

## COMPANY INFORMATION



### BOARD OF DIRECTORS

Chairman  
Directors

Mr. Mazhar-ul-Haq Siddiqui  
Ms. Sultana Siddiqui  
Mr. Munawar Alam Siddiqui  
Mrs. Mahtab Akbar Rashdi  
Mr. Shunaid Qureshi  
Mr. Abdul Hamid Dagia  
Mr. Muhammad Ayub Younus Adhi

Chief Executive Officer  
Chief Financial Officer  
Company Secretary

Mr. Duraid Qureshi  
Mr. Islam Ahmed Khan  
Mr. Nasir Jamal

### AUDIT COMMITTEE

Chairman  
Members

Mr. Shunaid Qureshi  
Ms. Sultana Siddiqui  
Mr. Muhammad Ayub Younus Adhi

### AUDITORS

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

### INTERNAL AUDITORS

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

### LEGAL ADVISOR

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

### BANKERS

Bank Alfalah Limited  
Faysal Bank Limited  
National Bank of Pakistan  
KASB Bank Limited  
JS Bank Limited  
Allied Bank Limited  
United Bank Limited  
Askari 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

Technology Trade (Private) Limited.  
Dagia House, 241-C, Block-2,  
P.E.C.H.S, Off: Shahrah-e-Quaideen,  
Karachi.  
Tel: 34391316-7 Fax: 34391318



## DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the performance for the third quarter ended March 31, 2012.

Net revenue for the period as compared to the same period last year have increased by Rs. 159.7M i.e. from Rs. 310M to Rs. 469.8M i.e. increase of approximately 51.5%. Moreover, the net profit after tax increased by Rs. 16.6M from 36M to 52.6M for the period ended, resulting in an improvement in EPS by Re. 0.33 i.e. from Re. 0.72 in previous period last year to Rs. 1.05 this year same period i.e. increase of 46%. The aggregate results for the nine months ended March 31, 2012 accounted EPS of Rs. 2.81 as compared to EPS of 2.74 for the nine months ended March 31, 2011. The main reason for the increase in profitability is due to improvement in advertisement revenue resulting from improvement in channels' viewership ratings.

The Company's strategy to maintain high quality content and seven days drama policy for its viewers started to pay off. The booming success of its dramas HUMSAFAR, MAAT and MERAY QATIL MERAY DILDAR created history in content ratings. HUM TV is now been recognized more as a brand name than just a channel. Globally the channel also made its presence felt; HUMSAFAR was given coverage by international media and was very much appraised by the south Asian community. The resultant accomplishment of the channel dramas have created more worldwide business opportunities for the Network. During the quarter the channel celebrated the completion of its seven years of achievements and was appraised for its efforts by the industry as well as viewers.

Masala TV continues to thrive with its on and off screen achievements. The channel continues to be number one choice for food industry in terms of revenue and viewers rating. Masala TV managed to build strategic partnership with some of the most well known players of the food industry which are showing its impact in the form of increased revenues for the channel. The channel content and quality has attracted not only local players of the industry but has also amplified global opportunities for business. With its positive response in USA the Company is directing efforts to launch the channel in other foreign countries as well.

Masala Food magazine remains among the most circulated food magazine in the country.

Style 360 is now being recognized by most of the viewers as only channel contributing to the fashion needs of the local population. During the quarter channel remains the number one choice for all the fashion councils and designers of Pakistan. Further the ground events especially Bridal Couture Week (BCW) is now being considered as one of the most exciting fashion events of the country. After three successful BCW events the preparations for fourth BCW is in progress.

Keeping in view the Company's strategies and efforts, the Board is optimistic about the future performance and growth of the Company.

### HUM TV INC., USA

The subsidiary did not have any significant or material business transactions during the period.

### DIVIDEND

The Board of Directors have pleasure in declaring an interim dividend of Re. 1 per share.

April 27, 2012  
Karachi

For & On behalf of the Board  
Duraïd Qureshi  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT MARCH 31, 2012**

