

1st Quarterly Report September 30, 2013

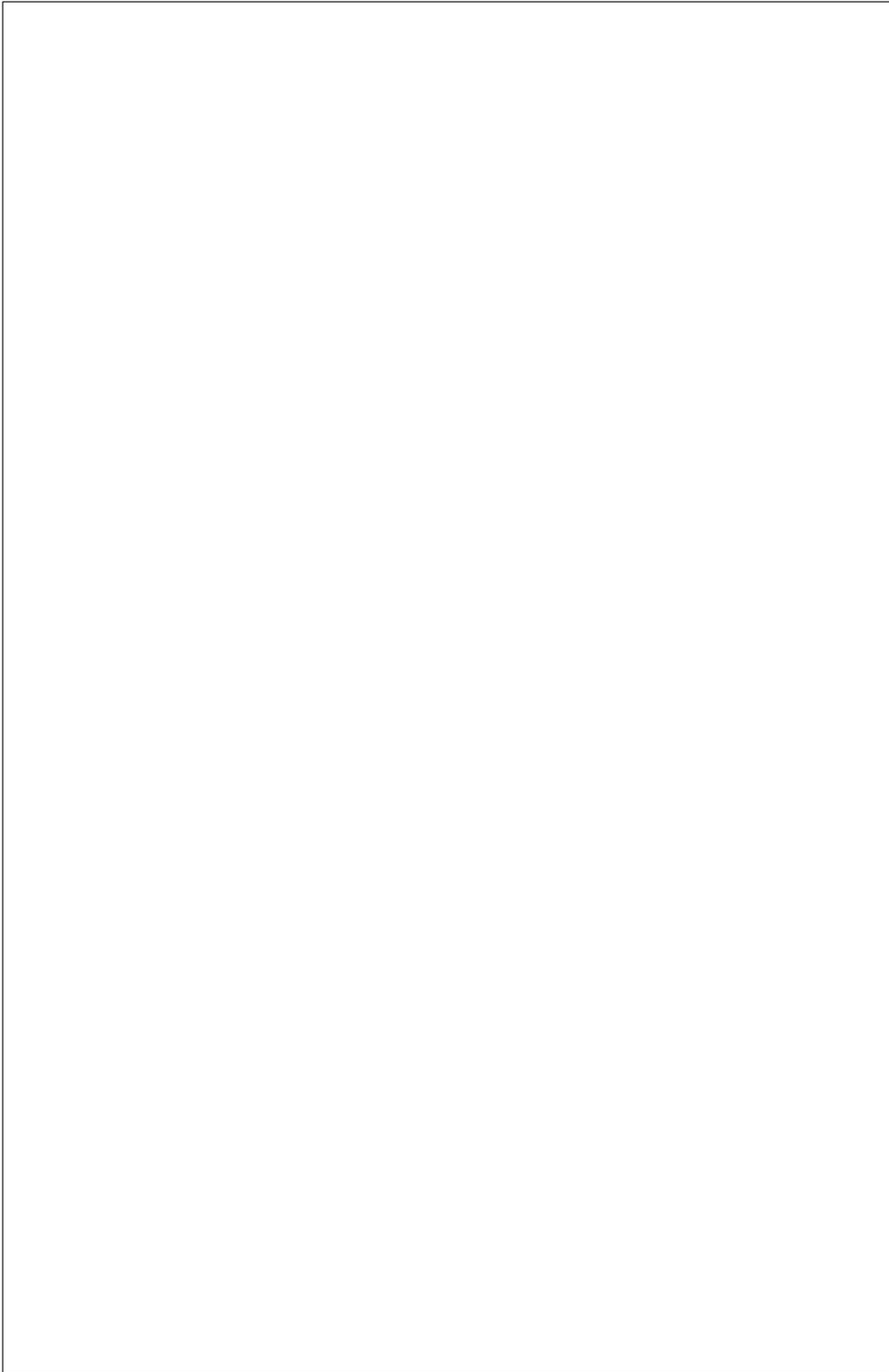
(un-Audited)



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. Duraid 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. Duraid Qureshi

AUDITORS

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

INTERNAL AUDITORS

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

LEGAL ADVISOR

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

BANKERS

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

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 Shakra-e-Faisal,
Karachi-74400

WEBSITES' INFORMATION

HUM NETWORK LIMITED: www.humnetwork.tv

KARACHI STOCK EXCHANGE SYMBOL

HUMNL

Directors' Report

On behalf of the Board of Directors, I am pleased to present the performance of the first quarter ended September 30, 2013.

Net revenues recorded for the quarter were Rs. 634M as compared to Rs. 524M of the corresponding period last year; hence, a positive variation of 21% amounting to Rs. 110M. Moreover, profit after tax increased by Rs. 63M from 75M to 138M for the quarter i.e. increase of 84% resulting in an increase in EPS by Rs. 0.9; i.e. from Rs. 1.07 to Rs. 1.97.

