



3RD QUARTERLY REPORT MARCH 31, 2019 (UN-AUDITED)

HUM NETWORK LIMITED

HUM NETWORK LIMITED



Company Information

Board of Directors

Chairman
Directors

Mr Mazhar-ul-Haq Siddiqui
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
Mr. Shunaid Qureshi
Lt. Gen. (R) Asif Yasin Malik
Mr. Hasan Reza-ur-Rahim
Mr. Sohail Ansar

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

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

AUDIT COMMITTEE

Chairman
Members

Mr. Sohail Ansar
Mr. Shunaid Qureshi
Mrs. Mahtab Akbar Rashdi
Lt. Gen. (R) Asif Yasin Malik

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairman
Members

Mr. Sohail Ansar
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
Mr. Hassan Jawed
M/s. EY Ford Rhodes
Chartered Accountants
7th Floor Progressive Plaza,
Beaumont Road, Karachi
M/s. KPMG Taseer Hadi & Company
Chartered Accountants
1st Floor, Sheikh Sultan Trust Building
No.2, Beaumont Road, Karachi

Secretary
AUDITORS

INTERNAL AUDITORS

LEGAL ADVISOR

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

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
National Bank of Pakistan
The Bank of Punjab
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Habib Metropolitan Bank
MCB Bank Limited
Boston Private Bank & Trust
Barclays Bank PLC
Dubai Islamic Bank
Wells Fargo Bank

REGISTERED & HEAD OFFICE

Hum TV, Plot No. 10/11, Hassan Ali Street,
Off. I.I Chundrigar Road, Karachi -74000 UAN: 111 -486-111

REGISTRAR/TRANSFER AGENT

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

WEBSITE

www.humnetwork.tv

PAKISTAN STOCK EXCHANGE LIMITED

HUMNL

Director's Report

The Board of Directors of HUM Network Limited (HNL) takes pleasure in presenting the review on the financial and operational performance of the Company for the nine months period ended March 31, 2019.

Financial Performance:

The gross profit for the period was Rs. 258 million; the Company reported a loss before taxation of Rs. 329.3 million and a loss after taxation of Rs. 384 million resulting into loss per share of Re. 0.41 for the nine months period ended March 31, 2019. The loss is mainly attributable to decrease in revenue resulting from overall industry decline and economic instability in the country. However, owing to efficient cost management strategies and effective cost cuttings, we have managed to maintain the cost within the required parameters.

Operational Performance:

During the period, HNL's premier entertainment channel HUM TV, marked the completion of its striking fourteen-year journey. Since its inception, HUM TV has been a pioneer in its league, choosing new talent and bold subjects to breaking stereotypes and introducing plays with a strong social message.

As a part of the network's CSR activities and a vision to contribute positively towards the society, HNL collaborated with Fatmid Foundation for the blood donation drive.

During the period, HUM TV launched mega projects like "Aangan", "Ranjha Ranjha Kardi" and "Sanwari" which are stealing the limelight and have touched the audiences' hearts.

During the period, HUM Films was engaged in the distribution of various films which made impressive figures at the box offices.

HUM News has established itself as a popular brand by providing high-quality news, current affairs and informative content to the viewers. During the period, HUM News has engaged the audience with its morning show "Subah Say Agay" which is a unique blend of infotainment and entertainment. HUM Family is proud to have renowned journalists Muhammad Malik and Nadeem Malik on board. Their shows "Breaking Point with Malik" and "Nadeem Malik Live" have received appreciation from the audience.

The biggest family event, Masala Family Festival 2019 was back with a bang in Karachi in January 2019. The event provided a platform for the food mavens to enjoy Live Cooking Shows of Masala Chefs, Kids Arena, Food Court and shop their favourite brands under one roof.

During the period under review, the consolidated results were as follows:

	<u>Rupees</u>
Revenue – net	3,514,991,374
Gross Profit	403,357,841
Loss for the period – before taxation	(354,693,073)
Loss per share	(0.45)

Future Outlook:

In line with the traditions of HNL, HUM News also adheres to best media practices and is actively involved in delivering quality news, current affairs and infotainment content to the viewers. We are confident that HUM News would be able to excel its ratings and viewers' loyalty in near future.

Anticipating the changes taking place in this digital era, HNL ventured into the e-commerce market through HUM Mart. We are optimistic that we would be able to take advantage of the highly potential untapped market in the coming years.

The Scheme of Arrangement with M.D Productions (Private) Limited for acquisition of 55% holding has been pending sanction before the High Court of Sindh (the Court) at Karachi in J.C.M. Petition No. 46 of 2016, therefore; due to the inordinate delay in the matter proceeding with the Court, the Board of Directors of the Company have resolved, vide circulation on March 21, 2019, to withdraw the said petition as the Company and MD Productions do not wish to pursue the same. The Application for the withdrawal of the Scheme has been approved by the Court on April 23, 2019.

Furthermore, the Company has been authorized by the Board to explore the feasibility of, and enter into discussions for, the potential acquisition of up to 100% of the shareholding of M.D Productions (Private) Limited, including to carry out the necessary valuation and due diligence in respect of the same.

With the ever increasing number of broadband users in Pakistan and a worldwide shift of audience to online sources for viewing/purchasing of content through Video on Demand (VOD) platforms, a new digital market has started to emerge. HNL is well positioned to take advantage of aforesaid market trends, having partnerships with all major international VOD platforms such as Netflix, Ilix and ErosNow. Going forward, there are many new ventures underway, ready to exploit available growth opportunities in the digital genre.

Acknowledgement:

On behalf of the management, I take this opportunity to express gratitude to our shareholders, employees, customers, business partners and other stakeholders for their trust in the Company.

