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HALF YEARLY REPORT
DECEMBER 31, **2014**
[UN-AUDITED]

HUM Network **10**th Anniversary



HUM NETWORK LIMITED



Mr. Mazhar-ul-Haq Siddiqui
Ms. Sultana Siddiqui

Directors' Report

On behalf of the Board of Directors, I am pleased to present the performance of the half year ended December 31, 2014.

Net revenues recorded for the six months were Rs. 1.8 billion as compared to Rs. 1.35 billion of the corresponding period last year; hence, a positive variation of 33% amounting to Rs. 448M. Moreover, profit after tax increased by Rs. 87M from Rs. 280M to Rs. 367M for the period i.e. increase of 31% resulting in an increase in EPS by Re. 0.09 ; i.e. from Re. 0.30 (Restated) to Re. 0.39.

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

HUM TV celebrated its 10th Anniversary this year. The channel continues to provide top quality entertainment content both in the local and the international entertainment industry. In addition to serials, soaps and telefilms, the channel also organized quality musical concerts / events with the top celebrities of South Asia. In line with the same tradition the Network organized a grand musical evening with Rahat Fateh Ali Khan in Lahore during the period.

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

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

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

In the last quarter, the Company has sub-divided its each ordinary share having face value of Rs. 10/- into 10 ordinary shares of Re. 1/- each. The primary motive of share split was to increase the liquidity and therefore shares seemed more affordable to small investors even though the underlying value of the company has not changed. Such stock split was really appreciated by the stakeholders and shaped optimistic standing in the stock market.

The Network has also acquired "NEWSLINE" magazine Inc. which is among top socio political magazine in Pakistan and is very well respected and received in the academic, intellectual and educated community within the country, over the years "NEWSLINE" has become a very strong brand in socio political journalism.

Based on the results, the Board has announced an interim cash dividend of Re. 0.175 /- per share at the face value of Re.1/- per share.

Consolidated results are as follows:

| | <u>Rupees</u> |
|---|---------------|
| Revenue – net | 1,841,972,863 |
| Gross Profit | 847,589,540 |
| Profit for the period – before taxation | 447,410,441 |
| Earnings per share – Re. | 0.36 |

Future Outlook

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

February 19, 2015
Karachi

For & On behalf of the Board of Directors



Duraid Qureshi
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of **Hum Network Limited** as at **31 December 2014**, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, and unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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



Chartered Accountants
Review Engagement Partner : Khurram Jameel
Date: 19 February 2015
Place: Karachi

**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

| | | December 31, 2014 | June 30, 2014 |
|--|------|----------------------|----------------------|
| | | (Un-audited) | (Audited) |
| | Note | Rupees | Rupees |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 252,696,591 | 212,673,251 |
| Intangible assets | | 12,168,229 | 13,315,502 |
| Long term investments | 5 | 131,485,034 | 97,597,764 |
| Long term deposits | | 22,908,806 | 20,732,956 |
| Television program costs | 6 | 267,659,113 | 248,419,271 |
| Deferred tax asset | 7 | 41,589,333 | 697,152 |
| | | 728,507,106 | 593,435,896 |
| CURRENT ASSETS | | | |
| Inventories | | 6,530,927 | 5,956,137 |
| Current portion of television program costs | 6 | 335,396,306 | 304,853,048 |
| Trade debts | 8 | 928,145,402 | 776,328,171 |
| Advances | | 193,305,047 | 145,433,634 |
| Deposits and prepayments | | 13,207,326 | 10,422,534 |
| Other receivables | 9 | 107,185,600 | 11,993,781 |
| Cash and bank balances | | 70,474,883 | 106,516,721 |
| | | 1,654,245,491 | 1,361,504,026 |
| TOTAL ASSETS | | 2,382,752,597 | 1,954,939,922 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | 10 | 1,500,000,000 | 1,500,000,000 |
| Issued, subscribed and paid-up share capital | 11 | 945,000,000 | 945,000,000 |
| Unappropriated profit | | 511,305,042 | 451,315,585 |
| | | 1,456,305,042 | 1,396,315,585 |
| NON-CURRENT LIABILITIES | | | |
| Liabilities against assets subject to finance lease | | 16,166,531 | 2,734,293 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 575,589,431 | 545,007,065 |
| Accrued markup | | 5,985,722 | 942,584 |
| Short term borrowings | 12 | 299,699,845 | - |
| Dividend payable | | 5,848,108 | 4,250,835 |
| Taxation – net | | 15,561,064 | 4,065,180 |
| Current portion of liabilities against assets subject to finance lease | | 7,596,854 | 1,624,380 |
| | | 910,281,024 | 555,890,044 |
| CONTINGENCIES AND COMMITMENTS | 13 | | |
| TOTAL EQUITY AND LIABILITIES | | 2,382,752,597 | 1,954,939,922 |