The first quarter of the fiscal year 2013 was quite happening as a number of special events were conducted successfully. These included Masala TV's Family Festival that was held for the first time in Lahore, Masala TV's 7th anniversary and Trade Development Authority of Pakistan (TDAP) Fashion event.

A two-day Masala Family Festival filled with fun, food, games, shopping and entertainment for everyone, was held at Expo- Center Lahore on September 14 and 15, 2013. The event was jam-packed on both days and a mammoth crowd of more than three lac people of all ages was witnessed having a wonderful time. This is the first time that the channel has brought the Masala Family Festival to Lahore. Earlier this year, when a similar festival had been organized in Karachi and had met with resounding success, the organizers had announced that they would take the Festival to Lahore later in the year, and they remained true to their words.

The 7th anniversary of Masala TV was celebrated in September. Over the last 7 years Masala TV has established itself as a leading channel in the food genre and continues to set the trend when it comes to content quality and presentation.

On the fashion front, HUM Network Limited was one of the major sponsors at Trade Development Authority of Pakistan (TDAP) Fashion show held in Karachi during the month of September. The events show cased products of internationally recognized Pakistan based designers. A number of foreign fashion experts and businessmen related to the fashion industry attended the event. Such events will definitely go a long way in projecting Pakistan's fashion industry globally.

The business performance in this quarter continues to be strong. Based on the strong financial performance of the network during this quarter, the outlook for the future looks positive.

Based on the quarter's results, the Board announced an interim cash dividend of Rs. 1.5 per share.

Consolidated results are as follows:

Revenue – net	<u>660,661,939</u>
Gross Profit	<u>332,693,499</u>
Profit for the period - before taxation	<u>201,838,151</u>
Earnings per share	<u>1.97</u>

October 23, 2013
Karachi

For & on behalf of the Board
Duraidd Qureshi
Chief Executive

**HUM NETWORK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2013**



		September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
	Note	----- Rupees -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	221,159,477	228,844,288
Intangible assets		15,542,540	9,923,463
Long term investment	5	18,725,514	18,725,353
Long term deposits		21,814,056	25,409,181
Television program costs		197,195,117	197,195,117
Deferred tax asset		10,404,770	2,241,543
		<u>484,841,474</u>	<u>482,338,945</u>
CURRENT ASSETS			
Inventories		1,336,447	893,927
Current portion of television program costs		312,248,819	289,858,307
Trade debts	6	682,656,023	682,276,965
Advances - unsecured, considered good	7	107,375,036	71,266,218
Deposits and prepayments		12,166,765	6,655,633
Other receivables - unsecured, considered good	8	41,810,818	32,344,438
Taxation – net		27,091,013	50,711,832
Cash and bank balances		533,579,255	155,726,559
		<u>1,718,264,176</u>	<u>1,289,733,879</u>
TOTAL ASSETS		<u>2,203,105,650</u>	<u>1,772,072,824</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 1,500,000,000 (June 30, 2013: 70,000,000) Ordinary shares of Rs.10/- Each		<u>1,500,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		700,000,000	500,000,000
Unappropriated profit		594,125,359	956,330,609
		<u>1,294,125,359</u>	<u>1,456,330,609</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		1,571,453	1,571,449
CURRENT LIABILITIES			
Trade and other payables	9	403,542,012	310,813,456
Accrued mark-up		1,041,096	-
Short term borrowing		200,000,000	-
Dividend payable		300,000,000	-
Unclaimed dividend		1,518,113	1,518,113
Current portion of: - liabilities against assets subject to finance lease		1,307,618	1,839,197
		<u>907,408,839</u>	<u>314,170,766</u>
COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>2,203,105,650</u>	<u>1,772,072,824</u>

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

**HUM NETWORK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

		September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	Note	----- Rupees -----	
Revenue – net	11	634,079,685	523,679,747
Cost of production	12	(297,799,420)	(291,209,912)
Transmission cost		(21,335,810)	(23,324,372)
		(319,135,230)	(314,534,284)
Gross profit		314,944,455	209,145,463
Distribution costs		(64,435,700)	(39,592,288)
Administrative expenses		(63,319,391)	(54,558,170)
		187,189,365	114,995,005
Other operating income		20,021,801	17,539,884
		207,211,166	132,534,889
Finance costs		(1,268,894)	(5,886,583)
Other charges		(4,215,355)	(2,532,699)
Profit before taxation		201,726,917	124,115,607
Taxation		(63,932,167)	(49,075,972)
Profit after taxation		137,794,750	75,039,635
Earnings per share – basic and diluted - restated		1.97	1.07

The annexed notes from 1 to 18 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 COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	----- Rupees -----	-----
Profit after taxation	137,794,750	75,039,635
Other comprehensive income	-	-
Total comprehensive income for the year	<u>137,794,750</u>	<u>75,039,635</u>