		March 31, 2012 (Un-audited)	June 30, 2011 (Audited)
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	183,828,956	199,568,794
Intangible assets		10,922,801	11,737,034
Long term investment		8,603	8,603
Long term deposits		21,711,793	21,078,071
Television program costs	5	257,643,502	309,054,278
Deferred tax asset		27,458,295	15,253,641
		<u>501,573,950</u>	<u>556,700,421</u>
<b>CURRENT ASSETS</b>			
Inventories		1,118,454	252,652
Current portion of television program costs	5	374,291,734	396,767,617
Trade debts	6	521,596,929	468,324,289
Advances-unsecured considered good	7	37,160,575	25,755,656
Deposits and prepayments		10,651,982	6,101,556
Interest accrued		608,051	227,964
Other receivables - unsecured, considered good	8	44,020,607	47,257,954
Taxation - net		66,505,084	47,171,235
Cash and bank balances		88,476,809	45,421,226
		<u>1,144,430,225</u>	<u>1,037,280,149</u>
<b>TOTAL ASSETS</b>		<u><u>1,646,004,175</u></u>	<u><u>1,593,980,570</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
70,000,000 (June 30, 2011: 70,000,000) ordinary shares of Rs.10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		500,000,000	500,000,000
Accumulated profit		<u>613,113,889</u>	<u>522,657,630</u>
		1,113,113,889	1,022,657,630
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		2,443,323	2,938,636
Deferred liabilities		<u>69,203,551</u>	<u>52,708,977</u>
		71,646,874	55,647,613
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	245,750,571	254,761,515
Running Finance		206,370,897	231,370,897
Accrued markup		6,981,809	9,283,954
Dividend payable		740,472	1,639,649
Current portion of:			
- Long term financing		-	13,999,997
- Liabilities against assets subject to finance lease		1,399,663	4,619,315
		<u>461,243,412</u>	<u>515,675,327</u>
<b>COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,646,004,175</u></u>	<u><u>1,593,980,570</u></u>

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

**DURAID QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**
**CONDENSED INTERIM PROFIT & LOSS ACCOUNT  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012  
UN-AUDITED**

	Note	Nine Months Period Ended		Three Months Period Ended	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
		----- Rupees -----		----- Rupees -----	
<b>Revenue – net</b>	11	<b>1,293,762,589</b>	991,406,832	<b>469,823,259</b>	310,117,437
Cost of production	12	(745,583,555)	(452,541,336)	(269,194,250)	(151,207,552)
Transmission cost		(84,462,334)	(86,468,516)	(25,565,905)	(24,517,079)
		<b>(830,045,889)</b>	(539,009,852)	<b>(294,760,155)</b>	(175,724,631)
<b>Gross profit</b>		<b>463,716,700</b>	452,396,980	<b>175,063,104</b>	134,392,806
Distribution cost		(136,787,054)	(113,669,062)	(52,220,202)	(43,527,592)
Administrative expenses		(137,025,786)	(111,905,030)	(45,587,075)	(33,836,855)
		<b>189,903,860</b>	226,822,888	<b>77,255,827</b>	57,028,359
Other operating income		<b>29,226,277</b>	25,297,663	<b>11,680,767</b>	11,109,384
		<b>219,130,137</b>	252,120,551	<b>88,936,594</b>	68,137,743
Finance cost		(26,031,848)	(28,303,585)	(7,248,866)	(8,964,199)
Other operating expenses		(4,276,613)	(4,992,264)	(2,318,477)	(1,244,902)
<b>Profit before taxation</b>		<b>188,821,676</b>	218,824,702	<b>79,369,251</b>	57,928,642
Taxation					
- Current		(62,458,751)	(84,987,329)	(31,164,116)	(20,720,077)
- Prior		1,888,678	-	-	-
- Deferred		12,204,656	2,983,670	4,416,362	(1,150,256)
		<b>(48,365,417)</b>	(82,003,659)	<b>(26,747,754)</b>	<b>(21,870,333)</b>
<b>Net profit for the period</b>		<b>140,456,259</b>	136,821,043	<b>52,621,497</b>	36,058,309
Earnings per share – basic and diluted		<b>2.81</b>	2.74	<b>1.05</b>	0.72

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

**DURAID QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**  
**UN-AUDITED**

	<u>NINE MONTHS PERIOD ENDED</u>		<u>THREE MONTHS PERIOD ENDED</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>----- Rupees -----</u>		<u>----- Rupees -----</u>	
Profit for the period after tax	140,456,259	136,821,043	52,621,497	36,058,309
Other comprehensive income - net of taxation	-	-	-	-
<b>Total comprehensive income for the period-net of taxation</b>	<b><u>140,456,259</u></b>	<b><u>136,821,043</u></b>	<b><u>52,621,497</u></b>	<b><u>36,058,309</u></b>

