

**HALF YEARLY REPORT DECEMBER 31, 2013**

**( un-Audited )**



HUM NETWORK LIMITED

## 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  
Mr. Abdul Hamid Dagia  
Mr. Muhammad Ayub Younus Adhi

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

Mr. Duraïd Qureshi  
Mr. Islam Ahmed Khan  
Mr. Muhammad Abbas Hussain  
Mr. Kamran Shamshad Ahmed

### AUDIT COMMITTEE

Chairman  
Members

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

### HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairman  
Members

Mr. Mazhar-ul-Haq Siddiqui  
Mr. Munawar Alam Siddiqui  
Mrs. Mahtab Akbar Rashdi  
Mr. Shunaid Qureshi  
Mr. Duraïd Qureshi

### 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  
Allied Bank Limited  
United Bank Limited  
Askari Bank Limited  
Standard Chartered Bank Limited  
Bank of America  
Barclays Bank  
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

Central Depository Company (CDC)  
CDC House, 99 -B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi -74400.

### WEBSITES' INFORMATION

HUM NETWORK LIMITED: [www.humnetwork.tv](http://www.humnetwork.tv)

### KARACHI STOCK EXCHANGE SYMBOL

HUMNL

## Directors' Report

On behalf of the Board of Directors, I am pleased to present reviewed condensed interim financial statements for the half year ended December 31, 2013.

Net revenue recorded for six months was Rs. 1,349M as compared to Rs. 978M in the corresponding period last year leading to a positive variation of 38%. Moreover, profit before tax increased by Rs. 203M to 363M for the captioned period i.e. an increase of 128% compared to the corresponding period last year. This increase in profit after tax resulted in an increase in EPS by Rs. 2.32 to Rs.4.01.

The semi-annual period was extremely happening with various events and celebrations across the network. Each segment of the Network outperformed itself, leading to further strengthening of HNL's position in the industry.

Hum TV celebrated its 9<sup>th</sup> Anniversary this year. The channel has always been the trendsetter when it comes to top quality entertainment content both in the local and the international entertainment industry. In addition to serials, soaps and telefilms, the channel also offers a variety of reality shows, award ceremonies and musical shows.

Masala TV celebrated its 7<sup>th</sup> Anniversary during July - Dec 2013. Ever since its launch, Masala TV has been the leading channel in the food genre in Pakistan.

Masala's Family Festival, which has now become a popular annual family event, was held in Lahore for the first time. The two-day event was filled with fun, food, games, shopping and entertainment for everyone, and was jam-packed on both days with a mammoth crowd of more than three hundred thousand.

Living up to its reputation of being the innovator within the Pakistani Media Entertainment Industry, HNL discontinued HUM 2 and launched a brand new entertainment channel "HUMSITARAY". The channel offers an excellent mix of local and international entertainment programs. In a short span of time since its launch HUMSITARAY has been able to entice the viewers as well as the advertisers / sponsors. The management is of the view that HUM SITARAY will come out as a leading channel of the entertainment industry.

The second Bridal Couture Week (BCW) of the year was held in Lahore in October. BCW continues to be the biggest bridal event and has huge popularity amongst all of its stake holders. The event showcased collection of internationally recognized Pakistani designers and huge numbers of foreign fashion experts also attended the event.

Other business segments, including Digital Sales and Publications are also growing and contributing to the revenue of the network.

The business performance for the captioned period has been strong and the outlook for the future is also positive.

Based on the results, the Board has announced an interim cash dividend 1.5 per share and proposed 35% bonus shares on the existing paid-up capital.

### Consolidated results for the half year are as follows:

Revenue - net	1,398,371,550
Gross Profit	650,211,004
Profit for the period - before taxation	348,248,015
Earnings per share	3.79

February 25, 2014  
Karachi

For & on behalf of the Board  
Duraidd Qureshi  
Chief Executive

**AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF  
INTERIM FINANCIAL INFORMATION**



**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Hum Network Limited** as at **31 December 2013**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (herein-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Chartered Accountants**  
**Review Engagement Partner: Khurram Jameel**

Date: February 25, 2014

Karachi

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2013**

		31 December 2013 (Un-audited)	30 June 2013 (Audited)
	Note	Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	195,909,820	228,844,288
Intangible assets	5	17,576,363	9,923,463
Long term investments	6	50,513,764	18,725,353
Long term deposits and prepayments		21,814,056	25,409,181
Television program costs	7	195,270,170	197,195,117
Deferred tax asset	8	12,375,274	2,241,543
		<u>493,459,447</u>	<u>482,338,945</u>
<b>CURRENT ASSETS</b>			
Inventories		5,556,744	893,927
Current portion of television program costs	7	292,905,254	289,858,307
Trade debts	9	596,587,434	682,276,965
Advances		178,528,887	71,266,218
Deposits and prepayments		13,732,404	6,655,633
Other receivables		52,125,603	32,344,438
Taxation – net		31,340,459	50,711,832
Cash and bank balances		165,607,730	155,726,559
		<u>1,336,384,515</u>	<u>1,289,733,879</u>
<b>TOTAL ASSETS</b>		<u><b>1,829,843,962</b></u>	<u><b>1,772,072,824</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	10	1,500,000,000	700,000,000
Issued, subscribed and paid-up share capital	11	700,000,000	500,000,000
Unappropriated profit		631,859,825	956,330,609
		<u>1,331,859,825</u>	<u>1,456,330,609</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		978,583	1,571,449
<b>CURRENT LIABILITIES</b>			
Trade and other payables		491,652,726	310,813,456
Accrued markup		1,665,493	-
Dividend payable		2,582,269	1,518,113
Current portion of liabilities against assets subject to finance lease		1,105,066	1,839,197
		<u>497,005,554</u>	<u>314,170,766</u>
<b>COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,829,843,962</b></u>	<u><b>1,772,072,824</b></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**