April 29, 2019
Karachi



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman

ڈائریکٹرز رپورٹ

ہم بہت دُرک لمپٹڈ (انچ این ایل) کے بورڈ آف ڈائریکٹرز کو ماہ کی اختتامی مدت ۳۱ مارچ ۲۰۱۹ء کیلئے کمپنی کی مالیاتی اور عملی کارکردگی کا جائزہ پیش کر رہے ہیں۔

مالیاتی کارکردگی:

دوران سال مجموعی نتائج میں بیلیٹ ۲۵۸ ملین روپے کا اضافہ ہوا، کمپنی کوکل انریکس خسارہ ۳۲۹.۳ ملین روپے ہوا اور بعد انریکس خسارہ بیلیٹ ۲۸۳ ملین روپے ہوا جس کے نتیجے میں نو ماہ کی اختتامی مدت ۳۱ مارچ ۲۰۱۹ء کو ۴۱۰ روپے فی شیئر خسارہ ہوا۔ یہ خسارہ بنیادی طور پر ملک میں پوری آمدنی شرح میں معاشی اور سیاسی عدم استحکام کے نتیجے میں آمدنی میں کمی کی وجہ سے ہوا۔ ایڈجسٹڈ لاگت، انتظامیہ کی کمکت عملی اور موثر لاگت کی کلنگ کی وجہ سے ہم نے ضروری متین مقدار کے آمد لاگت برقرار رکھی ہے۔

عملی کارکردگی:

دوران مدت انچ این ایل کے پیپلے ترنگی پینٹیل ہم فی وی نے اپنا چودہ سالہ سفر کامیابی سے طے کیا۔ اس کے آثار سے ہی ہم فی وی اس ایک میں اہم کردار ادا کر رہا ہے، اور سنے ٹیڈٹ کے ساتھ ساتھ دنیاوی خیالات کو ختم کرنے کیلئے مضبوط سماجی پیغام اور اہم موضوعات پر مشتمل ڈرامے پیش کر رہا ہے۔

نہت دُرک کے حصہ ہونے پر ایس آر سرگرمیاں اور سماجی میں مثبت کردار ادا کرنے کیلئے انچ این ایل نے خون کا علیہ کفر و فحش دینے کیلئے عالمیہ فاؤنڈیشن کے ساتھ تعاون کیا۔ دوران مدت ہم فی وی نے میگا پریڈیکشنس جیسا کہ ”آنگن“، ”را بھار بھار کروی“ اور ”ساواری“ کا آغاز کیا جس نے سامعین کے دلوں کو چھو لیا۔

اس مدت کے دوران ہم فلمز مختلف فلموں کی ڈسٹری بیوٹن میں شامل رہا جس کا پاس آفس پر پربت اثر رہا۔

ہم بھونڈے نے ناظرین کو اپنی معیاری تجزیں، موجودہ معاملات اور معلوماتی مواد فراہم کرنے کے ذریعہ خود کو پینٹیل براڈ کے طور پر قائم کیا ہے۔ دوران مدت ہم بھونڈا اپنے مارکنگ شو ”صبح سے آگے“ کے ساتھ ناظرین سے جڑا رہا جو کہ ایک مکمل تقریبی پروگرام ہے۔ ہم چلی کیو بیٹلس ٹیم کے ساتھ مل کر ایک پروگرام ”بریکنگ پوائنٹ دھدھ ملک“ اور ”ہم ملک لائو“ نے ناظرین سے بے حد داد وصول کی ہے۔

سب سے بڑا فیملی ایونٹ مارچ چلی کیو بیٹلس ۲۰۱۹ء جنوری ۲۰۱۹ء میں ایک بڑے ٹیک کے ساتھ کراچی میں دلچسپ آگیا ہے۔ اس ایونٹ میں لائیو کوک ٹاک آف معامیہ ٹیلس، کڈز اریٹا جو کورٹ اور ان کے پند یہ براڈ کیلئے بہترین پلیٹ فارم فراہم کیا۔

دوران مدت جائزہ کے تحت مختلف نتائج درج ذیل ہیں:	روپے
صافی آمدنی	۳۰۵۱۴۰۹۹۱.۳۷۴۳
کل نتائج	۴۰۳۳۵۷۸۴۱
دوران مدت قبل از انریکس خسارہ	(۳۵۴۲۹۳۰.۷۷۳)
فی شیئر خسارہ	(۰.۳۵)

مستقبل کا جائزہ:

انچ این ایل ہم بھونڈی روایات جس میں بہتر کارکردگی اور پیپلے پریکٹس نے اپنی معیاری تجزیں فراہم کرنے میں اہم کردار ادا کیا ہے، حالات حاضرہ کو بھی ناظرین نے بے حد پسند کیا۔ اس طریقہ کار میں مختلف اور موجودہ طرح عمل کو برقرار رکھا ہے اور ان میں امید ہے کہ ہم بھونڈو موجودہ شیئر مارکیٹ کیلئے ایک چیلنج ثابت ہوگا۔

انچ این ایل کے اس ڈیجیٹل ایسٹریٹیجی میں ہم کو کم مارت کے توسط سے ای کامرس مارکیٹ کے ذریعے آنے والے سالوں میں بے حد نتائج پیش قرار دیے گئے۔ ہم اس سال سے بے حد پیش کر رہے ہیں کہ ای کامرس کی کارکردگی کے تحت ہم اس فیملی سے بھی کامیابی حاصل کر لیں گے۔

۵۵ لیکھ شیئرز کے حصول کیلئے ایم پی پروڈکشنز (پرائیویٹ) لمپٹڈ کے ساتھ اختلافات کی انکیم ہائی کورٹ آف سندھ کراچی میں ہے۔ ای ایم پیٹن نمبر ۲۰۱۹/۲۰۱۹ م کے تحت ذیہ اتوا ہے۔ لہذا یہ معاملہ غیر معمولی تاخیر کے باعث عدالت میں آگے ہو رہا ہے، کمپنی کے بورڈ آف ڈائریکٹرز نے اس مسئلہ کا حل نکالنے ہونے سے طے کیا ہے کہ کمپنی کی ۲۱ مارچ ۲۰۱۹ء کے ریکولیشن کے تحت اس پیشین سے تبصرہ رہا ہو جائے اور ایم ڈی پر ڈکشن اس کی بیرونی نہیں کرنا چاہئے۔ اس انکیم سے تبصرہ داری کی درخواست کو کورٹ کی جانب سے مورخہ ۲۳ اپریل ۲۰۱۹ء کو منظور کر لیا گیا۔