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

**DURAID QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**  
**UN-AUDITED**

	Note	NINE MONTHS PERIOD ENDED	
		March 31,	March 31,
		2012	2011
		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		188,821,676	218,824,702
<b>Adjustments for :</b>			
Depreciation		32,008,599	38,497,205
Amortisation of intangible assets		1,571,734	1,617,533
Gain on disposals of fixed assets		(3,984,541)	(6,632,179)
Finance cost		26,031,848	28,303,585
Exchange gain / (loss)		(4,831,305)	1,045,802
Interest income		(4,022,861)	(5,517,591)
Movement in provisions		23,383,187	14,479,477
		<u>70,156,661</u>	<u>71,793,832</u>
<b>Operating profit before working capital changes</b>		<b>258,978,337</b>	<b>290,618,534</b>
<b>Working capital changes</b>			
<b>Increase in current assets</b>			
Inventories		(865,802)	946,544
Television program costs		22,475,883	(72,655,119)
Trade debts		(53,272,640)	(2,650,370)
Advances, deposits and prepayments		(15,955,345)	(20,701,970)
Other receivables		<u>11,699,386</u>	<u>(2,194,355)</u>
		<b>(35,918,518)</b>	<b>(97,255,270)</b>
<b>(Decrease) / Increase in current liabilities</b>			
Trade and other payables		<u>(10,017,628)</u>	<u>(57,499,017)</u>
<b>Cash generated from operations</b>		<b>213,042,191</b>	<b>135,864,247</b>
Taxes paid		(92,353,200)	(88,151,045)
Finance cost paid		(28,333,993)	(26,806,569)
Interest received		3,642,774	5,586,994
Long term deposits		(633,722)	1,048,179
Gratuity paid		(2,612,000)	(1,248,569)
Television program cost		<u>51,410,776</u>	<u>(31,702,048)</u>
<b>Net cash generated from/ (used in) operating activities</b>		<b>144,162,826</b>	<b>(5,408,811)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(15,157,464)	(35,881,955)
Disposal proceeds from sale of fixed assets		<u>10,490,815</u>	<u>7,158,832</u>
<b>Net cash used in from investing activities</b>		<b>(4,666,649)</b>	<b>(28,723,123)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of long term loan		(13,999,997)	(13,999,997)
Dividend Paid		(52,916,632)	-
Payment of liabilities under finance lease		<u>(4,523,965)</u>	<u>(5,666,203)</u>
<b>Net cash used in financing activities</b>		<b>(71,440,594)</b>	<b>(19,666,200)</b>
Net Increase / (Decrease) in cash and cash equivalents		<u>68,055,583</u>	<u>(53,798,134)</u>
Cash and cash equivalents at the beginning of the period		<u>(185,949,671)</u>	<u>(104,014,283)</u>
Cash and cash equivalents at the end of the period		<u><b>(117,894,088)</b></u>	<u><b>(157,812,417)</b></u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		88,476,809	78,558,480
Short term running finance		<u>(206,370,897)</u>	<u>(236,370,897)</u>
		<u><b>(117,894,088)</b></u>	<u><b>(157,812,417)</b></u>

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

**DURAIQ QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012  
(UN-AUDITED)**

	Issued, subscribed and paid-up share capital	Unappropriated Profit	Total
	<u>-----Rupees-----</u>		
<b>Balance as at July 01, 2010</b>	500,000,000	333,855,294	833,855,294
Profit for the nine months period ended March 31, 2011	<div>-</div>	<div>136,821,043</div>	<div>136,821,043</div>
Other comprehensive income	<div>-</div>	<div>-</div>	<div>-</div>
Total comprehensive income for the period	-	136,821,043	136,821,043
<b>Balance as at March 31, 2011</b>	<u>500,000,000</u>	<u>470,676,337</u>	<u>970,676,337</u>
<b>Balance as at July 01, 2011</b>	500,000,000	522,657,630	1,022,657,630
Profit for the nine months period ended March 31, 2012	<div>-</div>	<div>140,456,259</div>	<div>140,456,259</div>
Other comprehensive income	<div>-</div>	<div>-</div>	<div>-</div>
Total comprehensive income for the period	-	140,456,259	140,456,259
Final cash dividend for the year ended June 30, 2011: Rs. 1 per share	-	(50,000,000)	(50,000,000)
<b>Balance as at March 31, 2012</b>	<u>500,000,000</u>	<u>613,113,889</u>	<u>1,113,113,889</u>

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

**Duraidd Qureshi**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**

**1. THE COMPANY AND ITS OPERATIONS**

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. 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**

These condensed interim 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" 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. 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, 2011.

**3. ACCOUNTING POLICIES**

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, 2011.