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIID QURESHI
Chief Executive

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | Note | Half-year ended | | Quarter-ended | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | | Rupees | | Rupees | |
| Revenue | 14 | 1,797,134,054 | 1,349,049,540 | 896,072,304 | 713,223,090 |
| Cost of production | 15 | (901,805,649) | (664,648,186) | (443,653,941) | (366,848,766) |
| Transmission cost | | (41,639,952) | (65,290,187) | (21,077,311) | (43,954,377) |
| | | (943,445,601) | (729,938,373) | (464,731,252) | (410,803,143) |
| Gross profit | | 853,688,453 | 619,111,167 | 431,341,052 | 302,419,947 |
| Distribution costs | | (222,947,844) | (152,994,979) | (127,419,199) | (88,559,279) |
| Administrative expenses | | (196,488,710) | (149,490,032) | (102,577,595) | (86,170,641) |
| | | 434,251,899 | 316,626,156 | 201,344,258 | 127,690,027 |
| Other charges | | (9,746,191) | (7,416,765) | (4,650,187) | (3,201,410) |
| Other income | | 60,318,974 | 61,336,861 | 38,102,099 | 43,061,825 |
| Finance costs | | (7,262,761) | (7,124,770) | (6,938,466) | (5,855,876) |
| Profit before taxation | | 477,561,921 | 363,421,482 | 227,857,704 | 161,694,566 |
| Taxation | | | | | |
| - current | | (151,339,645) | (93,025,998) | (76,313,266) | (20,930,603) |
| - deferred | | 40,892,181 | 10,133,732 | 26,555,564 | 1,970,504 |
| | | (110,447,464) | (82,892,266) | (49,757,702) | (18,960,099) |
| Net profit for the period | | 367,114,457 | 280,529,216 | 178,100,002 | 142,734,467 |
| Earnings per share basic and diluted | 16 | Re. 0.39 | Re. 0.30 | Re. 0.19 | Re. 0.15 |

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIID QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)

| | Half-year ended | | Quarter-ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | ----- Rupees ----- | ----- Rupees ----- | ----- Rupees ----- | ----- Rupees ----- |
| Net profit for the period | 367,114,457 | 280,529,216 | 178,100,002 | 142,734,467 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 367,114,457 | 280,529,216 | 178,100,002 | 142,734,467 |

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | December 31, 2014 | December 31, 2013 |
|---|----------------------|----------------------|
| | ----- (Rupees) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 477,561,921 | 363,421,482 |
| Adjustments for: | | |
| Depreciation | 24,036,684 | 19,223,529 |
| Amortization | 1,651,273 | 1,528,253 |
| Finance costs | 7,262,761 | 7,124,770 |
| Profit on deposit accounts | (4,213,589) | (12,479,717) |
| Gain on disposal of property, plant and equipment | - | (1,944,400) |
| Exchange gain | 66,668 | (5,238,080) |
| Reversal of provision for doubtful debts | - | (4,869,680) |
| Worker's Welfare Fund | 9,746,191 | 7,416,765 |
| | <u>38,549,988</u> | <u>10,761,440</u> |
| Operating profit before working capital changes | <u>516,111,909</u> | <u>374,182,922</u> |
| (Increase)/decrease in current assets | | |
| Inventories | (574,790) | 21,054,780 |
| Current portion of television program costs | (30,543,258) | (3,046,947) |
| Trade debts | (151,817,231) | 90,559,211 |
| Advances, deposits and prepayments | (50,656,205) | (114,339,441) |
| Other receivables | (95,191,819) | (19,781,165) |
| | <u>(328,783,303)</u> | <u>(25,553,562)</u> |
| Increase in current liabilities | | |
| Trade and other payables | 20,769,507 | 178,660,585 |
| Cash generated from operations | <u>208,098,113</u> | <u>527,289,945</u> |
| Taxes paid | (139,843,761) | (73,654,624) |
| Finance costs paid | (2,219,624) | (5,459,277) |
| Profit received on deposit accounts | 4,213,590 | 12,479,718 |
| Long-term deposits | (2,175,850) | 3,595,125 |
| Television program costs | (19,239,842) | 1,924,947 |
| Net cash generated from operating activities | <u>48,832,626</u> | <u>466,175,834</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and intangibles | (64,564,024) | (23,964,988) |
| Investment made in a subsidiary | (33,887,270) | (31,788,411) |
| Proceeds from sale of property, plant and equipment | - | 4,721,576 |
| Net cash used in investing activities | <u>(98,451,294)</u> | <u>(51,031,823)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (305,527,727) | (403,935,844) |
| Liabilities against assets subject to finance lease | 19,404,712 | (1,326,996) |
| Net cash used in financing activities | <u>(286,123,015)</u> | <u>(405,262,840)</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(335,741,683)</u> | <u>9,881,171</u> |
| Cash and cash equivalents at the beginning of the period | <u>106,516,721</u> | <u>155,726,559</u> |
| Cash and cash equivalents at the end of the period | <u>(229,224,962)</u> | <u>165,607,730</u> |
| Cash and cash equivalents | | |
| Cash and bank balances | 70,474,883 | 165,607,730 |
| Short term borrowings | (299,699,845) | - |
| | <u>(229,224,962)</u> | <u>165,607,730</u> |

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | Issued, subscribed and paid-up share capital | Unappropriated profit | Total |
|---|---|--------------------------|----------------------|
| | -----Rupees----- | | |
| Balance as at July 01, 2013 | 500,000,000 | 956,330,609 | 1,456,330,609 |
| Final cash dividend for the yearended June 30, 2013 @ Rs. 6 per share | - | (300,000,000) | (300,000,000) |
| Issue of bonus shares @ 40% | 200,000,000 | (200,000,000) | - |
| Interim cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share | - | (105,000,000) | (105,000,000) |
| Net profit for the period | - | 280,529,216 | 280,529,216 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the period | - | 280,529,216 | 280,529,216 |
| Balance as at December 31, 2013 | <u>700,000,000</u> | <u>631,859,825</u> | <u>1,331,859,825</u> |
| Balance as at July 01, 2014 | 945,000,000 | 451,315,585 | 1,396,315,585 |
| Final cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share | - | (141,750,000) | (141,750,000) |
| Interim cash dividend for the year ending June 30, 2015 @ Rs. 1.75 per share | - | (165,375,000) | (165,375,000) |
| Net profit for the period | - | 367,114,457 | 367,114,457 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the period | - | 367,114,457 | 367,114,457 |
| Balance as at December 31, 2014 | <u>945,000,000</u> | <u>511,305,042</u> | <u>1,456,305,042</u> |