The annexed notes from 1 to 18 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 QUARTER ENDED SEPTEMBER 30, 2013

	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	201,726,917	124,115,607
Adjustments for :		
Reversal of provision of doubtful debt	(4,869,680)	-
Depreciation	9,880,583	6,115,052
Amortisation of intangible assets	707,330	331,632
Finance costs	1,268,894	5,886,583
Exchange loss	1,251,122	-
Profit on deposit accounts	(2,054,728)	(3,209,716)
Gain on disposal of operating fixed assets	-	(59,098)
Movement in provisions	9,747,820	3,320,658
	<u>15,931,341</u>	<u>12,385,111</u>
Operating profit before working capital changes	217,658,258	136,500,718
Working capital changes		
Decrease / (increase) in current assets		
Inventories	(442,520)	(86,152)
Television program costs	(22,390,512)	32,829,401
Trade debts	4,490,622	(47,304,176)
Advances - unsecured, considered good	(36,108,818)	(2,285,607)
Deposit and prepayments	(5,511,132)	(3,986,399)
Other receivables - unsecured, considered good	(9,466,380)	(16,121,590)
	<u>(69,428,741)</u>	<u>(36,954,523)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	81,729,614	55,506,499
Cash generated from operations	<u>229,959,131</u>	<u>155,052,694</u>
Taxes paid	(48,474,575)	(43,412,391)
Finance costs paid	(227,798)	(6,607,872)
Profit received on deposit accounts	2,054,727	3,478,474
Long term deposits	3,595,125	229,079
Gratuity paid	-	(1,323,163)
Television program costs	-	672,624
Net cash generated from operating activities	186,906,610	108,089,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,195,772)	(6,360,895)
Addition to intangible Assets	(6,326,406)	-
Long term investment in a subsidiary	(161)	(10,043,250)
Proceeds from the disposal of operating fixed assets	-	792,230
Net cash used in investing activities	<u>(8,522,339)</u>	<u>(15,611,915)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(531,575)	(305,533)
Dividends paid	-	(582,115)
Net cash used in financing activities	<u>(531,575)</u>	<u>(887,648)</u>
Net increase in cash and cash equivalents	<u>177,852,696</u>	<u>91,589,879</u>
Cash and cash equivalents at the beginning of the year	<u>155,726,559</u>	<u>(50,110,571)</u>
Cash and cash equivalents at the end of the year	13 <u>333,579,255</u>	<u>41,479,308</u>

The annexed notes from 1 to 18 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 QUARTER ENDED SEPTEMBER 30, 2013



	Issued, subscribed and paid-up capital	Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2012	500,000,000	618,533,416	1,118,533,416
Profit for the period	-	75,039,635	75,039,635
Other comprehensive income	-	-	-
Total comprehensive income	-	75,039,635	75,039,635
Balance as at September 30, 2012	<u>500,000,000</u>	<u>693,573,051</u>	<u>1,193,573,051</u>
Balance as at July 01, 2013	500,000,000	956,330,609	1,456,330,609
Profit for the period	-	137,794,750	137,794,750
Other comprehensive income	-	-	-
Total comprehensive income	-	137,794,750	137,794,750
Final cash dividend for the year ended June 30, 2013		(300,000,000)	(300,000,000)
Issue of two ordinary bonus shares for every five ordinary shares	200,000,000	(200,000,000)	-
Balance as at September 30, 2013	<u><u>700,000,000</u></u>	<u><u>594,125,359</u></u>	<u><u>1,294,125,359</u></u>

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1. THE COMPANY AND ITS OPERATIONS

- 1.1** HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2** The Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.
- 1.3** These financial statements are separate financial statements of the Company in which investment in a subsidiary is accounted for on the basis of direct equity interest and is not consolidated.

2. BASIS OF PRESENTATION

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

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2013.