		March 31, 2012 (Un-audited)	June 30, 2011 (Audited)
	Note	----- Rupees -----	
<b>4. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Operating assets	4.1	175,237,771	199,568,794
Capital work in progress		8,591,185	-
		<u>183,828,956</u>	<u>199,568,794</u>
<b>4.1 Operating Assets -owned and leased</b>			
Book value at the beginning of the period / year		199,568,794	206,264,648
Additions during the period / year	4.1.1	11,123,400	45,259,359
Less:			
Disposal during the period / year - at book value	4.1.2	3,445,824	1,860,667
Depreciation charged during the period / year		<u>32,008,599</u>	<u>50,094,546</u>
		<u>35,454,423</u>	<u>51,955,213</u>
		<u>175,237,771</u>	<u>199,568,794</u>
<b>4.1.1 Additions during the period/year</b>			
<b><u>Owned Assets:</u></b>			
Building on leasehold land		-	145,400
Leasehold improvements		1,891,055	7,152,147
Furniture & fittings		834,867	184,972
Vehicles		1,274,611	9,107,240
Audio visual equipment		1,128,005	13,783,015
Uplinking equipment		-	1,500,625
Office equipment		113,200	3,810,209
Computers		<u>5,072,662</u>	<u>5,326,751</u>
		<u>10,314,400</u>	<u>41,010,359</u>
<b><u>Leased Assets:</u></b>			
Vehicles		809,000	4,249,000
		<u>11,123,400</u>	<u>45,259,359</u>



		March 31, 2012 (Un-audited)	June 30, 2011 Audited
		----- Rupees -----	
4.1.2	Disposal during the period / year - at book value		
	<b><u>Owned :</u></b>		
	Vehicle		281,311
	Office equipment	266,304	-
	Computers	-	48,069
		<u>266,304</u>	<u>329,380</u>
	<b><u>Leased :</u></b>		
	Vehicle		
		<u>3,179,520</u>	<u>1,531,287</u>
		<u><u>3,445,824</u></u>	<u><u>1,860,667</u></u>
5.	<b>TELEVISION PROGRAM COSTS</b>		
	Unreleased/released less amortisation	618,083,155	688,558,450
	In production	<u>13,852,081</u>	<u>17,263,445</u>
		<u>631,935,236</u>	<u>705,821,895</u>
	Less: Current portion shown under current assets	<u>374,291,734</u>	<u>396,767,617</u>
		<u><u>257,643,502</u></u>	<u><u>309,054,278</u></u>
6.	<b>TRADE DEBTS - unsecured</b>		
	Considered good	521,596,929	468,324,289
	Considered doubtful	<u>31,900,792</u>	<u>31,900,792</u>
		<u>553,497,721</u>	<u>500,225,081</u>
	Less: Provision for doubtful debts	<u>31,900,792</u>	<u>31,900,792</u>
		<u><u>521,596,929</u></u>	<u><u>468,324,289</u></u>
7.	<b>ADVANCES - unsecured, considered good</b>		
	This includes Rs. 2,400,000/- (June 30, 2011: Rs. Nil) paid to a related party M.D Production (Private) Limited as advance against production.		
8.	<b>OTHER RECEIVABLES - unsecured, considered good</b>		
	This includes Rs. 39,129,933/- (June 30, 2011: Rs. 44,041,125/-) receivable from HUM TV, Inc., USA, a subsidiary on account of collection made on Company's behalf.		
9.	<b>TRADE AND OTHER PAYABLES</b>		
	This includes Rs. 3,900,000/- (June 30, 2011: Rs. Nil) due to a related party M.D Production (Private) Limited.		
10.	<b>COMMITMENTS</b>		
	Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at March 31, 2012 amounted to Rs. 18,300,000/- (June 30, 2011: Rs. 7,150,000/-). Purchase of television programs commitments as at as at March 31, 2012 with other than related parties amounted to Rs. 91,513,143/- (June 30, 2011: Rs. 134,573,780/-) and capital commitments as at March 31, 2012 to Rs. 7,499,049/- (June 30, 2011: Nil).		