	Note	Half-year ended		Quarter-ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		Rupees	Rupees	Rupees	Rupees
<b>Revenue – net</b>	13	1,349,049,540	978,304,277	713,223,090	454,624,530
Cost of production	14	(664,648,186)	(573,604,523)	(366,848,766)	(282,394,611)
Transmission cost		(65,290,187)	(47,193,268)	(43,954,377)	(23,868,896)
		(729,938,373)	(620,797,791)	(410,803,143)	(306,263,507)
<b>Gross profit</b>		<b>619,111,167</b>	<b>357,506,486</b>	<b>302,419,947</b>	<b>148,361,023</b>
Distribution costs		(152,994,979)	(110,870,203)	(88,559,279)	(71,277,915)
Administrative expenses		(149,490,032)	(101,424,316)	(86,170,641)	(46,866,146)
		<b>316,626,156</b>	<b>145,211,967</b>	<b>127,690,027</b>	<b>30,216,962</b>
Other operating income		<b>61,336,861</b>	<b>24,831,307</b>	<b>43,061,825</b>	<b>7,291,423</b>
		<b>377,963,017</b>	<b>170,043,274</b>	<b>170,751,852</b>	<b>37,508,385</b>
Finance costs		(7,124,770)	(7,098,827)	(5,855,876)	(1,212,244)
Other charges-Workers' Welfare Fund		(7,416,765)	(3,258,889)	(3,201,410)	(726,190)
<b>Profit before taxation</b>		<b>363,421,482</b>	<b>159,685,558</b>	<b>161,694,566</b>	<b>35,569,951</b>
Taxation					
- current		(93,025,998)	(46,906,967)	(20,930,603)	5,240,443
- prior		-	4,307,198	-	4,307,198
- deferred		10,133,732	1,496,278	1,970,504	(1,575,160)
		(82,892,266)	(41,103,491)	(18,960,099)	7,972,481
<b>Profit after taxation</b>		<b>280,529,216</b>	<b>118,582,067</b>	<b>142,734,467</b>	<b>43,542,432</b>
<b>Earnings per share – basic and diluted</b>	15	<b>Rs. 4.01</b>	<b>Rs. 1.69</b>	<b>Rs. 2.04</b>	<b>Re. 0.62</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURRAID QURESHI**  
Chief Executive



**HUM NETWORK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Half-year ended		Quarter-ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rupees		Rupees	
<b>Net profit for the period</b>	<b>280,529,216</b>	<b>118,582,067</b>	<b>142,734,467</b>	<b>43,542,432</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>280,529,216</b>	<b>118,582,067</b>	<b>142,734,467</b>	<b>43,542,432</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**



	December 31, 2013	December 31, 2012
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	363,421,482	159,685,558
Adjustments for:		
Depreciation	19,223,529	18,218,955
Amortization	1,528,253	989,867
Finance costs	7,124,770	7,098,827
Profit on deposit accounts	(12,479,717)	(5,298,510)
Gain on disposal of property, plant and equipment	(1,944,400)	(534,724)
Exchange gain	(5,238,080)	4,257,298
Reversal of provision for doubtful debts	(4,869,680)	-
Worker's Welfare Fund	7,416,765	4,496,848
	10,761,440	29,228,561
<b>Operating profit before working capital changes</b>	<b>374,182,922</b>	<b>188,914,119</b>
<b>(Increase)/decrease in current assets</b>		
Inventories	21,054,780	(124,304)
Current portion of television program costs	(3,046,947)	49,648,532
Trade debts	90,559,211	19,457,400
Advances, deposits and prepayments	(114,339,441)	(6,699,745)
Other receivables	(19,781,165)	(20,795,486)
	(25,553,562)	41,486,397
<b>Increase in current liabilities</b>		
Trade and other payables	178,660,585	48,762,380
<b>Cash generated from operations</b>	<b>527,289,945</b>	<b>279,162,896</b>
Taxes paid	(73,654,624)	(65,871,402)
Finance costs paid	(5,459,277)	(12,515,509)
Profit received on deposit accounts	12,479,718	6,023,757
Long-term deposits	3,595,125	(3,312,374)
Gratuity paid	-	(1,934,403)
Television program costs	1,924,947	(2,286,689)
<b>Net cash generated from operating activities</b>	<b>466,175,834</b>	<b>199,266,276</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangibles	(23,964,988)	(33,297,990)
Investment made in a subsidiary	(31,788,411)	(10,043,250)
Proceeds from sale of property, plant and equipment	4,721,576	1,292,230
<b>Net cash used in investing activities</b>	<b>(51,031,823)</b>	<b>(42,049,010)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(403,935,844)	(46,062,003)
Short term loan acquired	-	20,000,000
Payment of liabilities against assets subject to finance lease	(1,326,996)	(625,576)
<b>Net cash used in financing activities</b>	<b>(405,262,840)</b>	<b>(26,687,579)</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,881,171</b>	<b>130,529,687</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>155,726,559</b>	<b>(50,110,571)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>165,607,730</b>	<b>80,419,116</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Issued, subscribed and paid-up share capital	Unappropriated profit Rupees	Total
<b>Balance as at July 01, 2012</b>	500,000,000	618,533,416	1,118,533,416
Final cash dividend for the year ended June 30,2012 @ Re. 1 per share	-	(50,000,000)	(50,000,000)
Net profit for the period	-	118,582,067	118,582,067
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	118,582,067	118,582,067
<b>Balance as at December 31, 2012</b>	<b>500,000,000</b>	<b>687,115,483</b>	<b>1,187,115,483</b>
<b>Balance as at July 01, 2013</b>	500,000,000	956,330,609	1,456,330,609
Final cash dividend for the year ended June 30,2013@ Rs. 6 per share	-	(300,000,000)	(300,000,000)
Issue of bonus shares @ 40%	200,000,000	(200,000,000)	-
Interim cash dividend for the year ending June 30,2014 @ Rs. 1.5 per share	-	(105,000,000)	(105,000,000)
Net profit for the period	-	280,529,216	280,529,216
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	280,529,216	280,529,216
<b>Balance as at December 31, 2013</b>	<b>700,000,000</b>	<b>631,859,825</b>	<b>1,331,859,825</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive



**1. THE COMPANY AND ITS OPERATIONS**

Hum Network Limited (the Company) was incorporated in Pakistan on February 25, 2004 as a public limited company under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan. The Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.

**2. BASIS OF PREPARATION**

**2.1** These condensed interim financial statements are unaudited but subject to limited scope review by auditors, except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012. These 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, 2013.

**2.2** These condensed interim financial statements are separate financial statements of the Company in which investment in subsidiaries is stated at cost less impairment, if any, and has not been accounted for on the basis of reported results and net assets of the investee.

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

**New, Amended and Revised Standards and Interpretations of IFRSs**

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

**IAS 19 – Employee Benefits –(Revised)**

**IFRS 7 – Financial Instruments : Disclosures – (Amendments)**

-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

**IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine**

**Improvements to Accounting Standards Issued by the IASB**

**IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information**

**IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment**

**IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments**

**IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities**

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		Rupees	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	4.1	186,704,869	194,942,693
Capital work-in-progress	4.2	9,204,951	33,901,595
		<u>195,909,820</u>	<u>228,844,288</u>
<b>4.1 Operating assets</b>			
Opening balance – at book value		194,942,693	176,516,790
Additions during the period/year	4.1.1	13,762,822	55,877,318
		<u>208,705,515</u>	<u>232,394,108</u>
Less:			
Disposals during the period / year - at book value	4.1.2	(2,777,117)	(757,506)
Depreciation charged during the period/year		(19,223,529)	(36,693,909)
		<u>(22,000,646)</u>	<u>(37,451,415)</u>
Closing balance – at book value		<u>186,704,869</u>	<u>194,942,693</u>
<b>4.1.1 Additions during the period / year</b>			
<b>Ow ned</b>			
Leasehold improvements		1,090,538	6,233,732
Furniture and fittings		443,098	1,308,746
Motor vehicles		2,652,200	-
Audio visual equipment		2,279,233	14,034,930
Uplinking equipment		1,285,833	23,789,931
Office equipment		307,308	2,196,479
Computers		5,704,612	5,837,059
<b>Leased</b>			
Motor vehicles		-	2,476,441
		<u>13,762,822</u>	<u>55,877,318</u>
<b>4.1.2 Disposals during the period/year</b>			
<b>Ow ned</b>			
Motor vehicles		(2,777,117)	(733,132)
Audio visual equipment		-	(24,374)
		<u>(2,777,117)</u>	<u>(757,506)</u>
<b>4.2 Capital work-in-progress</b>			
Opening balance		33,901,595	5,630,402
Additions during the period / year		9,204,951	57,683,558
Transfer to operating fixed assets during the period / year		(8,183,998)	(29,412,365)
Transfer to inventories during the period / year		(25,717,597)	-
		<u>9,204,951</u>	<u>33,901,595</u>