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



		September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees -----	
Operating fixed assets	4.1	189,244,615	194,942,693
Capital work-in-progress		31,914,862	33,901,595
		<u>221,159,477</u>	<u>228,844,288</u>
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		194,942,693	176,516,790
Additions during the period / year	4.1.1	4,182,505	55,877,318
Less:			
Disposal during the period / year - at WDV	4.1.2	-	757,506
Depreciation charged during the period / year		9,880,583	36,693,909
		<u>189,244,615</u>	<u>194,942,693</u>
4.1.1 Additions during the period/year			
Owned			
Leased hold improvement		-	6,233,732
Furniture and fittings		443,098	1,308,746
Audio visual equipment		1,013,396	14,034,930
Uplinking equipment		307,413	23,789,931
Office equipment		25,100	2,196,479
Computers		2,393,498	5,837,059
Leased			
Vehicles		-	2,476,440
		<u>4,182,505</u>	<u>55,877,317</u>
4.1.2 Disposals during the period / year			
Owned			
Vehicles		-	733,132
Audio visual equipment		-	24,374
		<u>-</u>	<u>757,506</u>
5. LONG TERM INVESTMENT	Holding		
HUM Network UK Limited - unquoted subsidiary - at cost			
01 ordinary share of GBP 01 each	100%	161	-
HUM TV, Inc., unquoted subsidiary - at cost			
10,000 Common stock, \$ 0.01 at par	100%	8,603	8,603
Paid-in-capital		18,716,750	18,716,750
		<u>18,725,514</u>	<u>18,725,353</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
	----- Rupees -----	
6. TRADE DEBTS - unsecured		
Considered good	682,656,023	682,276,965
Considered doubtful	26,412,547	31,282,227
	709,068,570	713,559,192
Less: Provision for doubtful debts	26,412,547	31,282,227
	682,656,023	682,276,965
7. ADVANCES - unsecured, considered good		
Includes Rs. 17,887,500 (June 30, 2013: Rs. 12,892,500) and Rs. Nil (June 30, 2013: Rs. 6,202,500) paid to M.D Production (Private) Limited and MNM Productions, related parties respectively.		
8. OTHER RECEIVABLES - unsecured, considered good		
Includes Rs. 35,209,117 (June 30, 2013: Rs. 25,148,356) receivable from Hum Tv Inc., USA, a subsidiary.		
	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
	----- Rupees -----	
9. TRADE AND OTHER PAYABLES		
Creditors	9.1 184,606,877	171,585,156
Accrued liabilities	172,073,077	113,058,171
Withholding tax payable	21,928,641	6,701,891
Sales tax payable	4,064,559	3,271,960
Advances from customers	1,282,947	1,257,947
Workers' welfare fund	15,750,829	11,535,474
Others	3,835,082	3,402,857
	403,542,012	310,813,456
9.1	Includes Rs. 42,220,000/- (June 30, 2013: Rs. 30,855,500/-), Rs. Nil (June 30, 2013: Rs. 17,616,000/-), Rs. Nil (June 30, 2013: Rs. 846,000/-) due to related parties, M.D Production (Private) Limited, MNM Productions and Creations respectively.	

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



10. COMMITMENTS

10.1 Purchase of television programs commitments with M.D Production (Private) Limited and MNM Productions, related parties as at September 30, 2013 amounted to Rs. 108,212,500/- and Rs. 20,187,500/- (June 30, 2013: 34,750,000/- and Rs 6,000,000/-) respectively. Commitment for purchase of television programs with other than related parties as at September 30, 2013 amounted to Rs. 291,385,814/- (June 30, 2013: Rs. 218,054,964/-).

10.2 Commitment for rentals under Ijarah finance agreement:

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
	----- Rupees -----	
Within one year	1,574,844	1,852,062
After one year but not more than five years	1,620,618	2,014,329
10.2.1	<u>3,195,462</u>	<u>3,866,391</u>

10.2.1 This represents Ijarah Finance Facility entered into with Islamic Bank in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 3.195 million (June 30, 2013: Rs. 3.866 million) and are payable in monthly installments latest by November 2015. Taxes, repairs and replacement and insurance costs are to be borne by the muj'ir (lessor). These facilities are secured by on demand promissory note of Rs. 5.928 million (June 30, 2013: Rs. 5.928 million).

	Quarter Ended	
	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	----- Rupees -----	
11. REVENUE – net		
Advertisement revenue	906,612,478	747,278,852
Less: Agency commission	114,863,052	94,447,939
Sales tax	121,596,057	100,390,977
Discount to customers	49,779,847	46,716,092
	<u>286,238,956</u>	<u>241,555,008</u>
	620,373,522	505,723,844
Subscription income	7,871,250	15,055,903
Production revenue	5,834,913	2,900,000
	<u>634,079,685</u>	<u>523,679,747</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		Quarter Ended	
		September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
		----- Rupees -----	
12. COST OF PRODUCTION			
Cost of outsourced programs	12.1	210,336,019	167,942,717
Cost of in-house programs		27,225,016	20,214,998
Cost of inventory consumed		325,480	397,848
Salaries, wages and benefits		60,679,328	48,258,869
Depreciation		6,169,210	3,780,039
Traveling and conveyance		5,231,433	4,875,966
Utilities		2,532,523	3,647,071
Rent, rates and taxes		1,473,100	616,249
Insurance		381,816	1,951,324
Repair and maintenance		1,995,937	2,122,143
Fee and subscription		247,967	583,997
Communication		1,703,135	1,637,346
Security charges		363,957	419,459
Amortisation		520,861	249,643
Consultancy		757,777	923,142
Printing and stationery		246,373	87,076
		<u>320,189,932</u>	<u>257,707,887</u>
In production television programs - opening		5,918,111	14,170,763
In production television programs - closing		<u>(6,224,111)</u>	<u>(13,498,139)</u>
		319,883,932	258,380,511
Released / unreleased programs - opening		481,135,313	635,864,418
Released / unreleased programs - closing		<u>(503,219,825)</u>	<u>(603,035,017)</u>
		<u>297,799,420</u>	<u>291,209,912</u>