	Nine Months Period Ended		Three Months Period Ended	
	March 31,	March 31,	March 31,	March 31,
	2 0 1 2	2011	2 0 1 2	2011
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
<b>11. REVENUE – net</b>				
Advertisement revenue - Local	1,905,810,650	1,503,073,382	652,120,421	481,645,336
Less: Agency commission	228,482,388	178,079,325	81,223,536	54,371,390
Sales tax	244,225,965	187,054,980	86,619,775	56,648,440
Sales discount	204,344,377	183,542,856	44,268,214	72,145,741
	677,052,730	548,677,161	212,111,525	183,165,571
	1,228,757,920	954,396,221	440,008,896	298,479,765
Advertisement revenue - International	1,352,250	-	1,352,250	-
Subscription Income - International	37,634,209	33,439,171	13,382,113	9,137,672
Production Revenue	26,018,210	3,571,440	15,080,000	2,500,000
	1,293,762,589	991,406,832	469,823,259	310,117,437
<b>12. COST OF PRODUCTION</b>				
Cost of outsourced programs	414,352,137	309,774,594	136,523,779	112,759,582
Cost of in-house programs	63,577,893	68,241,232	13,075,809	23,780,511
Cost of inventory consumed	747,880	2,827,959	126,680	269,357
Salaries, wages and benefits	123,627,018	108,241,298	47,659,500	30,451,607
Depreciation	18,611,111	22,508,264	5,730,879	6,796,725
Traveling and conveyance	12,716,006	10,869,321	4,034,196	3,793,121
Utilities	9,445,665	9,949,989	2,374,605	2,728,783
Rent, rates and taxes	5,559,835	4,579,075	1,418,124	970,282
Insurance	2,899,703	2,465,487	1,101,634	913,045
Repair and maintenance	6,820,445	5,655,838	2,239,760	1,905,213
Fee & subscription	3,789,992	4,567,143	699,996	3,622,497
Communication expense	4,412,217	3,346,323	1,509,371	1,335,622
Security charges	1,318,689	990,630	436,310	335,539
Amortisation of intangible assets	1,083,395	844,017	354,465	334,465
Consultancy	2,538,288	1,680,265	577,844	967,951
Printing and stationery	196,622	357,067	64,880	357,067
	671,696,896	556,898,503	217,927,832	191,321,366
In production television programs - opening	17,263,445	13,900,802	14,047,085	11,896,714
In production television programs - closing	(13,852,081)	(15,223,916)	(13,852,081)	(15,223,916)
	675,108,260	555,575,389	218,122,836	187,994,164
Released / unreleased programs - opening	688,558,450	571,653,065	669,154,569	637,900,506
Released / unreleased programs - closing	(618,083,155)	(674,687,118)	(618,083,155)	(674,687,118)
	745,583,555	452,541,336	269,194,250	151,207,552

12.1 These includes Rs.11,254,582/- (March 31, 2011: Rs. 7,782,459/-) in respect of staff retirement benefits.

### 13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the company includes Jahangir Siddiqui & company, HUM TV Inc., M.D production (private) Limited and MD production- associated companies directors and executives. The company in the normal course of business carries out transactions with various related parties, are disclosed in the relevant notes to the condensed interim financial statements. Other material transactions with related parties are given below:

			Nine Months Period Ended	
			March 31, 2012	March 31, 2011
			----- Rupees -----	-----
Relationship	Nature of relationship	Nature of transactions		
Related party				
MD Production	Chief Executive's spouse is the owner	Purchase of television programs	-	37,450,000
M.D Production (Private) Limited	Chief Executive's spouse is Chief Executive	Purchase of television programs	84,815,000	-
HUM TV Inc., USA	Subsidiary	Advertizing sales	1,352,250	-
Remuneration and benefits to key management personnel		Remuneration	147,461,306	95,146,935

### 14. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorised for issue on April 27, 2012 by the Board of Directors

### 15. NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on April 27, 2012 have approved an interim dividend of Re. 1 per share amounting to Rs. 50,000,000 (March 31, 2011: Nil).

### 16. GENERAL

**16.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no major reclassifications.

**16.2** Amounts have been rounded off to the nearest rupees.

**DURAIQ QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2012**

	Note	31 March 2012	30 June 2011
		Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	183,828,956	199,568,794
Goodwill		1,183,492	1,109,271
Intangible assets		10,922,801	11,737,034
Long term deposits and prepayments		21,711,793	21,078,071
Television program costs	5	257,643,502	309,054,278
Deferred tax asset		30,251,015	16,320,930
		<u>505,541,559</u>	<u>558,868,378</u>
<b>CURRENT ASSETS</b>			
Inventories		1,118,454	252,652
Current portion of television program costs	5	374,291,734	396,767,617
Trade debts	6	521,596,929	468,324,289
Advances - unsecured, considered good	7	37,160,575	25,755,656
Deposits and prepayments		10,651,982	6,101,556
Accrued profit		608,051	227,964
Other receivables - unsecured, considered good		4,890,674	3,216,829
Taxation - net		66,505,084	47,171,235
Cash and bank balances		125,481,130	89,153,544
		<u>1,142,304,612</u>	<u>1,036,971,342</u>
<b>TOTAL ASSETS</b>		<u><b>1,647,846,171</b></u>	<u><b>1,595,839,720</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
70,000,000 (June 30, 2011: 70,000,000) ordinary shares of Rs.10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		<u>500,000,000</u>	<u>500,000,000</u>
Unappropriated profit		<u>609,182,103</u>	<u>521,695,213</u>
		<u><b>1,109,182,103</b></u>	<u><b>1,021,695,213</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		2,443,323	2,938,636
Deferred liabilities		<u>69,203,551</u>	<u>52,708,977</u>
		<u><b>71,646,874</b></u>	<u><b>55,647,613</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	251,524,353	256,842,610
Accrued mark-up		6,981,809	9,283,954
Short term borrowings		206,370,897	231,370,897
Current portion of:			
- long term financing		-	13,999,997
- liabilities against assets subject to finance lease		1,399,663	4,619,315
Unclaimed dividend		740,472	2,380,121
		<u>467,017,194</u>	<u>518,496,894</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,647,846,171</b></u>	<u><b>1,595,839,720</b></u>