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements are unaudited but subject to limited scope review by auditors, except for the figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2014.
- 2.2 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investment in subsidiaries is stated at cost less impairment, if any.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
-Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
-Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

The adoption of the above accounting standards and interpretations did not have any effect on the unconsolidated condensed interim financial statements.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Note | December 31, 2014 (Un-audited) | June 30, 2014 (Audited) |
|--|----------------|--------------------------------------|-------------------------------|
| | | Rupees | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating assets | 4.1 | 235,105,566 | 195,615,565 |
| Capital work-in-progress | | 17,591,025 | 17,057,686 |
| | | <u>252,696,591</u> | <u>212,673,251</u> |
| 4.1 Operating assets | | | |
| Opening balance – at book value | | 195,615,565 | 194,942,693 |
| Additions during the period/year – at cost | 4.1.1 | 63,526,685 | 41,934,952 |
| | | <u>259,142,250</u> | <u>236,877,583</u> |
| Less: | | | |
| Disposals during the period / year - at book value | | - | (11,083,360) |
| Depreciation charged during the period/year | | (24,036,684) | (30,223,658) |
| | | <u>(24,036,684)</u> | <u>(41,262,018)</u> |
| Closing balance – at book value | | <u>235,105,566</u> | <u>195,615,565</u> |
| 4.1.1 Additions during the period / year | | | |
| Owned | | | |
| Leasehold improvements | | - | 1,090,538 |
| Furniture and fittings | | 16,068 | 9,478,016 |
| Motor vehicles | | 12,238,800 | 8,180,720 |
| Audio visual equipment | | 19,498,528 | 4,930,140 |
| Uplinking equipment | | - | 1,285,833 |
| Office equipment | | 2,421,787 | 1,626,378 |
| Computers | | 6,447,562 | 11,972,097 |
| Leased | | | |
| Motor vehicles | | 22,903,940 | 3,371,230 |
| | | <u>63,526,685</u> | <u>41,934,952</u> |
| 5. LONG TERM INVESTMENTS | | | |
| Unquoted subsidiaries | | | |
| HUM TV, Inc. – USA | Holding | | |
| 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 |
| | | <u>18,725,353</u> | <u>18,725,353</u> |
| HUM Network UK Ltd. | | | |
| 1 Ordinary share of 1 GBP | 100% | 161 | 161 |
| Advance for future issue of shares | | 92,759,550 | 78,872,250 |
| | | <u>92,759,711</u> | <u>78,872,411</u> |
| Skyline Publications (Private) Ltd. | | | |
| 1,999,997 Ordinary shares of Rs.10 each | 100% | 19,999,970 | - |
| | | <u>131,485,034</u> | <u>97,597,764</u> |

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | December 31, 2014 (Un-audited) | June 30, 2014 (Audited) |
|--|--------------------------------------|-------------------------------|
| | ----- Rupees ----- | |
| 6. TELEVISION PROGRAM COSTS | | |
| Unreleased / released less amortization In production | 592,222,369 <u>10,833,050</u> | 546,273,508 6,998,811 |
| | 603,055,419 | 553,272,319 |
| Less: Current portion shown under current assets | <u>335,396,306</u> | 304,853,048 |
| | <u>267,659,113</u> | <u>248,419,271</u> |
| 7. DEFERRED TAX ASSET | | |
| Taxable temporary differences | | |
| Accelerated tax depreciation/amortization allowances | (19,651,533) | (15,818,320) |
| Deductible temporary differences | | |
| Provisions | 8,716,140 | 8,716,140 |
| Royalty | 44,682,808 | 6,049,917 |
| Others | 7,841,918 | 1,749,415 |
| | <u>61,240,866</u> | 16,515,472 |
| | <u>41,589,333</u> | <u>697,152</u> |
| 8. TRADE DEBTS | | |
| Considered good | 928,145,402 | 776,328,171 |
| Considered doubtful | <u>26,412,547</u> | 26,412,547 |
| | 954,557,949 | 802,740,718 |
| Less: Provision for doubtful debts | <u>26,412,547</u> | 26,412,547 |
| | <u>928,145,402</u> | <u>776,328,171</u> |
| 9. OTHER RECEIVABLES | | |
| Receivable from HUM TV, Inc., (a related party) | 33,027,329 | 4,450,578 |
| Receivable from HUM Network UK Ltd (a related party) | 50,549,040 | - |
| Receivable in respect of sale of DVDs | 4,618,745 | 4,618,745 |
| Sales tax receivable | 12,392,656 | 2,924,458 |
| Others | 6,597,830 | - |
| | <u>107,185,600</u> | <u>11,993,781</u> |
| 10. AUTHORIZED CAPITAL | | |
| <p>During the period, the Company has subdivided its authorized capital from 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000 into 1,500,000,000 ordinary shares of Re. 1/- each amounting to Rs. 1,500,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.</p> | | |
| 11. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL | | |
| <p>During the period, the Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1 each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.</p> | | |

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

12. SHORT TERM BORROWINGS

As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 500 million (June 30, 2014: Rs. 300 million). These facilities are secured by way of Pari Passu charge on all current assets of the Company and carry mark up rates ranging from 3 Months KIBOR + 1.25%-1.50% (June 30, 2014: 3 months KIBOR + 1.25%).