مزید برآں، بورڈ کی جانب سے کمپنی کو ایم ڈی پروڈکشنز (پرائیویٹ) لمپٹڈ کے ۱۰۰ فیصد حصول کے امکانات کو تلاش کرنے اور بات چیت کیلئے اختیار دیا گیا ہے جس میں ضروری وجوہات اور اس طرح کی احتیاط بھی شامل ہیں۔


پاکستان میں براڈ بیڈ استعمال کرنے والوں کی تعداد میں اضافہ ہو رہا ہے جو کہ بیڈ یو آن ڈیٹا (وی او ڈی) پلیٹ فارم کے توسط سے آن لائن خرید و فروخت کیلئے پوری دنیا میں توجہ کا مرکز ہے اور اس سلسلے میں ایک نئی ڈیجیٹل مارکیٹ شریع کی کمی ہے۔ انچ این ایل اس وقت بہترین حالت میں ہے کہ وہ مذکورہ مارکیٹ کے طریقہ کار سے فائدہ اٹھائے۔ اس سلسلے میں تمام بڑے عالمی وی او ڈی پلیٹ فارم جیسا کہ انریکس، انریکس اور ایروڈا کے ساتھ شراکت داری قائم کی گئی ہے۔

اظہار تشکر:

انتظامیہ کی جانب سے ہم اپنے تمام شیئر ہولڈرز، ملازمین، کسٹمرز، کاروباری شراکت داران اور دیگر اسٹیک ہولڈرز کے ان کی مستقل سپورٹ پر خاصا شکرانہ تحسین پیش کر رہے ہیں جو کہ انہوں نے ہر سطح پر محنت سے آپ کی کمپنی کیلئے بہترین کارکردگی حاصل کی اور امید ہے کہ مستقبل میں بھی ان کی سپورٹ حاصل رہے گی۔

کراچی، ۲۹ اپریل ۲۰۱۹ء


مظفر الحق مدتی
چیئر مین


دیر فخریش
چیئر پرسن

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	----- Rupees -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,466,701,837	1,541,442,429
Intangible assets		48,455,242	41,071,541
Long term investments	6	336,898,431	288,898,431
Long term deposits		24,417,888	25,153,606
Television program costs	7	221,360,373	256,170,162
Deferred tax asset		79,833,855	102,187,697
		<u>2,177,667,626</u>	<u>2,254,923,866</u>
CURRENT ASSETS			
Inventories		23,491,363	18,196,684
Current portion of television program costs		213,385,799	219,364,710
Trade debts	8	1,700,955,525	1,738,105,890
Short Term Investments	9	634,993,079	600,248,556
Advances		182,723,666	203,449,568
Deposits and prepayments		20,102,760	23,332,017
Other receivables	10	188,170,762	173,222,841
Taxation – net		115,013,969	95,630,440
Cash and bank balances		321,432,116	165,743,041
		<u>3,400,269,039</u>	<u>3,237,293,747</u>
TOTAL ASSETS		<u>5,577,936,665</u>	<u>5,492,217,613</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		<u>2,364,437,174</u>	<u>2,748,003,928</u>
		<u>3,309,437,174</u>	<u>3,693,003,928</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		12,052,845	12,914,293
Long term financing	11	<u>1,071,627,916</u>	<u>1,094,155,062</u>
		<u>1,083,680,761</u>	<u>1,107,069,355</u>
CURRENT LIABILITIES			
Trade and other payables	12	867,110,131	635,316,268
Accrued markup		3,648,596	2,431,528
Short term Borrowings		-	17,803,070
Unclaimed dividend		6,153,649	6,153,649
Current portion of Long Term Financing		290,641,084	11,713,938
Current portion of liabilities against assets subject to finance lease		<u>17,265,270</u>	<u>18,725,877</u>
		<u>1,184,818,730</u>	<u>692,144,330</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u>5,577,936,665</u>	<u>5,492,217,613</u>

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


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2019
(UN-AUDITED)**

	Note	Nine months ended		Quarter-ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Rupees	Rupees	Rupees	Rupees
Revenue	14	2,968,737,753	3,559,540,392	880,804,984	1,127,128,604
Cost of production	15	(2,558,932,151)	(2,086,400,632)	(770,964,582)	(663,873,501)
Transmission cost		(151,790,821)	(113,998,607)	(52,373,319)	(60,996,524)
		(2,710,722,972)	(2,200,399,239)	(823,337,901)	(724,870,025)
Gross profit		258,014,781	1,359,141,153	57,467,083	402,258,579
Distribution costs		(244,779,460)	(229,516,921)	(70,155,639)	(82,820,040)
Administrative expenses		(383,121,644)	(407,050,347)	(118,938,996)	(133,550,064)
Other income		139,982,703	72,941,281	54,046,857	28,976,459
Finance costs		(99,396,574)	(16,852,598)	(42,380,702)	(11,791,433)
(Loss)/profit before taxation		(329,300,194)	778,662,568	(119,961,397)	203,073,501
Taxation					
- current		(31,912,718)	(60,318,998)	5,433,905	(11,660,694)
- deferred		(22,353,842)	10,191,881	(11,817,828)	1,078,041
		(54,266,560)	(50,127,117)	(6,383,923)	(10,582,653)
Net (loss)/profit after taxation		(383,566,754)	728,535,451	(126,345,320)	192,490,848
Earnings per share – basic and diluted		(0.41)	0.77	(0.13)	0.20

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


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2019
(UN-AUDITED)**

	Nine months ended		Quarter-ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees -----		----- Rupees -----	
(Loss) / profit after taxation	(383,566,754)	728,535,451	(126,345,320)	192,490,848
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	<u>(383,566,754)</u>	<u>728,535,451</u>	<u>(126,345,320)</u>	<u>192,490,848</u>