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

**DURAID QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**  
**(UN-AUDITED)**

		<u>Nine months Ended</u> <u>March</u> <u>2012</u>	<u>Quarter Ended</u> <u>March</u> <u>2012</u>
	Note	----- Rupees -----	
Revenue – net	10	1,294,426,939	470,487,609
Cost of production	11	(745,583,555)	(269,194,250)
Transmission cost		(84,462,334)	(25,565,905)
		(830,045,889)	(294,760,155)
Gross profit		464,381,050	175,727,454
Distribution costs		(136,787,054)	(52,220,202)
Administrative expenses		(142,225,521)	(47,794,876)
		185,368,475	75,712,376
Other operating income		29,226,277	11,680,767
		214,594,752	87,393,143
Finance costs		(26,035,214)	(7,251,091)
Other charges - Workers' welfare fund		(4,276,613)	(2,318,477)
Profit before taxation		184,282,925	77,823,575
Taxation			
- current		(62,458,751)	(31,164,116)
- prior		1,888,678	1,888,678
- deferred		13,851,713	5,045,810
		(46,718,360)	(24,229,628)
Profit after taxation		137,564,565	53,593,947
Earnings per share – basic		2.75	1.07

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

**DURAID QURESHI**  
**Chief Executive**

**SULTANA SIDDIQUI**  
**Director**



**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**  
**(UN-AUDITED)**

	<u>Nine Months Ended</u>	<u>Quarter Ended</u>
	<u>March</u>	<u>March</u>
	<u>2012</u>	<u>2012</u>
	----- Rupees -----	----- Rupees -----
<b>Profit after taxation</b>	137,564,565	53,593,947
Other comprehensive income - net of taxation		
Exchange (loss) / gain on translation of foreign subsidiary	(77,675)	11,616
<b>Total comprehensive income for the</b>	<u>                    </u>	<u>                    </u>
<b>period – net of taxation</b>	<u><u>137,486,890</u></u>	<u><u>53,605,563</u></u>

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

**DURAID QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**  
**(UN-AUDITED)**

	Nine Months Ended 31 march 2012 ----- (Rupees) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	184,282,925
<b>Adjustments for:</b>	
Depreciation	32,008,599
Amortisation of intangible assets	1,571,734
Finance costs	26,035,214
Profit on deposit accounts	(4,022,861)
Gain on disposal of operating fixed assets	(3,984,541)
Unrealized exchange gain	(5,802,047)
Movement in provisions	23,383,187
	69,189,286
<b>Operating profit before working capital changes</b>	253,472,211
<b>Increase in current assets</b>	
Inventories	(865,802)
Television program costs	22,475,883
Trade debts	(53,272,640)
Advances - unsecured, considered good	(15,955,345)
Deposits and prepayments	
Other receivables - unsecured, considered good	6,788,194
	(40,829,709)
<b>Increase / (decrease) in current liabilities</b>	
Trade and other payables	(6,324,941)
<b>Net cash generated from operations</b>	206,317,561
Taxes paid	(92,353,200)
Finance costs paid	(28,337,359)
Profit received on deposit accounts	3,642,774
Long term deposits and prepayments	(633,722)
Gratuity paid	(2,612,000)
Television program costs	51,410,776
<b>Net cash generated from operating activities</b>	137,434,830
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of operating fixed assets	(15,157,464)
Proceeds from the disposal of operating fixed assets	10,490,815
Additions to intangible assets	
<b>Net cash used in investing activities</b>	(4,666,649)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayment of long term financing	(13,999,997)
Repayment of liabilities against assets subject to finance lease	(4,523,965)
Dividend paid	(52,916,633)
<b>Net cash used in financing activities</b>	(71,440,595)
Net increase / (decrease) in cash and cash equivalents	61,327,586
Cash and cash equivalents at the beginning of the period	(142,217,353)
Cash and cash equivalents at the end of the period	(80,889,767)
<b>CASH AND CASH EQUIVALENTS</b>	
Cash and bank balances	125,481,130
Short term borrowings	(206,370,897)
	(80,889,767)

