

3. ACCOUNTING POLICIES

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, 2014.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	208,079,252	199,008,368
Capital work-in-progress		17,591,025	17,057,686
		<u>225,670,277</u>	<u>216,066,054</u>
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		199,008,368	199,401,075
Additions during the period / year	4.1.1	19,901,921	42,324,219
Less:			
Disposal during the period / year - at WDV	4.1.2	-	3,311,508
Depreciation charged during the period / year		10,831,037	39,405,418
		<u>208,079,252</u>	<u>199,008,368</u>
4.1.1 Additions during the period/year			
Owned			
Leased hold improvement		-	1,090,538
Furniture and fittings		-	9,478,016
Vehicles		12,238,800	8,180,720
Audio visual equipment		3,455,995	5,319,407
Up linking equipment		-	1,285,833
Office equipment		591,344	1,626,378
Computers		3,615,782	11,972,097
Leased			
Vehicles		-	3,371,230
		<u>19,901,921</u>	<u>42,324,219</u>
4.1.2 Disposals during the period / year - at WDV			
Owned			
Vehicles		-	3,311,508
		<u>-</u>	<u>3,311,508</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
5. TRADE DEBTS – unsecured	Note	Rupees
Considered good	961,653,277	790,405,463
Considered doubtful	26,412,547	26,412,547
	<u>988,065,824</u>	<u>816,818,010</u>
Less: Provision for doubtful debts	26,412,547	26,412,547
	<u>961,653,277</u>	<u>790,405,463</u>
6. ADVANCES - unsecured, considered good		
Includes Rs.19,560,235/- (June 30, 2014: Rs. 18,999,746/-) and Rs.3,300,000/- (June 30, 2014: Rs. 3,220,820/-) paid to M.D Production (Private) Limited and MNM Productions, related parties respectively.		
7. TRADE AND OTHER PAYABLES	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	
Creditors	331,442,654	292,850,010
Accrued liabilities	252,200,703	190,319,246
Withholding tax payable	29,623,060	19,014,653
Sales tax payable	1,434,241	3,287,189
Advances from customers	1,528,952	27,638,254
Workers' welfare fund	21,561,793	16,465,789
Others	5,803,173	6,107,556
	<u>643,594,576</u>	<u>555,682,697</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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 and MNM Productions, related parties as at September 30, 2014 amounted to Rs.59,610,000/- and Nil (June 30, 2014: Rs. 74,810,000/- and Rs.22,500,000/-) respectively. Commitment for purchase of television programs with other than related parties as at September 30, 2014 amounted to Rs.354,409,165/- (June 30, 2014: Rs. 350,748,875/-).

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	
Within one year	1,466,494	1,574,844
After one year but not more than five years	154,124	439,485
	1,620,618	2,014,329

Represents Ijarah Finance Facility entered into with Islamic Bank in respect of vehicles. Total Ijarah payments due under the agreement is Rs. 1.62 million (2014: Rs. 2,014 million) and are payable in monthly installments latest by November 2015. Taxes, repairs and replacement and insurance costs are to be borne by the muj'ir (lessor).

9. REVENUE – net

	Quarter Ended	
	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	Rupees	
Advertisement revenue	1,228,082,496	922,444,613
Less: Agency commission	154,692,307	117,503,558
Sales tax	153,535,166	120,374,195
Discount to customers	71,351,754	49,779,847
	379,579,227	287,657,600
	848,503,269	634,787,013
Production revenue	16,219,287	5,872,413
Digital Sales Revenue	4,344,528	2,130,211
	20,563,815	8,002,624
Less: Sales Tax	2,825,490	1,221,862
Agency commission	991,797	131,650
	3,817,287	1,353,512
	16,746,528	6,649,112
Subscription income	54,545,794	21,261,875
	919,795,591	662,698,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		Quarter Ended	
		September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
		Rupees	
10. COST OF PRODUCTION	Note		
Cost of outsourced programs		317,466,384	210,336,019
Cost of in-house programs		45,125,171	27,225,016
Cost of inventory consumed		-	325,480
Salaries, wages and benefits	10.1	74,266,356	60,679,328
Depreciation		5,953,082	6,169,210
Traveling and conveyance		5,151,073	5,231,433
Utilities		3,350,048	2,532,523
Rent, rates and taxes		1,738,500	1,473,100
Insurance		1,004,896	381,816
Repair and maintenance		3,405,332	1,995,937
Fee and subscription		698,771	247,967
Communication expense		1,233,375	1,703,135
Security charges		703,705	363,957
Amortisation		716,777	520,861
Consultancy		702,244	757,777
Printing and stationery		54,594	246,373
		461,570,308	320,189,932
In production television programs - opening		6,998,811	5,918,111
In production television programs - closing		(10,417,411)	(6,224,111)
		458,151,708	319,558,452
Released / unreleased programs - opening		546,273,508	481,135,313
Released / unreleased programs - closing		(546,273,508)	(503,219,825)
		458,151,708	297,799,420

10.1 This includes Rs. 1,898,186/- (Sep 30, 2013: Rs. 1,283,808/-) in respect of staff retirement benefits.

		Quarter Ended	
		September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
		Rupees	
11. CASH AND CASH EQUIVALENTS			
Cash and bank balances		126,909,339	609,704,118
Short term borrowing		-	(200,000,000)
		126,909,339	409,704,118

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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, 2014 (Un-audited)	September 30, 2013 (Un-audited)
			Rupees	
M.D. Production (Private) Limited	Chief Executive's spouse is Chief Executive Officer	Purchase of television programs	78,180,000	66,450,000
MNM Productions	Chief Executive's spouse is partner	Purchase of television programs	-	6,000,000
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	3,773,961	2,584,275
Ms. Moomal Shunaid	Spouse of a Director	Managerial Remuneration	2,152,500	2,205,000
Remuneration and benefits to key management personnel		Remuneration	109,594,033	87,321,456

13. ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on October 02, 2014 recommended a final cash dividend Rs. 1.5/- per share @ 15% amounting to Rs. 141,750,000/- on the paid-up value of the ordinary share capital as at June 30, 2014 approved by the shareholders in the Annual General Meeting held on October 27, 2014.

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

14. SUBSEQUENT EVENT

14.1 The Board of Directors of the Holding Company in their meeting held on October 29, 2014 recommended an interim cash dividend of Rs. 1.75/- per share @ 17.5% amounting to Rs. 165,375,000/- on the paid-up value of the ordinary share capital as at September 30, 2014.

14.2 The Board of Directors of the Holding Company in their meeting held on October 02, 2014 proposed subdivision of company's capital by decreasing the face value of shares from Rs. 10/- per share to Re. 1/- per share resulting in increase in number of shares from 94.5 M to 945 M which is approved by the shareholders of the Holding Company in their general meeting held on October 27, 2014.

14.3 Based on above, the earnings per share for the quarter ended September 30, 2014 and the corresponding period have been restated accordingly.

15. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on October 29, 2014 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.

Sd/-

MAZHAR-UL-HAQ SIDDIQUI
Chairman

Sd/-

DURAIQ QURESHI
Chief Executive

Printed Matter

(UNDER POSTAL CERTIFICATE)

If undelivered return to:
HUM NET WORK LIMITED
HUM TV, Plot No. 10/11
Hassan Ali Street, II, Chundrigar Road,
Karachi - 74000, Pakistan.