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

During the period, the Additional Commissioner Inland Revenue has initiated audit for the tax years 2008 to 2013 and raised a demand of Rs. 80,917,889 in respect of non-withholding of tax on agency commission by the Company for the tax year 2008. The Company is currently contesting the said order before the appellate forum as well as the Honorable High Court of Sindh in constitutional petition. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly no provision has been made in this respect in these unconsolidated condensed interim financial statements.

13.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at December 31, 2014 amounted to Rs. 88,490,000/- (June 30, 2014: Rs. 74,810,000/-). Commitment for purchase of television programs with other than related parties as at December 31, 2014 amounted to Rs. 472,633,717/- (June 30, 2014: Rs. 350,748,875/-).
- ii) Commitment for rentals under Ijarah finance agreement:

| | December 31, 2014 (Un-audited) | June 30, 2014 (Audited) |
|---|---|--|
| | ----- Rupees ----- | |
| Within one year | 847,682 | 1,574,844 |
| After one year but not more than five years | 379,225 | 439,485 |
| | <u>1,226,907</u> | <u>2,014,329</u> |

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Half-year ended | | Quarter-ended | |
|--|----------------------|----------------------|--------------------|--------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | Rupees | | Rupees | |
| 14. REVENUE | | | | |
| Advertisement revenue | 2,372,983,806 | 1,764,694,352 | 1,175,862,951 | 858,081,874 |
| Less: Agency commission | 301,806,826 | 222,478,919 | 149,277,319 | 107,615,867 |
| Sales tax | 306,943,661 | 234,172,041 | 153,408,495 | 112,575,984 |
| Discount to customers | 146,180,481 | 102,184,630 | 74,828,727 | 52,404,783 |
| | <u>754,930,968</u> | <u>558,835,590</u> | <u>377,514,541</u> | <u>272,596,634</u> |
| | 1,618,052,838 | 1,205,858,762 | 798,348,410 | 585,485,240 |
| Production revenue | 37,241,558 | 30,453,742 | 21,022,271 | 24,581,329 |
| Digital sales revenue | 5,865,992 | 2,799,957 | 1,521,464 | 669,746 |
| | <u>43,107,550</u> | <u>33,253,699</u> | <u>22,543,735</u> | <u>25,251,075</u> |
| Less: Agency commission | 1,807,790 | 1,134,156 | 815,993 | 1,002,506 |
| Sales tax | 5,624,578 | 5,217,378 | 2,799,088 | 4,928,082 |
| | <u>7,432,368</u> | <u>6,351,534</u> | <u>3,615,081</u> | <u>5,930,588</u> |
| | 35,675,182 | 26,902,165 | 18,928,654 | 19,320,487 |
| Subscription income - international operations | 143,406,034 | 116,288,613 | 78,795,240 | 108,417,363 |
| | <u>1,797,134,054</u> | <u>1,349,049,540</u> | <u>896,072,304</u> | <u>713,223,090</u> |

| | Half-year ended | | Quarter-ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | Rupees | | Rupees | |
| 15. COST OF PRODUCTION | | | | |
| Cost of outsourced programs | 643,123,151 | 432,359,410 | 325,656,766 | 222,023,391 |
| Cost of in-house programs | 80,208,434 | 62,163,921 | 35,083,263 | 34,938,905 |
| Inventories consumed | 251,435 | 325,480 | 251,435 | - |
| Salaries and benefits | 150,460,346 | 123,342,224 | 76,193,990 | 62,662,896 |
| Depreciation | 12,296,319 | 11,856,094 | 6,343,237 | 5,686,884 |
| Amortisation | 1,433,554 | 1,225,054 | 716,777 | 704,193 |
| Traveling and conveyance | 10,059,849 | 10,900,608 | 4,908,776 | 5,669,175 |
| Utilities | 6,590,887 | 4,728,228 | 3,240,839 | 2,195,705 |
| Rent, rates and taxes | 25,943,000 | 3,093,700 | 24,204,500 | 1,620,600 |
| Insurance | 4,114,063 | 2,751,914 | 3,109,167 | 2,370,098 |
| Repair and maintenance | 6,231,597 | 5,024,614 | 2,826,265 | 3,028,677 |
| Fee and subscription | 3,251,991 | 1,387,932 | 2,553,220 | 1,139,965 |
| Communication expense | 3,283,876 | 3,149,394 | 2,050,501 | 1,446,259 |
| Security charges | 2,054,842 | 1,259,504 | 1,351,137 | 895,547 |
| Consultancy | 2,106,732 | 1,768,286 | 1,404,488 | 1,010,509 |
| Printing and stationery | 178,673 | 342,333 | 124,080 | 95,960 |
| Donation | - | 91,490 | - | 91,490 |
| | <u>951,588,749</u> | <u>665,770,186</u> | <u>490,018,441</u> | <u>345,580,254</u> |
| In production television programs - opening | 6,998,811 | 5,918,111 | 10,417,411 | 6,224,111 |
| In production television programs - closing | <u>(10,833,050)</u> | <u>(7,040,111)</u> | <u>(10,833,050)</u> | <u>(7,040,111)</u> |
| | 947,754,510 | 664,648,186 | 489,602,802 | 344,764,254 |
| Released / unreleased programs - opening | 546,273,508 | 481,135,313 | 546,273,508 | 503,219,825 |
| Released / unreleased programs - closing | <u>(592,222,369)</u> | <u>(481,135,313)</u> | <u>(592,222,369)</u> | <u>(481,135,313)</u> |
| | 901,805,649 | 664,648,186 | 443,653,941 | 366,848,766 |

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Half-year ended | | Quarter-ended | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) |
| 16. EARNINGS PER SHARE – basic and diluted | | | | |
| Profit after taxation (Rupees) | <u>367,114,457</u> | 280,529,216 | <u>178,100,002</u> | 142,734,467 |
| | | (Restated) | | (Restated) |
| Weighted average number of Ordinary shares | <u>945,000,000</u> | 945,000,000 | <u>945,000,000</u> | 945,000,000 |
| Earnings per share (Re) | <u>0.39</u> | 0.30 | <u>0.19</u> | 0.15 |

During the period, the Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1 each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014. Accordingly, the earnings per share for the half year and quarter ended December 31, 2013 have been restated based on the revised number of outstanding shares.