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**



	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	Rupees	
<b>5. INTANGIBLE ASSETS</b>		
Opening balance – at book value	9,923,463	10,784,432
Additions during the period / year – at cost	9,181,153	1,465,000
Amortisation charged during the period / year	(1,528,253)	(2,325,969)
Closing balance – at book value	17,576,363	9,923,463
<b>6. LONG TERM INVESTMENTS</b>		
<b>Unquoted subsidiaries</b>		
<b>Holding</b>		
<b>HUM TV, Inc. – USA</b>		
10,000 Common stock of \$ 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
<b>HUM Network UK Ltd.</b>		
1 Ordinary share of 1 GBP	100% 161	-
Advance for future issue of shares	31,788,250	-
	31,788,411	-
	50,513,764	18,725,353
<b>7. TELEVISION PROGRAM COSTS</b>		
Unreleased / released less amortization	481,135,313	481,135,313
In production	7,040,111	5,918,111
	488,175,424	487,053,424
Less: Current portion shown under current assets	292,905,254	289,858,307
	195,270,170	197,195,117
<b>8. DEFERRED TAX ASSET</b>		
<b>Taxable temporary differences</b>		
Accelerated tax depreciation/amortization allowances	(15,672,500)	(18,104,475)
<b>Deductible temporary differences</b>		
Provisions	8,980,266	10,635,957
Royalty	17,792,800	8,550,441
Others	1,274,708	1,159,620
	28,047,774	20,346,018
	12,375,274	2,241,543
<b>9. TRADE DEBTS</b>		
Considered good	596,587,434	682,276,965
Considered doubtful	26,412,547	31,282,227
	622,999,981	713,559,192
Less: Provision for doubtful debts	26,412,547	31,282,227
	596,587,434	682,276,965
<b>10. AUTHORIZED CAPITAL</b>		
<b>10.1</b> During the period, the Company has increased its authorized capital from 70,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 700,000,000 to 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000.		

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

**11. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

- 11.1 During the period, the Company has issued 20,000,000 bonus shares amounting to Rs. 200,000,000/-.
- 11.2 Includes 9,800,000 shares representing 14 (2013:14) percent holding by Jahangir Siddiqui & Co, Ltd. – a related party.

**12. COMMITMENTS**

- 12.1 Purchase of television programs commitments with M.D Production (Private) Limited and MNM Productions, related parties as at December 31, 2013 amounted to Rs. 135,382,500/- and Rs 34,937,500/- (June 30, 2013: Rs. 34,750,000/- and Rs.6,000,000/-) respectively. Commitment for purchase of television programs with other than related parties as at December 31, 2013 amounted to Rs. 354,710,451/- (June 30, 2013: Rs. 218,054,964/-).

- 12.2 Commitment for rentals under Ijarah finance agreement:

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	Rupees	
Within one year	1,667,250	1,852,062
After one year but not more than five years	1,226,907	2,014,329
	<u>2,894,157</u>	<u>3,866,391</u>

	Half-year ended		Quarter-ended	
	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
	Rupees		Rupees	
<b>13. REVENUE – net</b>				
Advertisement revenue	1,764,694,352	1,379,514,097	858,081,874	632,235,245
Less: Agency commission	222,478,919	173,377,816	107,615,867	78,929,877
Sales tax	234,172,041	184,652,769	112,575,984	84,261,792
Discount to customers	102,184,630	93,987,207	52,404,783	47,271,115
	<u>558,835,590</u>	<u>452,017,792</u>	<u>272,596,634</u>	<u>210,462,784</u>
	1,205,858,762	927,496,305	585,485,240	421,772,461
Production revenue	30,453,742	14,750,000	24,581,329	11,850,000
Digital sales revenue	2,799,957	233,528	669,746	233,528
	<u>33,253,699</u>	<u>14,983,528</u>	<u>25,251,075</u>	<u>12,083,528</u>
Less: Agency commission	1,134,156	214,734	1,002,506	214,734
Sales tax	5,217,378	29,050	4,928,082	29,050
	<u>6,351,534</u>	<u>243,784</u>	<u>5,930,588</u>	<u>243,784</u>
	1,232,760,927	942,236,049	604,805,727	433,612,205
Subscription Income - International operations	116,288,613	36,068,228	108,417,363	21,012,325
	<u>1,349,049,540</u>	<u>978,304,277</u>	<u>713,223,090</u>	<u>454,624,530</u>

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**



	Half-year ended		Quarter-ended	
	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
	Rupees		Rupees	
<b>14. COST OF PRODUCTION</b>				
Cost of outsourced programs	432,359,410	346,739,652	222,023,391	178,796,935
Cost of in-house programs	62,163,921	35,251,740	34,938,905	15,036,742
Inventories consumed	325,480	895,696	-	497,848
Salaries and benefits	123,342,224	98,137,292	62,662,896	49,878,423
Depreciation	11,856,094	11,179,232	5,686,884	7,399,193
Amortisation	1,225,054	748,930	704,193	499,287
Traveling and conveyance	10,900,608	9,083,826	5,669,175	4,207,860
Utilities	4,728,228	6,673,026	2,195,705	3,025,955
Rent, rates and taxes	3,093,700	1,674,498	1,620,600	1,058,249
Insurance	2,751,914	3,526,159	2,370,098	1,574,835
Repair and maintenance	5,024,614	5,476,705	3,028,677	3,354,562
Fee and subscription	1,387,932	1,139,996	1,139,965	555,999
Communication expense	3,149,394	2,884,529	1,446,259	1,247,183
Security charges	1,259,504	827,672	895,547	408,213
Consultancy	1,768,286	1,846,284	1,010,509	923,142
Printing and stationery	342,333	157,444	95,960	70,368
Donation	91,490	-	91,490	-
	<b>665,770,186</b>	<b>526,242,681</b>	<b>345,580,254</b>	<b>268,534,794</b>
In production television programs				
- opening	5,918,111	14,170,763	6,224,111	13,498,139
In production television programs				
- closing	(7,040,111)	(11,762,403)	(7,040,111)	(11,762,403)
	<b>664,648,186</b>	<b>528,651,041</b>	<b>344,764,254</b>	<b>270,270,530</b>
Released / unreleased programs				
- opening	481,135,313	635,864,418	503,219,825	603,035,017
Released / unreleased programs				
- closing	(481,135,313)	(590,910,936)	(481,135,313)	(590,910,936)
	<b>664,648,186</b>	<b>573,604,523</b>	<b>366,848,766</b>	<b>282,394,611</b>
	Half-year ended		Quarter-ended	
	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
<b>15. EARNINGS PER SHARE – basic and diluted</b>				
Profit after taxation (Rupees)	280,529,216	118,582,067	142,734,467	43,542,432
		(Restated)		(Restated)
Weighted average number of Ordinary shares	70,000,000	70,000,000	70,000,000	70,000,000
Earnings per share (Rupees)	4.01	1.69	2.04	0.62