12.1 This included Rs. 1,283,808/- (September 30, 2012: Rs. 2,279,504/-) in respect of staff retirement benefits.

		Quarter Ended	
		September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
		----- Rupees -----	
13. CASH AND CASH EQUIVALENTS			
Cash and bank balances		533,579,255	81,527,442
Short term borrowing		<u>(200,000,000)</u>	<u>(40,048,134)</u>
		<u>333,579,255</u>	<u>41,479,308</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



14. TRANSACTIONS WITH RELATED PARTIES

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

			Quarter Ended	
			September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
			----- Rupees -----	
Related Party	Nature of relationship	Nature of transactions		
M.D. Production (Private) Limited	Chief Executive's spouse is Chief Executive Officer	Purchase of television programs	<u>66,450,000</u>	<u>30,300,000</u>
MNM Productions	Chief Executive's spouse is partner	Purchase of television programs	<u>6,000,000</u>	<u>-</u>
Creations	Chief Executive's Father-in-Law is the owner	Purchase of television programs	<u>-</u>	<u>28,800,000</u>
Media Gurus	Chief Executive's Sister-in-Law is the owner	Purchase of television programs	<u>-</u>	<u>37,700,000</u>
HUM TV, Inc.	Wholly owned subsidiary	Subscription income	<u>7,871,250</u>	<u>-</u>
HUM TV, Inc.	Wholly owned subsidiary	Collection on behalf of Hum Network Limited	<u>-</u>	<u>14,586,404</u>
HUM TV, Inc.	Wholly owned subsidiary	Investment in a subsidiary	<u>-</u>	<u>10,043,250</u>
Hum Network UK Limited	Wholly owned subsidiary	Investment in a subsidiary	<u>161</u>	<u>-</u>
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	<u>2,584,275</u>	<u>-</u>
Remuneration and key benefits to key management personnel		Remuneration	<u>77,920,256</u>	<u>51,470,373</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

15. ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 26, 2013 recommended a final cash dividend Re. 6/- per share @ 60% amounting to Rs. 300,000,000 (2012: Re. 1/- per Share) along with bonus shares of 40% (2012: NIL) on the paid-up value of the ordinary share capital as at June 30, 2013 approved by the shareholders in the Annual General Meeting held on October 22, 2013.

Further, the authorized and paid up share capital of the Company has been increased to Rs. 1,500,000,000 (June 30, 2013: 700,000,000) and Rs. 700,000,000 (June 30, 2013: Rs. 500,000,000) respectively.

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

16. INTERIM DIVIDEND

The Board of Directors in their meeting held on October 23, 2013 recommended an interim cash dividend of Rs. 1.5/- per share @ 15% amounting to Rs. 105,000,000 (2012: Rs. Nil) on the paid up value of the ordinary share capital as at September 30, 2013.

17. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 23, 2013 by the Board of Directors of the Company.

18. GENERAL

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

18.2 Figures have been rounded off to the nearest Rupee.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**

HUM NETWORK LIMITED
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2013

		September 30, 2013	June 30, 2013
		(Un-audited)	(Audited)
	Note	----- Rupees -----	-----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	225,563,678	233,302,670
Goodwill		1,390,911	1,304,892
Intangible assets		15,542,540	9,923,463
Long term deposits		23,032,603	26,552,369
Television program costs		197,195,117	197,195,117
Deferred tax asset		14,118,687	5,725,778
		<u>476,843,536</u>	<u>474,004,289</u>
CURRENT ASSETS			
Inventories		1,336,447	893,927
Current portion of television program costs		312,248,819	289,858,307
Trade debts	5	694,247,132	686,257,871
Advances - unsecured, considered good	6	107,375,036	71,266,218
Deposits and prepayments		14,066,413	9,296,070
Other receivables - unsecured, considered good		6,601,701	8,046,312
Taxation – net		27,091,013	50,711,832
Cash and bank balances		609,704,118	232,725,438
		<u>1,772,670,679</u>	<u>1,349,055,974</u>
TOTAL ASSETS		<u>2,249,514,215</u>	<u>1,823,060,264</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
1,500,000,000 (June 30, 2013: 70,000,000) ordinary shares of Rs.10/- each		<u>1,500,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		700,000,000	500,000,000
Unappropriated profit		592,198,605	952,853,578
		<u>1,292,198,605</u>	<u>1,452,853,578</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		1,571,453	1,571,449
CURRENT LIABILITIES			
Trade and other payables	7	451,877,329	365,277,927
Accrued mark-up		1,041,096	-
Short term borrowing		200,000,000	-
Dividend Payable		300,000,000	-
Unclaimed Dividend		1,518,113	1,518,113
Current portion of			
- liabilities against assets subject to finance lease		1,307,619	1,839,197
		<u>955,744,157</u>	<u>368,635,237</u>
COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>2,249,514,215</u>	<u>1,823,060,264</u>