17. TRANSACTIONS WITH RELATED PARTIES

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

| Related parties | Nature of transactions | December 31, 2014 | December 31, 2013 |
|--------------------------|---|--------------------|-------------------|
| | | (Un-audited) | (Un-audited) |
| | | Rupees | |
| Subsidiaries | Investments made | <u>33,887,270</u> | 31,788,411 |
| | Collection / payment on behalf of the Company | <u>15,598,172</u> | 16,645,548 |
| | Remittance from subsidiaries | <u>-</u> | 20,331,298 |
| | Subscription income | <u>59,661,840</u> | 15,936,250 |
| Associates | Purchase of television programs | <u>112,875,720</u> | 169,950,000 |
| Retirement fund | Contribution to fund | <u>8,036,889</u> | 5,221,597 |
| Key management personnel | Remuneration | <u>229,660,691</u> | 131,530,540 |

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

18. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on February 19, 2015 by the Board of Directors.

19. SUBSEQUENT EVENT

The Board of Directors in its meeting held on February 19, 2015 has recommended an interim cash dividend of Re.0.175/- per share @ 17.5% amounting to Rs. 165,375,000/-

20. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014**

| | | December 31, 2014 | June 30, 2014 |
|--|------|-----------------------------|-----------------------------|
| | Note | (Un-audited) | (Audited) |
| | | ----- | ----- |
| | | Rupees | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 257,540,040 | 216,066,054 |
| Goodwill | | 13,110,631 | 1,288,013 |
| Intangible assets | | 31,063,376 | 33,622,108 |
| Long term deposits | | 25,020,632 | 21,861,356 |
| Television program costs | 5 | 267,659,113 | 248,419,271 |
| Deferred tax asset | | 42,091,421 | 3,945,022 |
| | | <u>636,485,213</u> | <u>525,201,824</u> |
| CURRENT ASSETS | | | |
| Inventories | | 6,530,927 | 5,956,137 |
| Current portion of television program costs | 5 | 335,396,306 | 304,853,048 |
| Trade debts | 6 | 1,000,732,219 | 790,405,463 |
| Advances | | 193,355,944 | 145,433,634 |
| Deposits and prepayments | | 26,187,748 | 24,102,692 |
| Other receivables | | 23,709,232 | 12,331,622 |
| Cash and bank balances | | 120,188,744 | 120,518,338 |
| | | <u>1,706,101,120</u> | <u>1,403,600,934</u> |
| TOTAL ASSETS | | <u>2,342,586,333</u> | <u>1,928,802,758</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | 7 | <u>1,500,000,000</u> | <u>1,500,000,000</u> |
| Issued, subscribed and paid-up share capital | 8 | 945,000,000 | 945,000,000 |
| Reserves | | 439,099,335 | 412,156,569 |
| | | <u>1,384,099,335</u> | <u>1,357,156,569</u> |
| NON-CURRENT LIABILITIES | | | |
| Liabilities against assets subject to finance lease | | 16,166,531 | 2,734,293 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 609,032,662 | 555,682,697 |
| Accrued markup | | 5,985,722 | 942,584 |
| Short term borrowing | 9 | 299,699,845 | - |
| Dividend payable | | 5,848,108 | 4,250,835 |
| Taxation – net | | 14,157,276 | 6,411,400 |
| Current portion of liabilities against assets subject to finance lease | | 7,596,854 | 1,624,380 |
| | | <u>942,320,467</u> | <u>568,911,896</u> |
| CONTINGENCIES AND COMMITMENTS | 10 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>2,342,586,333</u> | <u>1,928,802,758</u> |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAI D QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | Note | Half-year ended | | Quarter-ended | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | | Rupees | | Rupees | |
| Revenue – net | 11 | 1,841,972,863 | 1,398,371,550 | 922,177,272 | 735,962,846 |
| Cost of production | 12 | (902,296,199) | (664,648,186) | (444,144,491) | (366,848,766) |
| Transmission cost | | (92,087,124) | (83,512,360) | (49,807,523) | (53,343,340) |
| | | (994,383,323) | (748,160,546) | (493,952,014) | (420,192,106) |
| Gross profit | | 847,589,540 | 650,211,004 | 428,225,258 | 315,770,740 |
| Distribution costs | | (227,754,792) | (154,716,877) | (130,031,776) | (89,096,777) |
| Administrative expenses | | (215,689,619) | (193,967,196) | (114,124,418) | (114,206,856) |
| | | 404,145,129 | 301,526,931 | 184,069,064 | 112,467,107 |
| Other operating income | | 60,349,777 | 61,336,861 | 38,132,902 | 43,061,825 |
| | | 464,494,906 | 362,863,792 | 222,201,966 | 155,528,932 |
| Finance costs | | (7,338,274) | (7,199,012) | (6,946,613) | (5,917,659) |
| Other charges | | (9,746,191) | (7,416,765) | (4,650,187) | (3,201,410) |
| Profit before taxation | | 447,410,441 | 348,248,015 | 210,605,166 | 146,409,863 |
| Taxation | | | | | |
| - current | | (151,339,645) | (93,025,998) | (76,313,266) | (20,930,603) |
| - deferred | | 40,892,181 | 10,133,732 | 26,555,564 | 1,970,504 |
| | | (110,447,464) | (82,892,266) | (49,757,702) | (18,960,099) |
| Net profit for the period | | 336,962,977 | 265,355,749 | 160,847,464 | 127,449,764 |
| | | | (Restated) | | (Restated) |
| Earnings per share basic and diluted | 13 | Re. 0.36 | Re. 0.28 | Re. 0.17 | Re. 0.13 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAI D QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | Half-year ended | | Quarter-ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | Rupees | | Rupees | |