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

**DURAIQ QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**  
**(UN-AUDITED)**

	Issued, subscribed and paid-up share capital	Foreign exchange translation reserve	Unappropriated profit	Total
	-----Rupees-----			
<b>Balance as at July 01, 2011</b>	500,000,000	(18,296)	521,713,509	1,021,695,213
Profit for the half year ended December 31, 2011	-	-	137,564,565	137,564,565
Other comprehensive income	-	(77,675)	-	(77,675)
Total comprehensive income for the period	-	(77,675)	137,564,565	137,486,890
Final cash dividend for the year ended June 30, 2011 : Rs. 1 per share	-		(50,000,000)	(50,000,000)
<b>Balance as at December 31, 2011</b>	<b>500,000,000</b>	<b>(95,971)</b>	<b>609,278,074</b>	<b>1,109,182,103</b>

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

**DURAID QURESHI**  
**Chief Executive**

**SULTANA SIDDIQUI**  
**Director**

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012**

**1. CORPORATE INFORMATION AND OPERATIONS**

The 'Group" consists of

**Holding Company**

- 1.1. Hum Network Limited (the Holding Company) was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Holding 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.
- 1.2. The Holding Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.

**Subsidiary Company**

HUM TV, Inc. (the subsidiary company), having registered office at 36-01, 37th Avenue, Long Island City, New York, III06, has been established with the purpose of providing entertainment programmes to the South Asian community by increasing presence in the United States of America (USA) and Canada. The subsidiary company will also serve as a platform for the Holding Company to explore avenues for greater distribution of the Holding Company brands in USA and Canada and will establish relations with advertisers, as well as develop US-based media materials, such as dramas, documentaries and other entertainment shows and events.

The subsidiary company is a wholly owned subsidiary of the Holding Company with effect from April 01, 2011.

**2. BASIS OF PREPARATION**

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" 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. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2011.

**3. SIGNIFICANT 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 consolidated financial statements for the year ended June 30, 2011.

**4. PROPERTY, PLANT & EQUIPMENT**

	Note	March 31, 2012 (Un-audited) ----- Rupees -----	June 30, 2011 (Audited)
Operating assets	4.1	175,237,771	199,568,794
Capital work in progress		8,591,185	-
		<u>183,828,956</u>	<u>199,568,794</u>

		March 31, 2012 (Un-audited)	June 30, 2011 (Un-audited)
	Note	----- Rupees -----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Book value at the beginning of the period / year		199,568,794	206,264,648
Additions during the period / year	4.1.1	11,123,400	45,259,359
Less:			
Disposal during the period / year – at book value	4.1.2	3,445,824	1,860,667
Depreciation charged during the period / year		32,008,599	50,094,546
		35,454,423	51,955,213
		<u>175,237,771</u>	<u>199,568,794</u>
<b>4.1.1 Additions during the period / year</b>			
<b><u>Owned:</u></b>			
Building on leasehold land		-	145,400
Leasehold improvements		1,891,055	7,152,147
Furniture & fittings		834,867	184,972
Vehicles		1,274,611	9,107,240
Audio visual equipment		1,128,005	13,783,015
Uplinking equipment		-	1,500,625
Office equipment		113,200	3,810,209
Computers		5,072,662	5,326,751
		<u>10,314,400</u>	<u>41,010,359</u>
<b><u>Leased:</u></b>			
Vehicles		809,000	4,249,000
		<u>11,123,400</u>	<u>45,259,359</u>
<b>4.1.2 Disposals during the period / year</b>			
<b><u>Owned:</u></b>			
Vehicles		-	281,311
Office equipment		266,304	-
Computers		-	48,069
<b><u>Leased:</u></b>			
Vehicles		3,179,520	1,531,287
		<u>3,445,824</u>	<u>1,860,667</u>
<b>5. TELEVISION PROGRAM COSTS</b>			
Unreleased / released less amortisation		618,083,155	688,558,450
In production		13,852,081	17,263,445
		631,935,236	705,821,895
Less: Current portion of television program costs		374,291,734	396,767,617
		<u>257,643,502</u>	<u>309,054,278</u>
<b>6. TRADE DEBTS - unsecured</b>			
Considered good		521,596,929	468,324,289
Considered doubtful		31,900,792	31,900,792
		553,497,721	500,225,081
Less: Provision for doubtful debts		31,900,792	31,900,792
		<u>521,596,929</u>	<u>468,324,289</u>
<b>7. ADVANCES - unsecured, considered good</b>			
This includes Rs. 2,400,000/- (June 30, 2011: Rs. Nil) paid to a related party M.D Production (Private) Limited as advance against production.			
<b>8. TRADE AND OTHER PAYABLES</b>			
This includes Rs. 3,900,000/- (June 30, 2011: Rs. Nil) due to a related party M.D Production (Private) Limited.			
<b>9. CONTINGENCIES AND COMMITMENTS</b>			
Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at March 31, 2012 amounted to Rs. 18,300,000/- (June 30, 2011: Rs. 7,150,000/-). Purchase of television programs commitments as at as at March 31, 2012 with other than related parties amounted to Rs. 91,513,143/- (June 30, 2011: Rs. 134,573,780/-) and capital commitments as at March 31, 2012 to Rs. 7,499,049/- (June 30, 2011: Nil).			