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

HUM NETWORK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



		September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	Note	----- Rupees -----	
Revenue – net	9	660,661,939	527,952,497
Cost of production	10	(297,799,420)	(291,209,912)
Transmission cost		(30,169,020)	(25,460,747)
		(327,968,440)	(316,670,659)
Gross profit		332,693,499	211,281,838
Distribution costs		(65,620,100)	(43,200,388)
Administrative expenses		(79,760,341)	(57,752,200)
		187,313,058	110,329,250
Other operating income		20,021,801	17,539,884
		207,334,859	127,869,134
Finance costs		(1,281,353)	(5,889,906)
Other charges		(4,215,355)	(2,532,699)
Profit before taxation		201,838,151	119,446,529
Taxation		(63,932,167)	(47,488,313)
Net profit for the year		137,905,984	71,958,216
Earnings per share – basic and diluted - restated		1.97	1.03

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

HUM NETWORK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	----- Rupees -----	
Profit after taxation	137,905,984	71,958,216
Other comprehensive income	1,439,043	(119,298)
Total comprehensive income for the year	<u><u>139,345,027</u></u>	<u><u>71,838,918</u></u>

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

HUM NETWORK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	201,838,151	119,446,529
Adjustments for :		
Reversal of provision of doubtful debt	(4,869,680)	-
Depreciation	9,934,763	6,328,409
Amortisation of intangible assets	707,330	331,632
Finance costs	1,281,353	5,889,906
Exchange gain	1,251,122	(55,809)
Exchange difference on translation of foreign currency	1,439,043	-
Profit on deposit accounts	(2,054,728)	(3,209,716)
Gain on disposal of operating fixed assets	-	(59,098)
Movement in provisions	9,344,302	3,320,658
	<u>17,033,505</u>	<u>12,545,982</u>
Operating profit before working capital changes	218,871,657	131,992,511
Working capital changes		
Decrease / (increase) in current assets		
Inventories	(442,520)	(86,152)
Television program costs	(22,390,512)	32,829,401
Trade debts	(3,119,581)	(50,112,450)
Advances - unsecured, considered good	(49,499,443)	(8,649,981)
Deposit and prepayments	(4,770,343)	-
Other receivables - unsecured, considered good	1,444,611	(1,575,702)
	<u>(78,777,789)</u>	<u>(27,594,884)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	88,991,085	56,394,393
Cash generated from operations	229,084,953	160,792,020
Taxes paid	(48,474,575)	(43,412,391)
Finance costs paid	(227,798)	(6,611,195)
Profit received on deposit accounts	2,054,728	3,478,474
Long term deposits	3,595,125	1,629,076
Gratuity paid	-	(1,323,163)
Television program costs	-	672,624
Net cash generated from operating activities	186,032,433	115,225,445
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,195,772)	(6,360,895)
Addition to intangible assets	(6,326,406)	-
Disposal of property, plant and equipment	-	792,230
Net cash used in investing activities	(8,522,178)	(5,568,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(531,575)	(305,533)
Dividends paid	-	(582,115)
Net cash used in financing activities	(531,575)	(887,648)
Net increase in cash and cash equivalents	176,978,680	108,769,132
Cash and cash equivalents at the beginning of the year	232,725,438	(49,930,272)
Cash and cash equivalents at the end of the year	<u>409,704,118</u>	<u>58,838,860</u>

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive

HUM NETWORK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Issued, subscribed and paid-up capital	Reserves			Total
		Foreign exchange translation reserve	Unappropriated Profit	Sub-total	
Balance as at July 01, 2012	500,000,000	259,809	616,818,579	617,078,388	1,117,078,388
Profit for the year	-	-	71,958,216	71,958,216	71,958,216
Other comprehensive income	-	(119,298)	-	(119,298)	(119,298)
Total comprehensive income	-	(119,298)	71,958,216	71,838,918	71,838,918
Balance as at September 30, 2012	<u>500,000,000</u>	<u>140,511</u>	<u>688,776,795</u>	<u>688,917,306</u>	<u>1,188,917,306</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	-	-	137,905,984	137,905,984	137,905,984
Other comprehensive income	-	1,439,043	-	1,439,043	1,439,043
Total comprehensive income	-	1,439,043	137,905,984	139,345,027	139,345,027
Final cash dividend for the year ended June 30, 2013	-	-	(300,000,000)	(300,000,000)	(300,000,000)
Issue of two bonus ordinary shares for every five ordinary shares	200,000,000	-	(200,000,000)	(200,000,000)	-
Balance as at September 30, 2013	<u>700,000,000</u>	<u>2,478,408</u>	<u>589,720,197</u>	<u>592,198,605</u>	<u>1,292,198,605</u>

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

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive



1. THE COMPANY AND ITS OPERATIONS

The 'Group' consists of

1.1 Holding Company

HUM Network Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Holding Company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.