| Net profit for the period | 336,962,977 | 265,355,749 | 160,847,464 | 127,449,764 |
| Other comprehensive income | (2,895,211) | (26,148) | (6,626,135) | (1,465,191) |
| Total comprehensive income for the period | 334,067,766 | 265,329,601 | 154,221,329 | 125,984,573 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAI D QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | December 31, 2014 | December 31, 2013 |
|--|----------------------|----------------------|
| | ----- (Rupees) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 447,410,441 | 348,248,015 |
| Adjustments for: | | |
| Depreciation | 25,386,209 | 19,681,521 |
| Amortization | 2,012,517 | 1,528,253 |
| Finance costs | 7,338,274 | 7,199,012 |
| Profit on deposit accounts | (4,213,590) | (12,479,718) |
| Gain on disposal of property, plant and equipment | - | (1,944,400) |
| Exchange gain | 66,668 | (5,331,098) |
| Exchange difference on translation of foreign currency | (2,895,211) | - |
| Reversal of provision for doubtful debts | - | (4,869,680) |
| Worker's Welfare Fund | 9,746,191 | 7,416,765 |
| | <u>37,441,058</u> | <u>11,200,655</u> |
| Operating profit before working capital changes | 484,851,499 | 359,448,670 |
| (Increase)/decrease in current assets | | |
| Inventories | (574,790) | 21,054,780 |
| Current portion of television program costs | (30,543,258) | (3,046,947) |
| Trade debts | (210,326,756) | 83,503,875 |
| Advances, deposits and prepayments | (50,007,366) | (112,780,120) |
| Other receivables | (11,377,894) | (37,496,609) |
| | <u>(302,830,064)</u> | <u>(48,765,021)</u> |
| Increase in current liabilities | | |
| Trade and other payables | 43,537,107 | 165,037,685 |
| Cash generated from operations | <u>225,558,542</u> | <u>475,721,334</u> |
| Taxes paid | (140,847,987) | (73,831,589) |
| Finance costs paid | (2,295,136) | (5,533,519) |
| Profit received on deposit accounts | 4,213,590 | 12,479,718 |
| Long-term deposits | (3,159,276) | 1,385,144 |
| Gratuity paid | - | - |
| Television program costs | (19,239,842) | 1,924,947 |
| Net cash generated from operating activities | <u>64,229,891</u> | <u>412,146,035</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and intangibles | (66,332,524) | (23,964,989) |
| Excess cash paid over net assets acquired on acquisition | (11,803,791) | - |
| Proceeds from sale of property, plant and equipment | - | 4,721,576 |
| Net cash used in investing activities | <u>(78,136,315)</u> | <u>(19,243,413)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (305,527,727) | (403,935,844) |
| Payment of liabilities against assets subject to finance lease | 19,404,712 | (1,326,996) |
| Net cash used in financing activities | <u>(286,123,015)</u> | <u>(405,262,840)</u> |
| Net increase / (decrease) in cash and cash equivalents | <u>(300,029,439)</u> | <u>(12,360,218)</u> |
| Cash and cash equivalents at the beginning of the period | <u>120,518,338</u> | <u>232,725,438</u> |
| Cash and cash equivalents at the end of the period | <u>(179,511,101)</u> | <u>220,365,220</u> |
| Cash and cash equivalents | | |
| Cash and bank balances | 120,188,744 | 220,365,220 |
| Short term borrowings | (299,699,845) | - |
| | <u>(179,511,101)</u> | <u>220,365,220</u> |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAI D QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)**

| | Issued, subscribed and paid-up capital | Reserves | | | Total |
|---|---|---|--------------------------|--------------------|----------------------|
| | | Foreign exchange translation reserve | Unappropriated Profit | Sub-total | |
| Balance as at July 01, 2013 | 500,000,000 | 1,039,365 | 951,814,213 | 952,853,578 | 1,452,853,578 |
| Net profit for the period | - | - | 265,355,749 | 265,355,749 | 265,355,749 |
| Other comprehensive income | - | (26,148) | - | (26,148) | (26,148) |
| Total comprehensive income | - | (26,148) | 265,355,749 | 265,329,601 | 265,329,601 |
| Final cash dividend for the year ended June 30, 2013 | - | - | (300,000,000) | (300,000,000) | (300,000,000) |
| Issue of two bonus ordinary shares for every five ordinary shares | 200,000,000 | - | (200,000,000) | (200,000,000) | - |
| Interim cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share | - | - | (105,000,000) | (105,000,000) | (105,000,000) |
| Balance as at December 31, 2013 | 700,000,000 | 1,013,217 | 612,169,962 | 613,183,179 | 1,313,183,179 |
| Balance as at July 01, 2014 | 945,000,000 | (2,512,152) | 414,668,721 | 412,156,569 | 1,357,156,569 |
| Profit for the period | - | - | 336,962,977 | 336,962,977 | 336,962,977 |
| Other comprehensive income | - | (2,895,211) | - | (2,895,211) | (2,895,211) |
| Total comprehensive income | - | (2,895,211) | 336,962,977 | 334,067,766 | 334,067,766 |
| Final cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share | - | - | (141,750,000) | (141,750,000) | (141,750,000) |
| Interim cash dividend for the year ending June 30, 2015 @ Rs. 1.75 per share | - | - | (165,375,000) | (165,375,000) | (165,375,000) |
| Balance as at December 31, 2014 | 945,000,000 | (5,407,363) | 444,506,698 | 439,099,335 | 1,384,099,335 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAI D QURESHI
Chief Executive