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



DURAIQ QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019	March 31, 2018
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(329,300,194)	778,662,568
Adjustments for:		
Depreciation	173,718,744	71,107,382
Amortization	9,632,392	6,405,737
Finance costs	99,396,574	16,852,596
Profit on bank accounts	(17,363,791)	(16,673,091)
Gain on disposal of property, plant and equipment	(1,590,157)	(1,008,830)
Unrealised exchange gain	(52,916,960)	(32,850,234)
	210,876,802	43,833,562
Operating profit before working capital changes	(118,423,392)	822,496,130
(Increase)/decrease in current assets		
Inventories	(5,294,679)	(99,114,348)
Television program costs	5,978,911	11,997,970
Trade debts	90,067,325	24,895,454
Advances Deposits & Prepayments	23,955,159	71,661,552
Other receivables	(14,947,921)	(89,051,951)
	99,758,795	(79,611,323)
Increase in current liabilities		
Trade and other payables	231,793,862	217,262,229
Cash generated from operations	213,129,265	960,147,036
Taxes paid	(51,296,249)	(81,010,766)
Finance costs paid	(98,179,505)	(15,244,674)
Profit received on deposit accounts	17,363,791	16,673,091
Long-term deposits	735,718	8,256,236
Television program costs	34,809,789	(17,156,920)
Net cash (used in)/generated from operating activities	116,562,809	871,664,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment & intangibles	(117,743,152)	(1,384,081,203)
Investments during the period - net	(82,744,523)	(59,999,980)
Proceeds from disposal of operating fixed assets	3,339,066	15,686,890
Net cash used in investing activities	(197,148,609)	(1,428,394,293)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(80,427,415)
Liabilities against assets subject to finance lease*	(2,322,055)	1,349,497
Long term financing obtained*	256,400,000	342,649,196
Net cash obtained from financing activities	254,077,945	263,571,278
Net increase/(decrease) in cash and cash equivalents	173,492,145	(293,159,012)
Cash and cash equivalents at the beginning of the period	147,939,971	417,329,304
Cash and cash equivalents at the end of the period	321,432,116	124,170,292

* No non-cash item is included in these activities

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


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2019
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Revenue Reserve Unappropriated Profit Rupees	Total
Balance as at July 01, 2017 – (Audited)	945,000,000	2,113,010,440	3,058,010,440
Final cash dividend for the year June 30, 2017 @ Rs. 0.1 per share	-	(94,500,000)	(94,500,000)
Profit after taxation for the period	-	728,535,451	728,535,451
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	728,535,451	728,535,451
Balance as at March 31, 2018	945,000,000	2,747,045,891	3,692,045,891
Balance as at July 01, 2018 – (Audited)	945,000,000	2,748,003,928	3,693,003,928
Loss after taxation for the period	-	(383,566,754)	(383,566,754)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(383,566,754)	(383,566,754)
Balance as at March 31, 2019	945,000,000	2,364,437,174	3,309,437,174

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


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Hum Network Limited (the Company) was incorporated in Pakistan on February 25, 2004 as a public limited company under the repealed Companies Ordinance, 1984. The Company is listed on Pakistan 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 programs with respect to information, entertainment, news, education, health, food, music and society.

2. BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.
- 2.3 During the period, IFRS 9 (Financial Instruments) became effective from July 1, 2018, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. S.R.O.229(I)/2019 dated 14th February 2019 has deferred the applicability of IFRS 9 till June 30, 2019. Accordingly the Company's financial statements for the nine months ended 31 March 2019 have been prepared considering the requirements of IAS 39 (Financial Instruments: Recognition and Measurement).

3. ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these unconsolidated 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, 2018 except for;

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
- IFRS 15 – Revenue from Contracts with Customers
- IAS 40 – Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22– Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except as follows:

3.2 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in transmission of satellite channels and its core areas of operation are production, advertisement, entertainment and media marketing. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018.

5. PROPERTY, PLANT AND EQUIPMENT	Note	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
		----- Rupees -----	----- Rupees -----
Operating fixed assets	5.1	1,466,701,837	1,501,592,770
Capital work-in-progress	5.2	-	39,849,659
		1,466,701,837	1,541,442,429

5.1 Operating fixed assets

Opening balance – at book value		1,501,592,771	262,435,796
Additions during the period / year – at cost	5.1.1	140,576,720	1,363,766,680
		1,642,169,491	1,626,202,476
Less:			
Disposals during the period / year – at book value		(1,748,910)	(2,401,584)
Depreciation charged during the period / year		(173,718,744)	(122,208,122)
		(175,467,654)	(124,609,706)
Closing balance – at book value		1,466,701,837	1,501,592,770

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Holding	----- Rupees -----	
5.1.1 Additions during the period/ year – at cost			
Owened			
Leasehold Land		-	693,313,283
Building on leasehold land		1,916,800	72,297,725
Leasehold improvements		1,523,135	95,436,530
Furniture and fittings		1,436,879	8,538,638
Motor vehicles		14,927,546	81,440,780
Audio visual equipment		92,038,779	268,526,505
Uplinking equipment		-	21,478,851
Office equipment		3,062,575	56,653,892
Computers		12,784,656	61,230,630
Leased			
Motor vehicles		12,886,350	4,849,846
		140,576,720	1,363,766,680
5.2 Capital work-in-progress			
Opening balance		39,849,659	4,077,524
Additions during the period / year		-	1,288,624,893
Transfers to operating fixed assets		(39,849,659)	(1,252,852,758)
Closing balance		-	39,849,659
6. LONG TERM INVESTMENTS – unquoted subsidiaries			
HUM TV, Inc. – USA			
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
HUM Network UK Ltd.			
553,677 Ordinary shares of 1 GBP	100%	95,923,751	95,923,751
Skyline Publications (Private) Ltd.			
3,999,997 Ordinary shares of Rs.10 each	100%	39,999,970	39,999,970
HUM Network FZ LLC – UAE			
2,400 Ordinary Shares of AED 1000 each	100%	69,802,371	69,802,371
Advance for future issue of shares		4,446,966	4,446,966
		74,249,337	74,249,337
HUMM Co. (Private) Limited			
4 ordinary shares of Rs. 10 each	100%	40	40
HUM Mart. (Private) Limited			
5,999,998 ordinary share of Rs. 10 each	100%	59,999,980	59,999,980
Advance for future issue of shares		48,000,000	-
		107,999,980	59,999,980
		336,898,431	288,898,431