The Holding Company's principal business is to launch transnational satellite channels and aims at presenting a wide variety of cultural heritage. Its core areas of operation are production, advertisement, entertainment and media marketing. It covers a wide variety of programmes with respect to information, entertainment, news, education, health, food, music and society.

1.2 Subsidiary Companies

HUM TV, Inc. (the subsidiary company), having registered office at 4546 El Camino Real, #223 Los Altos, CA 94022 and HUM Network UK LTD having registered office at Evergreen House, Grafton Place, Euston, London, NW1 2DX, United Kingdom have been established with the purpose of providing entertainment programmes to the South Asian community by increasing presence in the United States of America (USA), Canada and UK respectively. The subsidiary companies will also serve as a platform for the Holding Company to explore avenues for greater distribution of the Holding Company brands in USA, Canada and UK and will establish relations with advertisers, as well as develop US and UK based media materials, such as dramas, documentaries and other entertainment shows and events.

HUM TV, Inc is a wholly owned subsidiary of the Holding Company with effect from April 01, 2011. HUM Network UK LTD is a wholly owned subsidiary of the Holding Company and was incorporated in United Kingdom on August 22, 2013.

2. BASIS OF PRESENTATION

"These condensed interim consolidated financial statements are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2013.

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2013.

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees -----	
Operating fixed assets	4.1	193,648,816	199,401,074
Capital work-in-progress		31,914,862	33,901,595
		<u>225,563,678</u>	<u>233,302,669</u>
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		199,401,074	179,344,247
Additions during the period / year	4.1.1	4,182,505	59,168,958
Less:			
Disposal during the period / year - at WDV	4.1.2	-	757,506
Depreciation charged during the period / year		9,934,763	38,354,625
		<u>193,648,816</u>	<u>199,401,074</u>
4.1.1 Additions during the period/year			
Owned			
Leased hold improvement		-	6,233,732
Furniture and fittings		443,098	1,308,746
Vehicles		-	3,186,417
Audio visual equipment		1,013,396	14,034,930
Up linking equipment		307,413	23,789,931
Office equipment		25,100	2,301,703
Computers		2,393,498	5,837,059
Leased			
Vehicles		-	2,476,440
		<u>4,182,505</u>	<u>59,168,958</u>
4.1.2 Disposals during the period / year - at WDV			
Owned			
Vehicles		-	733,132
Audio Visual equipment		-	24,374
		<u>-</u>	<u>757,506</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
5. TRADE DEBTS – unsecured	Note	----- Rupees -----
Considered good	694,247,132	686,257,871
Considered doubtful	26,412,547	31,282,227
	720,659,679	717,540,098
Less: Provision for doubtful debts	26,412,547	31,282,227
	694,247,132	686,257,871

6. ADVANCES - unsecured, considered good

Includes Rs. 17,887,500 (June 30, 2013: Rs. 12,892,500) and Rs. Nil (June 30, 2013: Rs. 6,202,500) paid to M.D Production (Private)Limited and MNM Productions, related parties respectively.

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
7. TRADE AND OTHER PAYABLES	Note	----- Rupees -----
Creditors	7.1	184,606,877
Accrued liabilities		180,236,519
Withholding tax payable		21,928,641
Sales tax payable		4,064,559
Advances from customers		41,454,822
Workers' welfare fund		15,750,829
Others		3,835,082
		451,877,329
		365,277,927

7.1 Includes Rs. 42,220,000/- (June 30, 2013: Rs. 30,855,500/-), Rs. Nil (June 30, 2013: Rs. 17,616,000/-),Rs. Nil (June 30, 2013: Rs. 846,000/-) due to related parties, M.D Production (Private) Limited, MNM Productions and Creations respectively.

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

8. COMMITMENTS

8.1 Purchase of television programs commitments with M.D Production (Private) Limited and MNM Productions, related parties as at September 30, 2013 amounted to Rs. 108,212,500/- and Rs. 20,187,500/- (June 30, 2013: 34,750,000/- and Rs 6,000,000/-) respectively. Commitment for purchase of television programs with other than related parties as at September 30, 2013 amounted to Rs. 291,385,814/- (June 30, 2013: Rs. 218,054,964/-).