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. THE COMPANY AND ITS OPERATIONS

The 'Group' consists of

1.1 Holding Company

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

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

1.2 Subsidiary Companies

HUM TV, Inc. (the subsidiary company), having registered office at 4546 El Camino Real, #223 Los Altos, CA 94022 and HUM Network UK LTD having registered office at Office Suite 505, Fairgate House, 205, Kings Road, Tyseley, Birginham, Bll, 24-A, 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.

During the year, Hum Network Limited formed Skyline Publications (Private) Limited which is a private limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 on 17th July 2014. The principal activity of the company is publication of books and magazines. The registered office of the company is situated at Plot No. 10/11, Hassan Ali Street, Off. I.I. Chundrigar Road, Karachi, Pakistan.

2. BASIS OF PRESENTATION

"These condensed interim consolidated financial statements are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

3. ACCOUNTING POLICES

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

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
-Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
-Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

The adoption of the above accounting standards and interpretations did not have any effect on the condensed interim consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | | December 31, 2014 (Un-audited) | June 30, 2014 (Audited) |
|--|-------|--------------------------------------|-------------------------------|
| | Note | Rupees | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating assets | 4.1 | 239,949,015 | 199,008,368 |
| Capital work-in-progress | | <u>17,591,025</u> | <u>17,057,686</u> |
| | | <u>257,540,040</u> | <u>216,066,054</u> |
| 4.1 Operating assets | | | |
| Opening balance – at book value | | 199,008,368 | 199,401,075 |
| Additions during the period/year | 4.1.1 | <u>66,326,856</u> | <u>42,324,219</u> |
| | | <u>265,335,224</u> | <u>241,725,294</u> |
| Less: | | | |
| Disposals during the period / year - at book value | | - | 3,311,508 |
| Depreciation charged during the period/year | | <u>25,386,209</u> | <u>39,405,418</u> |
| | | <u>25,386,209</u> | <u>42,716,926</u> |
| Closing balance – at book value | | <u>239,949,015</u> | <u>199,008,368</u> |
| 4.1.1 Additions during the period / year | | | |
| Owned | | | |
| Leasehold improvements | | - | 1,090,538 |
| Furniture and fittings | | 425,404 | 9,478,016 |
| Motor vehicles | | 12,238,800 | 8,180,720 |
| Audio visual equipment | | 20,372,763 | 5,319,407 |
| Uplinking equipment | | - | 1,285,833 |
| Office equipment | | 2,421,787 | 1,626,378 |
| Computers | | 7,964,162 | 11,972,097 |
| Leased | | | |
| Motor vehicles | | <u>22,903,940</u> | <u>3,371,230</u> |
| | | <u>66,326,856</u> | <u>42,324,219</u> |
| 5. TELEVISION PROGRAM COSTS | | | |
| Unreleased / released less amortization | | 592,222,369 | 546,273,508 |
| In production | | <u>10,833,050</u> | <u>6,998,811</u> |
| | | <u>603,055,419</u> | <u>553,272,319</u> |
| Less: Current portion shown under current assets | | <u>335,396,306</u> | <u>304,853,048</u> |
| | | <u>267,659,113</u> | <u>248,419,271</u> |
| 6. TRADE DEBTS | | | |
| Considered good | | 1,000,732,219 | 790,405,463 |
| Considered doubtful | | <u>26,412,547</u> | <u>26,412,547</u> |
| | | <u>1,027,144,766</u> | <u>816,818,010</u> |
| Less: Provision for doubtful debts | | <u>26,412,547</u> | <u>26,412,547</u> |
| | | <u>1,000,732,219</u> | <u>790,405,463</u> |
| 7. AUTHORIZED CAPITAL | | | |

During the period, the Holding Company has subdivided its authorized capital from 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000 into 1,500,000,000 ordinary shares of Re. 1/- each amounting to Rs. 1,500,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

During the period, the Holding Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 ordinary shares of Re. 1 each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.

9. SHORT TERM BORROWINGS

As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 500 million (June 30, 2014: Rs. 300 million). These facilities are secured by way of PariPassu charge on all current assets of the Company and carrymark up rates ranging from 3 Months KIBOR + 1.25%-1.50% (June 30, 2014: 3 months KIBOR + 1.25%).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

During the period, the Additional Commissioner Inland Revenue has initiated audit for the tax years 2008 to 2013 and raised a demand of Rs. 80,917,889 in respect of non-withholding of tax on agency commission by the Company for the tax year 2008. The Company is currently contesting the said order before the appellate forum as well as the Honorable High Court of Sindh in constitutional petition. The management, based on the legal and tax advice, is confident that the ultimate outcome will be in favor of the Company and accordingly no provision has been made in this respect in these condensed interim consolidated financial statements.