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	Note	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
		Rupees	
7. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		384,062,756	384,062,756
In production		50,683,416	91,472,116
		434,746,172	475,534,872
Less: Current portion		213,385,799	219,364,710
		221,360,373	256,170,162
8. TRADE DEBTS			
Includes amount receivable from related parties as follows:			
Hum TV, Inc – USA		207,344,080	194,422,407
Hum Network UK Ltd		101,744,556	123,759,750
		309,088,636	318,182,157
9. SHORT TERM INVESTMENTS			
Designated at fair value through statement of profit or loss			
Quoted Shares			
Habib Bank Limited		7,949,400	-
United Bank Limited		8,371,800	-
Sui Nothern Gas Pipelines Ltd.		4,506,600	-
Pak Petroleum Ltd.		1,803,653	-
Inter.Steel Ltd.		3,201,500	-
		25,832,953	-
Mutual Funds			
Alfalsh Islamic Capital Preservation Plan 4 Class A			
1,496,703 units having Net Asset Value (NAV) of Rs.			
101.66 (2018: 1,496,096 units having NAV of Rs.			
100.041) each		155,300,901	149,670,314
BMA Empress Cash Fund			
6,680,600 units having NAV of Rs. 10.52 each		71,225,547	-
BMA Chundrigar Road Savings Fund			
(2018: 28,912,095 units having NAV of Rs. 8.669 each)		-	250,578,242
Corporate Bond			
Meezan Bank Ltd. Tier II Modaraba Sukuks	9.1	98,999,010	
(99 certificates with Face Value of Rs.1,000,000)		98,999,010	
Designated at amortized cost			
Term Deposit Receipt	9.2	200,000,000	-
		200,000,000	-
Term Finance Certificates	9.3	80,000,000	200,000,000
Add: Accrued profit thereon		3,634,668	-
		83,634,668	200,000,000
		634,993,079	600,248,556

9.1 These carry interest at the rate of 6-month KIBOR plus 0.50% (June 2018: nil) per annum and will mature latest on 22 September 2026.

9.2 The rate of return on these term deposit receipts range between 9.25% to 12.20% (June 2018: nil) per annum and will mature latest on 19 December 2019

9.3 These carry interest rate of 3-month KIBOR plus 1.55% (June 2018: 8.02%).

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	----- Rupees -----	
10. OTHER RECEIVABLES		
Includes balances receivable from related parties as follows:		
HUM TV, Inc	14,365,140	11,936,268
HUM Mart (Private) Limited	32,018,442	27,799,177
Sky Line Publication (Private) Limited	48,208,231	40,700,286
Newsline publication (Private) Limited	-	19,000
	<u>94,591,813</u>	<u>80,454,731</u>

11. LONG TERM FINANCING

Represents utilized portion of Diminishing Musharaka facility and Term Finance Loan amounting to Rs. 962 million and Rs. 400 million respectively carrying profit at the rate of 6 months KIBOR plus 1% per annum. The loan is repayable in 48 monthly equal monthly installments commencing latest from June 2019. The loan is secured by way of Equitable Mortgage over registered office, First pari passu constructive mortgage charge over land and first hypothecation charge over plant, machinery & equipment.

12. TRADE AND OTHER PAYABLES

Include amounts payable to related parties amounting to Rs.427,650,478 (June 30, 2018: Rs.272, 941,727/-).

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2018.

13.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited and Momina & Duraid Films (Private) Limited - related parties as at March 31, 2019 amounted to Rs. 426,092,900/- (June 30, 2018: Rs.210,009,500/-) and Nil (June 30,2018: Rs. 110,000,000) respectively. Commitment for purchase of television programs with other than related parties as at March 31, 2019 amounted to Rs.31,442,000 (June 30, 2018: Rs. 11,753,000/-).

	Nine months ended		Quarter-ended	
	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
Note	----- Rupees -----		----- Rupees -----	
14. REVENUE – net				
Advertisement revenue	2,508,153,903	3,112,220,253	779,750,576	996,858,423
Production revenue	74,149,531	130,425,287	6,707,265	53,709,397
Digital sales revenue	12,717,449	18,306,934	6,563,087	1,605,321
Subscription income	248,754,123	149,815,919	78,955,753	65,704,795
Film distribution revenue	124,962,747	148,771,999	8,828,303	9,250,668
14.1	<u>2,968,737,753</u>	<u>3,559,540,392</u>	<u>880,804,984</u>	<u>1,127,128,604</u>

14.1 Revenue is net off the following items:

Sales tax	356,891,516	468,518,498	110,048,752	145,196,919
Discount to customers	199,976,279	259,280,801	67,946,554	82,519,021
	<u>556,867,795</u>	<u>727,799,299</u>	<u>177,995,306</u>	<u>227,715,940</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

Nine months ended		Quarter-ended	
March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
----- Rupees -----		----- Rupees -----	

15. COST OF PRODUCTION

Cost of outsourced programs	1,168,875,024	1,185,081,632	398,668,148	403,133,808
Cost of in-house programs	398,459,544	296,813,987	34,216,689	76,358,070
Inventories consumed	-	167,865	-	-
Salaries and benefits	643,156,002	437,744,565	212,356,367	176,662,616
Depreciation	135,544,729	45,890,120	46,216,542	22,132,412
Amortisation	6,985,476	3,987,820	2,437,054	1,542,623
Traveling and conveyance	40,660,161	38,408,262	11,723,735	17,381,447
Utilities	14,853,391	13,355,259	3,733,767	4,753,146
Rent, rates and taxes	21,676,330	21,168,806	7,041,118	8,312,009
Insurance	20,497,191	9,513,940	6,437,098	4,008,090
Repair and maintenance	17,497,892	18,438,418	4,287,176	8,620,947
Fee and subscription	30,538,093	5,412,716	9,918,252	979,099
Communication expense	13,042,680	8,753,775	3,515,646	3,604,880
Security charges	1,959,292	2,498,806	256,810	1,095,153
Consultancy	3,731,010	4,144,771	820,998	1,394,942
Printing and stationery	666,636	178,840	199,182	32,195
	2,518,143,451	2,091,559,582	741,828,582	730,011,437
In production television programs - opening	91,472,116	86,240,166	79,819,416	91,399,116
In production television programs - closing	(50,683,416)	(91,399,116)	(50,683,416)	(91,399,116)
	2,558,932,151	2,086,400,632	770,964,582	730,011,437
Released / unreleased programs - opening	384,062,756	387,583,127	384,062,756	321,445,190
Released / unreleased programs - closing	(384,062,756)	(387,583,127)	(384,062,756)	(387,583,126)
	2,558,932,151	2,086,400,632	770,964,582	663,873,501

16. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associates, retirement funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

Related Party	Nature of transaction	Nine months Ended		Quarter Ended	
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
----- Rupees -----					
Subsidiaries	Subscription Income	29,694,222	8,507,500	10,454,913	8,507,500
	Management fee	-	1,630,875	-	-
	Investments made during the period	(48,000,000)	(59,999,980)	-	-
Associate	Purchases of television programs and movie	977,124,901	995,210,163	342,492,692	385,561,405
Key management personnel	Remuneration	99,705,598	206,108,458	27,736,915	62,130,891
	Directors Remuneration	525,000	675,000	175,000	250,000
Retirement fund	Contribution to provident fund	35,392,180	20,358,803	11,202,571	7,395,602

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are 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, 2018. There have been no change in any risk management policies since the year end.

18. GENERAL

18.1 Amounts have been rounded off to the nearest rupee.

18.2 Key management personnel remuneration corresponding figure in related party transactions note has been revised in line with the new definition of key management personnel under the directives issued by the Securities and Exchange Commission of Pakistan.

19. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on April 29, 2019 by the Board of Directors.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,506,518,875	1,572,987,351
Intangible assets		137,605,179	122,354,847
Long Term Investment		66,272,465	-
Long term deposits		43,462,190	39,218,507
Television program costs	5	221,360,373	256,170,162
Deferred tax asset		124,810,133	157,038,299
		<u>2,100,029,215</u>	<u>2,147,769,166</u>
CURRENT ASSETS			
Inventories		68,006,893	29,694,083
Current portion of television program costs	5	213,385,799	219,364,710
Trade debts	6	1,963,820,196	1,789,045,811
Short term investments	7	634,993,079	600,248,556
Advances		214,699,129	213,519,825
Trade deposits and short term prepayments		34,417,551	49,431,514
Other receivables		133,567,431	116,587,749
Taxation - net		115,587,653	93,985,301
Cash and bank balances		518,991,906	376,300,846
		<u>3,897,469,637</u>	<u>3,488,178,395</u>
TOTAL ASSETS		<u>5,997,498,852</u>	<u>5,635,947,561</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		2,446,270,352	2,819,477,235
		<u>3,391,270,352</u>	<u>3,764,477,235</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		12,052,845	12,914,293
Long term financing	8	1,071,627,916	1,094,155,062
		<u>1,083,680,761</u>	<u>1,107,069,355</u>
CURRENT LIABILITIES			
Trade and other payables		1,154,837,416	707,572,909
Accrued markup		3,648,596	2,431,528
Advance		50,001,724	-
Short term borrowings		-	17,803,070
Unclaimed dividend		6,153,649	6,153,649
Current portion of long term financing		290,641,084	11,713,938
Current portion of liabilities against assets subject to finance lease		17,265,270	18,725,877
		<u>1,522,547,739</u>	<u>764,400,971</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>5,997,498,852</u>	<u>5,635,947,561</u>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


DURAIQ GURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2019
(UN-AUDITED)**

	Note	Nine months ended		Quarter-ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Rupees	Rupees	Rupees	Rupees
Revenue	10	3,514,991,374	3,962,836,022	1,084,941,088	1,267,735,081
Cost of production	11	(2,741,293,412)	(2,131,505,611)	(839,458,485)	(647,051,322)
Transmission cost		(370,340,121)	(202,412,533)	(164,881,013)	(90,691,854)
		(3,111,633,533)	(2,333,918,144)	(1,004,339,498)	(737,743,176)
Gross profit		403,357,841	1,628,917,878	80,601,590	529,991,905
Distribution costs		(309,868,754)	(232,173,210)	(89,331,013)	(83,944,509)
Administrative expenses		(488,193,362)	(537,811,767)	(161,445,205)	(179,853,367)
Other income		140,638,193	72,938,580	54,041,791	29,076,240
Other expenses		(209,312)	-	(185,628)	-
Finance costs		(100,417,679)	(16,882,669)	(42,620,496)	(11,801,083)
(Loss)/profit before taxation		(354,693,073)	914,988,812	(158,938,961)	283,469,186
Taxation					
- current		(33,543,127)	(60,318,998)	4,168,671	(11,660,694)
- deferred		(39,206,591)	10,191,881	(17,715,647)	1,078,041
		(72,749,718)	(50,127,117)	(13,546,976)	(10,582,653)
Net (loss)/profit after taxation		(427,442,791)	864,861,695	(172,485,937)	272,886,533
Earnings per share – basic and diluted		(0.45)	0.92	(0.18)	0.29

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


DURAIQ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2019
(UN-AUDITED)**

	Nine months ended		Quarter-ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Net (loss)/profit after taxation	(427,442,791)	864,861,695	(172,485,937)	272,886,533
Other comprehensive income	54,235,908	19,648,352	13,036,605	7,871,153
Total comprehensive income	<u>(373,206,883)</u>	<u>884,510,047</u>	<u>(159,449,332)</u>	<u>280,757,686</u>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019	March 31, 2018
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(354,693,073)	914,988,812
Adjustments for:		
Depreciation	177,270,563	71,107,382
Amortization	11,257,105	6,405,737
Finance costs	100,417,679	16,882,669
Profit on bank accounts	(17,990,251)	(16,673,091)
Gain on disposal of property, plant and equipment	(1,590,157)	(1,008,830)
Exchange difference on translation of foreign currency	54,235,908	16,275,766
Exchange loss/(gain)	(52,916,960)	(32,850,234)
Reversal / provision for doubtful debts	-	82,063,454
	270,683,887	142,202,853
Operating profit before working capital changes	(84,009,186)	1,057,191,665
(Increase)/decrease in current assets		
Inventories	(38,312,810)	(99,281,148)
Television program costs	5,978,911	11,997,971
Trade debts	(121,857,424)	(259,768,193)
Advances, deposits and prepayments	13,834,659	56,497,548
Other receivables	(16,979,682)	(63,770,179)
	(157,336,346)	(354,324,001)
Increase in current liabilities		
Trade and other payables	447,264,506	295,465,984
Cash generated from operations	205,918,974	998,333,648
Taxes paid	(62,123,904)	(84,770,519)
Finance costs paid	(99,200,611)	(15,274,745)
Profit received on bank accounts	17,990,251	16,673,091
Long-term deposits	(4,243,683)	15,397,967
Television program costs	34,809,789	(17,156,920)
Net cash generated from operating activities	93,150,816	913,202,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(139,132,183)	(1,384,081,203)
Investments made-Net	(101,016,988)	-
Proceeds from sale of property, plant and equipment	3,412,816	15,686,890
Net cash used in investing activities	(236,736,355)	(1,368,394,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(80,427,415)
Long term financing acquired	256,400,000	342,649,196
Liabilities against assets subject to finance lease	(2,322,055)	1,349,497
Advance for future issue of shares	50,001,724	-
Net cash used in financing activities	304,079,669	263,571,278
Net increase / (decrease) in cash and cash equivalents	160,494,130	(191,620,513)
Cash and cash equivalents at the beginning of the period	358,497,776	496,936,869
Cash and cash equivalents at the end of the period	518,991,906	305,316,356