8.2	Commitment for rentals under Ijarah finance agreement:	September 30, 2013	June 30, 2013
		(Un-audited)	(Audited)
		----- Rupees -----	
	Within one year	1,574,844	1,852,062
	After one year but not more than five years	1,620,618	2,014,329
8.2.1		<u>3,195,462</u>	<u>3,866,391</u>

8.2.1 Minimum future lease payments under the non-cancellable operating lease as of September 30, 2013 amounted to Rs. 1,894,139/- (June 30, 2013: Rs. 1,894,139/-)

	Quarter Ended	
	September 30, 2013	September 30, 2012
	(Un-audited)	(Un-audited)
	----- Rupees -----	
9. REVENUE – net		
Advertisement revenue	922,444,613	752,975,852
Less: Agency commission	117,503,558	95,872,189
Sales tax	121,596,057	100,390,977
Discount to customers	49,779,847	46,716,092
	<u>288,879,462</u>	<u>242,979,258</u>
	633,565,151	509,996,594
Subscription income	21,261,875	15,055,903
Production revenue	5,834,913	2,900,000
	<u>660,661,939</u>	<u>527,952,497</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013



	Note	Quarter Ended	
		September 30,	September 30,
		2013	2012
		(Un-audited)	(Un-audited)
		----- Rupees -----	
10. COST OF PRODUCTION			
Cost of outsourced programs		210,336,019	167,942,717
Cost of in-house programs		27,225,016	20,214,998
Cost of inventory consumed		325,480	397,848
Salaries, wages and benefits	10.1	60,679,328	48,258,869
Depreciation		6,169,210	3,780,039
Traveling and conveyance		5,231,433	4,875,966
Utilities		2,532,523	3,647,071
Rent, rates and taxes		1,473,100	616,249
Insurance		381,816	1,951,324
Repair and maintenance		1,995,937	2,122,143
Fee and subscription		247,967	583,997
Communication expense		1,703,135	1,637,346
Security charges		363,957	419,459
Amortisation		520,861	249,643
Consultancy		757,777	923,142
Printing and stationery		246,373	87,076
		<u>320,189,932</u>	<u>257,707,887</u>
In production television programs - opening		5,918,111	14,170,763
In production television programs - closing		(6,224,111)	(13,498,139)
		<u>319,558,452</u>	<u>258,380,511</u>
Released / unreleased programs - opening		481,135,313	635,864,418
Released / unreleased programs - closing		(503,219,825)	(603,035,017)
		<u>297,799,420</u>	<u>291,209,912</u>

This included Rs. 1,283,808/- (September 30, 2012: Rs. 2,279,504/-) in respect of staff retirement benefits.

	Quarter Ended	
	September 30,	September 30,
	2013	2012
	(Un-audited)	(Un-audited)
	----- Rupees -----	
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	609,704,118	98,886,994
Short term borrowing	(200,000,000)	(40,048,134)
	<u>409,704,118</u>	<u>58,838,860</u>

HUM NETWORK LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

12. TRANSACTIONS WITH RELATED PARTIES

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

Related Party	Nature of relationship	Nature of transactions	Quarter Ended	
			September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
			----- Rupees -----	-----
M.D. Production (Private) Limited	Chief Executive's spouse is Chief Executive Officer	Purchase of television programs	<u>66,450,000</u>	<u>30,300,000</u>
MNM Productions	Chief Executive's spouse is partner	Purchase of television programs	<u>6,000,000</u>	<u>-</u>
Creations	Chief Executive's Father-in-Law is the owner	Purchase of television programs	<u>-</u>	<u>28,800,000</u>
Media Gurus	Chief Executive's Sister-in-Law is the owner	Purchase of television programs	<u>-</u>	<u>37,700,000</u>
Hum Network Limited Employees' Provident Fund	Retirement fund	Contribution to fund	<u>2,584,275</u>	<u>-</u>
Ms. Moomal Shunaid	Spouse of a Director	Managerial Remuneration	<u>2,205,000</u>	<u>-</u>
Ms. Malika Junaid	Director of Hum Tv Inc.	Repayment of amount due	<u>-</u>	<u>14,929</u>
Remuneration and key benefits to key management personnel		Remuneration	<u>87,321,456</u>	<u>53,611,256</u>

13. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on September 26, 2013 recommended a final cash dividend Re. 6/- per share @ 60% amounting to Rs. 300,000,000 (2012: Re. 1/- per Share) along with bonus shares of 40% (2012: NIL) on the paid-up value of the ordinary share capital as at June 30, 2013 approved by the shareholders in the Annual General Meeting held on October 22, 2013.

Further, the authorized and paid up share capital of the Company has been increased to Rs. 1,500,000,000 (June 30, 2013: 700,000,000) and Rs. 700,000,000 (June 30, 2013: Rs. 500,000,000) respectively.

14. INTERIM DIVIDEND

The Board of Directors of the Holding Company in their meeting held on October 23, 2013 recommended an interim cash dividend Re. 1.5/- per share @ 15% amounting to Rs. 105,000,000 (2012: Rs. Nil) on the paid-up value of the ordinary share capital as at September 30, 2013.

15. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on October 23, 2013 by the Board of Directors of the Company.

16. GENERAL

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

16.2 Figures have been rounded off to the nearest Rupee.

MAZHAR-UL-HAQ SIDDIQUI
Chairman

DURAIQ QURESHI
Chief Executive



Printed Matter

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