**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

**16. TRANSACTIONS WITH RELATED PARTIES**

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

		December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
		Rupees	
Transactions during the period			
Related parties	Nature of transactions		
Associates	Purchase of television programs	169,950,000	63,150,000
Subsidiaries	Investment made	31,788,411	10,043,250
	Collection / payment on behalf of the Company	16,645,548	29,156,295
	Remittance from subsidiaries	20,331,298	24,208,998
	Subscription income	15,936,250	14,595,000
Retirement fund	Contribution to fund	5,221,597	-
Key management personnel	Remuneration	131,530,540	91,961,525
Balances as at period/year end		December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		Rupees	
Advances		29,467,500	19,095,000
Other receivables		6,878,326	25,148,356
Trade and other payables		70,030,000	48,471,500

**17. DATE OF AUTHORIZATION**

These condensed interim financial statements have been authorized for issue on February 25, 2014 by the Board of Directors.

**18. SUBSEQUENT EVENT**

The Board of Directors in their meeting held on February 25, 2014 has recommended an interim cash dividend of 1.5 per share @ 15% amounting to Rs. 105,000,000 (2012: nil) along with bonus shares of 35% (2012: Nil) on the existing paid-up value of the ordinary share capital for approval of shareholders in the Extra Ordinary General Meeting.

These financial statements for the period ended December 31, 2013 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**19. GENERAL**

Amounts have been rounded off to the nearest rupee.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive

**CONDENSED INTERIM  
CONSOLIDATED  
FINANCIAL STATEMENTS**

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT DECEMBER 31, 2013**

		31 December 2013 (Un-audited)	30 June 2013 (Audited)
	Note	Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	199,910,285	233,302,670
Goodwill		1,371,689	1,304,892
Intangible assets	4	17,576,363	9,923,463
Long term deposits and prepayments		25,167,225	26,552,369
Television program costs	5	195,270,170	197,195,117
Deferred tax asset		16,036,474	5,725,778
		<u>455,332,206</u>	<u>474,004,289</u>
<b>CURRENT ASSETS</b>			
Inventories		5,556,744	893,927
Current portion of television program costs	5	292,905,254	289,858,307
Trade debts	6	607,623,676	686,257,871
Advances		178,528,887	71,266,218
Deposits and prepayments		14,813,520	9,296,070
Other receivables		45,542,921	8,046,312
Taxation – net		31,340,459	50,711,832
Cash and bank balances		220,365,220	232,725,438
		<u>1,396,676,681</u>	<u>1,349,055,975</u>
<b>TOTAL ASSETS</b>		<u><b>1,852,008,887</b></u>	<u><b>1,823,060,264</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	7	1,500,000,000	700,000,000
Issued, subscribed and paid-up share capital	8	700,000,000	500,000,000
Unappropriated profit		613,183,179	952,853,578
		<u>1,313,183,179</u>	<u>1,452,853,578</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		978,583	1,571,449
<b>CURRENT LIABILITIES</b>			
Trade and other payables		532,494,297	365,277,927
Accrued markup		1,665,493	-
Dividend payable		2,582,269	1,518,113
Current portion of liabilities against assets subject to finance lease		1,105,066	1,839,197
		<u>537,847,125</u>	<u>368,635,237</u>
<b>COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,852,008,887</b></u>	<u><b>1,823,060,264</b></u>