	Note	Nine Months Ended March 31, 2012 (Un-audited) Rupees	Quarter Ended March 31, 2012 (Un-audited) Rupees
<b>10. REVENUE – net</b>			
Advertisement revenue - Local		1,905,810,650	652,120,421
Less: Agency commission		229,146,738	81,887,886
Sales tax		244,225,965	86,619,775
Discount to customers		204,344,377	44,268,214
		677,717,080	212,775,875
		1,228,093,570	439,344,546
Advertisement revenue - International		2,680,950	2,680,950
Subscription income - International		37,634,209	13,382,113
Production revenue		26,018,210	15,080,000
		1,294,426,939	470,487,609
<b>11. COST OF PRODUCTION</b>			
Cost of outsourced programs		414,352,137	136,523,779
Cost of in-house programs		63,577,893	13,075,809
Cost of inventory consumed		747,880	126,680
Salaries, wages and benefits	11.1	123,627,018	47,659,500
Depreciation		18,611,111	5,730,879
Traveling and conveyance		12,716,006	4,034,196
Utilities		9,445,665	2,374,605
Rent, rates and taxes		5,559,835	1,418,124
Insurance		2,899,703	1,101,634
Repair and maintenance		6,820,445	2,239,760
Fee & subscription		3,789,992	699,996
Communication expense		4,412,217	1,509,371
Security charges		1,318,689	436,310
Amortisation of intangible assets		1,083,395	354,465
Consultancy		2,538,288	577,844
Printing and stationery		196,623	64,881
		671,696,896	217,927,832
In production television programs - opening		17,263,445	14,047,085
In production television programs - closing		(13,852,081)	(13,852,081)
		675,108,260	218,122,836
Released / unreleased programs - opening		688,558,450	669,154,569
Released / unreleased programs - closing		(618,083,155)	(618,083,155)
		745,583,555	269,194,250

**11.1** These includes Rs.11,254,582/- (March 31, 2011: Rs. 7,782,459/-) in respect of staff retirement benefits.

## 12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company includes Jahangir Siddiqui & Company Limited, HUM TV, Inc., M.D Production (Private) Limited and MD production - associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amount due from and due to related parties, are disclosed in the relevant notes to the condensed interim financial statements. Other material transactions with related parties are given below:

			<b>Nine Months Ended</b>
			<b>March 31,</b>
			<b>2012</b>
			<b>(Un-audited)</b>
			<b>Rupees</b>
<b>Relationship</b>	<b>Nature of relationship</b>	<b>Nature of transactions</b>	
<b>Related Party</b>			
MD Production	Chief Executive's spouse is owner	Purchase of television programs	-
M.D Production (Private) Limited	Chief Executive's spouse is Chief Executive Officer	Purchase of television programs	84,815,000
Remuneration and benefits to key management personnel		Remuneration	147,461,306

## 13. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on April 27, 2012 by the Board of Directors of the Holding Company.

## 14. NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on April 27, 2012 have approved an interim dividend of Re. 1 per share amounting to Rs. 50,000,000 (March 31, 2011: Nil).

## 15. GENERAL

15.1 Since the subsidiary was acquired during the forth quarter ended June 30, 2011, there are no comparative figures to report for the interim condensed consolidated profit and loss account, statement of comprehensive income and cash flow statement.

15.2 Amounts have been rounded off to the nearest Rupee.

**DURAID QURESHI**  
Chief Executive

**SULTANA SIDDIQUI**  
Director