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


DURAIQ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Reserves		Total
			Unappropriated Profit	Sub-total	
Balance as at July 01, 2017	945,000,000	(8,125,872)	2,019,942,646	2,011,816,774	2,956,816,774
Net profit for the period	-	-	864,861,695	864,861,695	864,861,695
Other comprehensive income	-	19,648,352	-	19,648,352	19,648,352
Total comprehensive income	-	19,648,352	864,861,695	884,510,047	884,510,047
Final cash dividend for the year June 30, 2017 @ Rs. 0.1 per share			(94,500,000)	(94,500,000)	(94,500,000)
Balance as at March 31, 2018	945,000,000	11,522,480	2,790,304,341	2,801,826,821	3,746,826,821
Balance as at July 01, 2018	945,000,000	50,033,077	2,769,444,158	2,819,477,235	3,764,477,235
Net (loss)/profit for the period	-	-	(427,442,791)	(427,442,791)	(427,442,791)
Other comprehensive income	-	54,235,908	-	54,235,908	54,235,908
Total comprehensive income	-	54,235,908	(427,442,791)	(373,206,883)	(373,206,883)
Balance as at March 31, 2019	945,000,000	104,268,985	2,342,001,367	2,446,270,352	3,391,270,352

The annexed notes from 1 to 14 form an integral part of these condensed interim consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

- 1.1 HUM Network Limited (the Holding Company) was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Holding Company are quoted on Pakistan Stock Exchange.
- 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.

The 'Group' consists of

Holding Company

HUM Network Limited

Subsidiary Companies

	2019	2018
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK Limited	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (Private) Limited	100%	100%
HUM Mart (Private) Limited	100%	-

1.3 Nature of operations of subsidiaries

HUM TV, Inc., HUM Network UK LTD and HUM Network FZ LLC 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, UK and UAE 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, UK and UAE and will establish relations with advertisers, as well as develop US-based media materials, such as dramas, documentaries and other entertainment shows and events.

Skyline Publication (Private) Limited (SPL) is engaged in the publications of books and magazines. SPL has 100% equity in Newsline Publication (Private) Limited, which is engaged in publishing "Newsline" a monthly English magazine.

HUMM Co. (Private) Limited has been established with the purpose of developing and producing contents, shows and programs. Further, a scheme of arrangement with M.D Productions (Private) Limited (a related party) is pending approval with relevant authorities as of the year end.

During the year ended June 30, 2018, HUM Mart (Private) Limited was incorporated for the business of online shopping for grocery, household items and consumer goods.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared under the historical cost convention except of certain investments that have been measured at fair value.

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, 2018.

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
		----- Rupees -----	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	1,506,518,875	1,533,137,692
Capital work-in-progress		-	39,849,659
		<u>1,506,518,875</u>	<u>1,572,987,351</u>
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		1,533,137,692	268,867,228
Additions during the period / year	4.1.1	152,474,406	1,419,720,559
Less:			
Disposal during the period / year - at WDV		1,822,660	11,733,308
Depreciation charged during the period / year		<u>177,270,563</u>	<u>143,716,787</u>
		<u>1,506,518,875</u>	<u>1,533,137,692</u>
4.1.1 Additions during the period/year			
Owned			
Building on leasehold land		1,916,800	765,611,008
Leased hold improvement		1,523,135	109,324,544
Furniture and fittings		3,400,097	15,637,983
Vehicles		18,865,882	81,440,780
Audio visual equipment		92,038,779	268,526,505
Uplinking equipment		-	21,478,851
Office equipment		7,729,308	60,009,726
Computers		14,114,055	63,688,146
Leased			
Vehicles		12,886,350	34,003,016
		<u>152,474,406</u>	<u>1,419,720,559</u>
5. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		384,062,756	384,062,756
In production		<u>50,683,416</u>	<u>91,472,116</u>
		434,746,172	475,534,872
Less: Current portion		<u>213,385,799</u>	<u>219,364,710</u>
		<u>221,360,373</u>	<u>256,170,162</u>
6. TRADE DEBTS			
Considered good		1,963,820,196	1,789,045,811
Considered doubtful		<u>175,417,352</u>	<u>158,653,060</u>
		2,139,237,548	1,947,698,871
Less: Provision for doubtful debts		<u>175,417,352</u>	<u>158,653,060</u>
		<u>1,963,820,196</u>	<u>1,789,045,811</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	----- Rupees -----	
7. SHORT TERM INVESTMENTS			
Designated at fair value through statement of profit or loss			
Quoted Shares			
Habib Bank Limited		7,949,400	-
United Bank Limited		8,371,800	-
Sui Northern Gas Pipelines Ltd.		4,506,600	-
Pak Petroleum Ltd.		1,803,653	-
Inter.Steel Ltd.		3,201,500	-
		25,832,953	-
Mutual Funds			
Alfalalah Islamic Capital Preservation Plan 4 Class A			
1,497,574 units having Net Asset Value (NAV) of Rs. 103.70			
(2018: 1,496,096 units having NAV of Rs. 100.041) each		155,300,901	149,670,314
BMA Empress Cash Fund			
6,618,552 units having NAV of Rs. 10.76 each		71,225,547	-
BMA Chundrigar Road Savings Fund			
(2018: 28,912,095 units having NAV of Rs. 8.669 each)		-	250,578,242
Corporate Bond			
Meezan Bank Ltd. Tier II Modaraba Sukuks	9.1	98,999,010	-
(99 certificates with Face Value of Rs.1,000,000)		98,999,010	-
Designated at amortized cost			
Term Deposit Receipt	9.2	200,000,000	-
		200,000,000	-
Term Finance Certificates	9.3	80,000,000	200,000,000
Add: Accrued profit thereon		3,634,668	-
		83,634,668	200,000,000
		634,993,079	600,248,556
7.1 These carry interest at the rate of 6-month KIBOR plus 0.50% (June 2018: nil) per annum and will mature latest on 22September 2026.			
7.2 The rate of return on these term deposit receipts range between 9.25%to 12.20% (June 2018: nil) per annum and will mature latest on 19 December 2019			
7.3 These carry interest rate of 3-month KIBOR plus 1.55% (June 2018: 8.02%).			