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

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**



	Note	Half-year ended		Quarter-ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		Rupees	Rupees	Rupees	Rupees
<b>Revenue – net</b>	10	1,398,371,550	1,000,141,692	735,962,846	472,189,195
Cost of production	11	(664,648,186)	(573,604,523)	(366,848,766)	(282,394,611)
Transmission cost		(83,512,360)	(51,497,518)	(53,343,340)	(26,036,771)
		(748,160,546)	(625,102,041)	(420,192,106)	(308,431,382)
<b>Gross profit</b>		650,211,004	375,039,651	315,770,740	163,757,813
Distribution costs		(154,716,877)	(116,417,903)	(89,096,777)	(73,217,515)
Administrative expenses		(193,967,196)	(110,948,381)	(114,206,856)	(53,196,181)
		301,526,931	147,673,367	112,467,107	37,344,117
Other operating income		61,336,861	24,831,307	43,061,825	7,291,423
		362,863,792	172,504,674	155,528,932	44,635,540
Finance costs		(7,199,012)	(7,104,566)	(5,917,659)	(1,214,660)
Other charges-Workers' Welfare Fund		(7,416,765)	(3,258,889)	(3,201,410)	(726,190)
<b>Profit before taxation</b>		348,248,015	162,141,219	146,409,863	42,694,690
Taxation					
- current		(93,025,998)	(47,455,902)	(20,930,603)	5,240,443
- prior		-	4,307,198	-	4,307,198
- deferred		10,133,732	1,496,278	1,970,504	(1,575,160)
		(82,892,266)	(41,652,426)	(18,960,099)	7,972,481
<b>Profit after taxation</b>		265,355,749	120,488,793	127,449,764	50,667,171
<b>Earnings per share – basic and diluted</b>	12	3.79	1.72	1.82	0.72

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

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAJD QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Half-year ended		Quarter-ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	<u>Rupees</u>	<u></u>	<u>Rupees</u>	<u></u>
Net profit for the period	265,355,749	120,488,793	127,449,765	50,667,171
Other comprehensive income	(26,148)	578,760	(1,465,191)	698,058
Total comprehensive income for the period	<u>265,329,601</u>	<u>121,067,553</u>	<u>125,984,574</u>	<u>51,365,229</u>

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

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)**



	December 31, 2013	December 31, 2012
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	348,248,015	162,141,219
Adjustments for:		
Depreciation	19,681,521	18,218,955
Amortization	1,528,253	989,867
Finance costs	7,199,012	7,104,566
Profit on deposit accounts	(12,479,718)	(5,298,510)
Gain on disposal of property, plant and equipment	(1,944,400)	(534,724)
Exchange gain	(5,331,098)	5,262,729
Reversal of provision for doubtful debts	(4,869,680)	-
Worker's Welfare Fund	7,416,765	4,496,848
	11,200,655	30,239,731
<b>Operating profit before working capital changes</b>	359,448,670	192,380,950
<b>(Increase)/decrease in current assets</b>		
Inventories	21,054,780	(124,304)
Current portion of television program costs	(3,046,947)	49,648,532
Trade debts	83,503,875	16,110,266
Advances, deposits and prepayments	(112,780,120)	(7,414,343)
Other receivables	(37,496,609)	(1,298,838)
	(48,765,021)	56,921,313
<b>Increase in current liabilities</b>		
Trade and other payables	165,037,685	101,752,055
<b>Cash generated from operations</b>	475,721,334	351,054,318
Taxes paid	(73,831,589)	(65,871,402)
Finance costs paid	(5,533,519)	(12,521,248)
Profit received on deposit accounts	12,479,718	6,023,757
Long-term deposits	1,385,144	(3,312,374)
Gratuity paid	-	(1,934,403)
Television program costs	1,924,947	(2,286,689)
<b>Net cash generated from operating activities</b>	412,146,035	271,151,959
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangibles	(23,964,989)	(33,297,990)
Proceeds from sale of property, plant and equipment	4,721,576	1,292,230
<b>Net cash used in investing activities</b>	(19,243,413)	(32,005,760)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(403,935,844)	(46,062,003)
Short term loan acquired	-	20,000,000
Payment of liabilities against assets subject to finance lease	(1,326,996)	(625,576)
<b>Net cash used in financing activities</b>	(405,262,840)	(26,687,579)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(12,360,218)	212,458,620
<b>Cash and cash equivalents at the beginning of the period</b>	232,725,438	(49,930,272)
<b>Cash and cash equivalents at the end of the period</b>	220,365,220	162,528,348

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

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAIQ QURESHI**  
Chief Executive

**HUM NETWORK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

		Reserved			
	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Unappropriated Profit	Sub-total	Total
			Rupees		
Balance as at July 01, 2012	500,000,000	259,809	616,818,579	617,078,388	1,117,078,388
Profit for the period	-	-	120,488,793	120,488,793	120,488,793
Other comprehensive income	-	578,760	-	578,760	578,760
Total comprehensive income	-	578,760	120,488,793	121,067,553	121,067,553
Final dividend for the year ended June 30, 2012 Re.1 per share	-	-	(50,000,000)	(50,000,000)	(50,000,000)
Balance as at December 31, 2012	<u>500,000,000</u>	<u>838,569</u>	<u>687,307,372</u>	<u>688,145,941</u>	<u>1,188,145,941</u>
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	-	-	265,355,749	265,355,749	265,355,749
Other comprehensive income	-	(26,148)	-	(26,148)	(26,148)
Total comprehensive income	-	(26,148)	265,355,749	265,329,601	265,329,601
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)	-
Interim cash dividend for the period ended September 30, 2013	-	-	(105,000,000)	(105,000,000)	(105,000,000)
Balance as at December 31, 2013	<u>700,000,000</u>	<u>1,013,217</u>	<u>612,169,962</u>	<u>613,183,179</u>	<u>1,313,183,179</u>

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

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive



**1. THE COMPANY AND ITS OPERATIONS**

The Group consists of

**1.1 Holding Company**

HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the 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 (UK) 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-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 UK on August 22, 2013.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**New, Amended and Revised Standards and Interpretations of IFRSs**

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits –(Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

**Improvements to Accounting Standards Issued by the IASB**

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the condensed interim financial statements.



**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		Rupees	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	3.1	190,705,334	199,401,075
Capital work-in-progress	3.2	9,204,951	33,901,595
		<u>199,910,285</u>	<u>233,302,670</u>
<b>3.1 Operating assets</b>			
Opening balance – at book value		199,401,075	179,344,247
Additions during the period/year	3.1.1	13,762,884	59,168,959
		<u>213,163,959</u>	<u>238,513,206</u>
Less:			
Disposals during the period / year - at book value	3.1.2	(2,777,117)	(757,506)
Depreciation charged during the period/year		<u>(19,681,508)</u>	<u>(38,354,625)</u>
		<u>(22,458,625)</u>	<u>39,112,131</u>
Closing balance – at book value		<u>190,705,334</u>	<u>199,401,075</u>
<b>3.1.1 Additions during the period / year</b>			
<b>Owned</b>			
Leasehold improvements		1,090,538	6,233,732
Furniture and fittings		443,098	1,308,746
Motor vehicles		2,652,200	3,186,417
Audio visual equipment		2,279,233	14,034,930
Uplinking equipment		1,285,833	23,789,931
Office equipment		307,308	2,301,703
Computers		5,704,674	5,837,059
<b>Leased</b>			
Motor vehicles		-	2,476,441
		<u>13,762,884</u>	<u>59,168,959</u>
<b>3.1.2 Disposals during the period/year</b>			
<b>Owned</b>			
Motor vehicles		(2,777,117)	(733,132)
Audio visual equipment		-	(24,374)
		<u>(2,777,117)</u>	<u>(757,506)</u>
<b>3.2 Capital work-in-progress</b>			
Opening balance		33,901,595	5,630,402
Additions during the period / year		9,204,951	57,683,558
Transfer to operating fixed assets during the period / year		(8,183,998)	(29,412,365)
Transfer to inventories during the period / year		<u>(25,717,597)</u>	<u>-</u>
		<u>9,204,951</u>	<u>33,901,595</u>

**HUM NETWORK LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	Rupees	
<b>4. INTANGIBLE ASSETS</b>		
Opening balance – at book value	9,923,463	10,784,432
Additions during the period / year – at cost	9,181,153	1,465,000
Amortisation charged during the period / year	1,528,253	2,325,969
Closing balance – at book value	17,576,363	9,923,463
<b>5. TELEVISION PROGRAM COSTS</b>		
Unreleased / released less amortization	481,135,313	481,135,313
In production	7,040,111	5,918,111
	488,175,424	487,053,424
Less: Current portion shown under current assets	292,905,254	289,858,307
	195,270,170	197,195,117
<b>6. TRADE DEBTS</b>		
Considered good	607,623,676	686,257,871
Considered doubtful	26,412,547	31,282,227
	634,036,223	717,540,098
Less: Provision for doubtful debts	26,412,547	31,282,227
	607,623,676	686,257,871
<b>7. AUTHORIZED CAPITAL</b>		
<b>7.1</b>	During the period, the Company has increased its authorized capital from 70,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 700,000,000 to 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000.	

**HUM NETWORK LIMITED**  
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**8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

- 8.1** During the period, the Company has issued 20,000,000 bonus shares amounting to Rs. 200,000,000/-.
- 8.2** Includes 9,800,000 shares representing 14 (2013:14) percent holding by Jahangir Siddiqui & Co, Ltd. – a related party.

**9. COMMITMENTS**

- 9.1** Purchase of television programs commitments with M,D Production (Private) Limited and MNM Productions, related parties as at December 31, 2013 amounted to Rs. 135,382,500/- and Rs. 34,937,500/- (June 30, 2013: Rs. 34,750,000/- and Rs.6,000,000/-) respectively. Commitment for purchase of television programs with other than related parties as at December 31, 2013 amounted to Rs. 354,710,451/- (June 30, 2013: Rs. 218,054,964/-).

- 9.2** Commitment for rentals under Ijarah finance agreement:

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	Rupees	
Within one year	1,667,250	1,852,062
After one year but not more than five years	1,226,907	2,014,329
	<u>2,894,157</u>	<u>3,866,391</u>