8. LONG TERM FINANCING

Represents utilized portion of Diminishing Musharaka facility and Term Finance Loan amounting to Rs. 962 million and Rs. 400 million respectively carrying profit at the rate of 6 months KIBOR plus 1% per annum. The loan is repayable in 48 monthly equal monthly installments commencing latest from June 2019. The loan is secured by way of Equitable Mortgage over registered office, First pari passu constructive mortgage charge over land and first hypothecation charge over plant, machinery & equipment.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2019
(UN-AUDITED)**

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2018.

9.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited and Momina & Duraid Films (Private) Limited - related parties as at March 31, 2019 amounted to Rs. 426,092,900/- (June 30, 2018: Rs.210,009,500/-) and Nil (June 30, 2018: Rs. 110,000,000) respectively. Commitment for purchase of television programs with other than related parties as at March 31, 2019 amounted to 31,442,000 (June 30, 2018: Rs. 11,753,000/-).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	Note	Nine months ended		Quarter-ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		----- Rupees -----		----- Rupees -----	
10. REVENUE – net					
Advertisement revenue		2,853,838,774	3,504,594,515	879,461,322	1,133,219,021
Production revenue		74,149,531	130,425,287	6,924,574	53,709,397
Digital sales revenue		12,717,449	18,306,934	6,345,778	1,605,321
Subscription income		296,131,906	149,934,174	95,481,396	60,329,175
Film distribution revenue		162,370,034	159,575,112	39,504,505	18,872,167
Sale of goods		115,783,680	-	57,223,513	-
	10.1	<u>3,514,991,374</u>	<u>3,962,836,022</u>	<u>1,084,941,088</u>	<u>1,267,735,081</u>

10.1 Revenue is net off the following items:

Sales tax	356,891,516	468,518,498	110,048,752	145,196,919
Discount to customers	199,976,279	259,280,801	67,946,554	82,519,021
	<u>556,867,795</u>	<u>727,799,299</u>	<u>177,995,306</u>	<u>227,715,940</u>

		Nine months ended		Quarter-ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		----- Rupees -----		----- Rupees -----	
11. COST OF PRODUCTION					
Cost of outsourced programs		1,197,174,817	1,197,671,706	400,866,144	369,723,892
Cost of in-house programs		398,459,544	296,813,987	34,216,689	76,358,070
Inventories consumed		96,015,676	1,471,441	49,305,475	1,303,576
Salaries and benefits		666,691,780	450,240,668	219,500,611	181,562,038
Depreciation		137,405,641	45,890,120	46,954,669	22,019,203
Amortisation		7,016,333	3,987,820	2,447,340	1,542,623
Traveling and conveyance		45,747,704	38,871,335	12,710,826	17,603,404
Utilities		15,499,990	13,529,204	4,380,366	4,732,987
Rent, rates and taxes		36,064,518	22,339,934	11,757,506	8,539,208
Insurance		20,658,186	9,581,039	6,468,055	4,068,139
Repair and maintenance		19,016,666	18,615,536	4,818,683	8,664,078
Fee and subscription		30,538,093	5,412,716	9,918,252	979,099
Communication expense		14,113,766	8,864,726	3,875,666	3,608,519
Security charges		2,616,405	2,498,806	599,432	1,095,153
Consultancy		3,731,010	4,144,771	820,998	1,394,942
Training		-	-	-	-
Printing and stationery		9,754,583	16,730,752	1,681,773	9,994,327
		<u>2,700,504,712</u>	<u>2,136,664,561</u>	<u>810,322,485</u>	<u>713,189,258</u>
In production television programs					
- opening		91,472,116	86,240,166	79,819,416	91,399,116
In production television programs					
- closing		(50,683,416)	(91,399,116)	(50,683,416)	(91,399,116)
		<u>2,741,293,412</u>	<u>2,131,505,611</u>	<u>839,458,485</u>	<u>713,189,258</u>
Released / unreleased programs					
- opening		384,062,756	387,583,127	384,062,756	321,445,190
Released / unreleased programs					
- closing		(384,062,756)	(387,583,127)	(384,062,756)	(387,583,126)
		<u>2,741,293,412</u>	<u>2,131,505,611</u>	<u>839,458,485</u>	<u>647,051,322</u>

12. TRANSACTIONS WITH RELATED PARTIES

Related Party	Nature of transaction	Nine months Ended		Quarter Ended	
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited) <div style="text-align:center;">----- Rupees -----</div>	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Associate	Purchases of television programs and movie	977,124,901	995,210,163	342,492,692	385,561,405
Key management personnel	Remuneration	130,644,598	229,689,359	50,695,915	62,426,152
	Directors Remuneration	525,000	675,000	175,000	250,000
Retirement fund	Contribution to provident fund	35,392,180	20,358,803	11,202,571	7,395,602

These condensed interim consolidated financial statements have been authorised for issue on April 29, 2019 by the Board of Directors of the Holding Company.

14.1 Amounts have been rounded off to the nearest rupee.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

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