	Half-year ended		Quarter-ended	
	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
	Rupees		Rupees	
<b>10. REVENUE – net</b>				
Advertisement revenue	1,818,616,872	1,419,418,894	896,172,259	666,443,042
Less: Agency commission	227,079,429	176,850,198	109,575,871	80,978,009
Sales tax	234,172,041	184,652,769	112,575,984	84,261,792
Discount to customers	102,184,630	93,987,207	52,404,783	47,271,115
	<u>563,436,100</u>	<u>455,490,174</u>	<u>274,556,638</u>	<u>212,510,916</u>
	1,255,180,772	963,928,720	621,615,621	453,932,126
Production revenue	30,453,742	14,750,000	24,581,329	11,850,000
Digital sales revenue	2,799,957	233,528	669,746	233,528
	<u>33,253,699</u>	<u>14,983,528</u>	<u>25,251,075</u>	<u>12,083,528</u>
Less: Agency commission	1,134,156	214,734	1,002,506	214,734
Sales tax	5,217,378	29,050	4,928,082	29,050
	<u>6,351,534</u>	<u>243,784</u>	<u>5,930,588</u>	<u>243,784</u>
	1,282,082,937	978,668,464	640,936,108	465,771,870
Subscription Income - International operations	116,288,613	21,473,228	95,026,738	6,417,325
	<u>1,398,371,550</u>	<u>1,000,141,692</u>	<u>735,962,846</u>	<u>472,189,195</u>

**HUM NETWORK LIMITED**  
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**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**



	Half-year ended		Quarter-ended	
	December 31,	December 31,	December 31,	December 31,
	2013 (Un-audited)	2012 (Un-audited)	2013 (Un-audited)	2012 (Un-audited)
	Rupees		Rupees	
<b>11. COST OF PRODUCTION</b>				
Cost of outsourced programs	432,359,410	346,739,652	222,023,391	178,796,935
Cost of in-house programs	62,163,921	35,251,740	34,938,905	15,036,742
Inventories consumed	325,480	895,696	-	497,848
Salaries and benefits	123,342,224	98,137,292	62,662,896	49,878,423
Depreciation	11,856,094	11,179,232	5,686,884	7,399,193
Amortisation	1,225,054	748,930	704,193	499,287
Traveling and conveyance	10,900,608	9,083,826	5,669,175	4,207,860
Utilities	4,728,228	6,673,026	2,195,705	3,025,955
Rent, rates and taxes	3,093,700	1,674,498	1,620,600	1,058,249
Insurance	2,751,914	3,526,159	2,370,098	1,574,835
Repair and maintenance	5,024,614	5,476,705	3,028,677	3,354,562
Fee and subscription	1,387,932	1,139,996	1,139,965	555,999
Communication expense	3,149,394	2,884,529	1,446,259	1,247,183
Security charges	1,259,504	827,672	895,547	408,213
Consultancy	1,768,286	1,846,284	1,010,509	923,142
Printing and stationery	342,333	157,444	95,960	70,368
Donation	91,490	-	91,490	-
	665,770,186	526,242,681	345,580,254	268,534,794
In production television programs				
- opening	5,918,111	14,170,763	6,224,111	13,498,139
In production television programs				
- closing	(7,040,111)	(11,762,403)	(7,040,111)	(11,762,403)
	664,648,186	528,651,041	344,764,254	270,270,530
Released / unreleased programs				
- opening	481,135,313	635,864,418	503,219,825	603,035,017
Released / unreleased programs				
- closing	(481,135,313)	(590,910,936)	(481,135,313)	(590,910,936)
	664,648,186	573,604,523	366,848,766	282,394,611
	Half-year ended		Quarter-ended	
	December 31,	December 31,	December 31,	December 31,
	2013 (Un-audited)	2012 (Un-audited)	2013 (Un-audited)	2012 (Un-audited)
<b>12. EARNINGS PER SHARE – basic and diluted</b>				
Profit after taxation (Rupees)	265,355,749	120,488,793	127,449,764	50,667,171
		(Restated)		(Restated)
Weighted average number of Ordinary shares	70,000,000	70,000,000	70,000,000	70,000,000
Earnings per share (Rupees)	3.79	1.72	1.82	0.72

**HUM NETWORK LIMITED**  
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**13. TRANSACTIONS WITH RELATED PARTIES**

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

		December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
		Rupees	
Transactions during the period			
Related parties	Nature of transactions		
Associates	Purchase of television programs	169,950,000	63,150,000
Director of Hum Tv Inc.	Repayment of amount due	-	14,929
Spouse of a Director	Managerial Remuneration	4,447,800	-
	Repayment of amount due	2,535,600	-
Retirement fund	Contribution to fund	5,221,597	-
Key management personnel	Remuneration	146,144,740	91,961,525
Balances as at period / year end		December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		Rupees	
Advances		29,467,500	19,095,000
Other receivables		-	850,230
Trade and other payables		70,030,000	49,317,500

**14. DATE OF AUTHORIZATION**

These condensed interim consolidated financial statements have been authorised for issue on February 25, 2014 by the Board of Directors of the Holding Company.

**15. SUBSEQUENT EVENT**

The Board of Directors of the Holding Company in their meeting held on February 25, 2014 has recommended an interim cash dividend of 1.5 per share @ 15% amounting to Rs. 105,000,000 (2012: nil) along with bonus shares of 35% (2012: Nil) on the existing paid-up value of the ordinary share capital for approval of shareholders in the Extra Ordinary General Meeting.

These financial statements for the period ended December 31, 2013 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**16. GENERAL**

Amounts have been rounded off to the nearest rupee.

**MAZHAR-UL-HAQ SIDDIQUI**  
Chairman

**DURAID QURESHI**  
Chief Executive









Printed Matter

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