10.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at December 31, 2014 amounted to Rs. 88,490,000/- (June 30, 2014: Rs. 74,810,000/-). Commitment for purchase of television programs with other than related parties as at December 31, 2014 amounted to Rs. 472,633,717/- (June 30, 2014: Rs. 350,748,875/-).
- ii) Commitment for rentals under Ijarah finance agreement:

| | December 31, 2014 (Un-audited) | June 30, 2014 (Audited) |
|---|---|--|
| | ----- Rupees ----- | |
| Within one year | 847,682 | 1,574,844 |
| After one year but not more than five years | <u>379,225</u> | <u>439,485</u> |
| | <u>1,226,907</u> | <u>2,014,329</u> |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Half-year ended | | Quarter-ended | |
|--|----------------------|----------------------|--------------------|--------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | Rupees | | Rupees | |
| 11. REVENUE – net | | | | |
| Advertisement revenue | 2,483,246,133 | 1,818,616,872 | 1,255,163,637 | 896,172,259 |
| Less: Agency commission | 306,833,504 | 227,079,429 | 152,141,197 | 109,575,871 |
| Sales tax | 306,943,661 | 234,172,041 | 153,408,495 | 112,575,984 |
| Discount to customers | 146,180,481 | 102,184,630 | 74,828,727 | 52,404,783 |
| | 759,957,646 | 563,436,100 | 380,378,419 | 274,556,638 |
| | 1,723,288,487 | 1,255,180,772 | 874,785,218 | 621,615,621 |
| Production revenue | 37,241,558 | 30,453,742 | 21,022,271 | 24,581,329 |
| Digital sales revenue | 5,865,992 | 2,799,957 | 1,521,464 | 669,746 |
| | 43,107,550 | 33,253,699 | 22,543,735 | 25,251,075 |
| Less: Agency commission | 1,807,790 | 1,134,156 | 815,993 | 1,002,506 |
| Sales tax | 5,624,578 | 5,217,378 | 2,799,088 | 4,928,082 |
| | 7,432,368 | 6,351,534 | 3,615,081 | 5,930,588 |
| | 1,758,963,669 | 1,282,082,937 | 893,713,872 | 640,936,108 |
| Subscription Income - international operations | 83,009,194 | 116,288,613 | 28,463,400 | 95,026,738 |
| | 1,841,972,863 | 1,398,371,550 | 922,177,272 | 735,962,846 |

| | Half-year ended | | Quarter-ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | Rupees | | Rupees | |
| 12. COST OF PRODUCTION | | | | |
| Cost of outsourced programs | 643,123,151 | 432,359,410 | 325,656,766 | 222,023,391 |
| Cost of in-house programs | 80,208,434 | 62,163,921 | 35,083,263 | 34,938,905 |
| Inventories consumed | 251,435 | 325,480 | 251,435 | - |
| Salaries and benefits | 150,821,016 | 123,342,224 | 76,554,660 | 62,662,896 |
| Depreciation | 12,319,277 | 11,856,094 | 6,366,195 | 5,686,884 |
| Amortisation | 1,434,811 | 1,225,054 | 718,034 | 704,193 |
| Traveling and conveyance | 10,059,849 | 10,900,608 | 4,908,776 | 5,669,175 |
| Utilities | 6,600,925 | 4,728,228 | 3,250,877 | 2,195,705 |
| Rent, rates and taxes | 26,017,516 | 3,093,700 | 24,279,016 | 1,620,600 |
| Insurance | 4,114,063 | 2,751,914 | 3,109,167 | 2,370,098 |
| Repair and maintenance | 6,238,080 | 5,024,614 | 2,832,748 | 3,028,677 |
| Fee and subscription | 3,256,731 | 1,387,932 | 2,557,961 | 1,139,965 |
| Communication expense | 3,283,876 | 3,149,394 | 2,050,501 | 1,446,259 |
| Security charges | 2,054,842 | 1,259,504 | 1,351,137 | 895,547 |
| Consultancy | 2,106,732 | 1,768,286 | 1,404,488 | 1,010,509 |
| Training | 5,198 | - | 5,198 | - |
| Printing and stationery | 183,363 | 342,333 | 128,769 | 95,960 |
| Donation | - | 91,490 | - | 91,490 |
| | 952,079,299 | 665,770,186 | 490,508,991 | 345,580,254 |
| In production television programs - opening | 6,998,811 | 5,918,111 | 10,417,411 | 6,224,111 |
| In production television programs - closing | (10,833,050) | (7,040,111) | (10,833,050) | (7,040,111) |
| | 948,245,060 | 664,648,186 | 490,093,352 | 344,764,254 |
| Released / unreleased programs - opening | 546,273,508 | 481,135,313 | 546,273,508 | 503,219,825 |
| Released / unreleased programs - closing | (592,222,369) | (481,135,313) | (592,222,369) | (481,135,313) |
| | 902,296,199 | 664,648,186 | 444,144,491 | 366,848,766 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Half-year ended | | Quarter-ended | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) |
| 13. EARNINGS PER SHARE – basic and diluted | | | | |
| Profit after taxation (Rupees) | <u>336,962,977</u> | <u>265,355,749</u> | <u>160,847,464</u> | <u>127,449,764</u> |
| | | (Restated) | | (Restated) |
| Weighted average number of Ordinary shares | <u>945,000,000</u> | <u>945,000,000</u> | <u>945,000,000</u> | <u>945,000,000</u> |
| Earnings per share (Re.) | <u>0.36</u> | <u>0.28</u> | <u>0.17</u> | <u>0.13</u> |

14. TRANSACTIONS WITH RELATED PARTIES

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

| Transactions during the period | Nature of transactions | December 31, 2014 | December 31, 2013 |
|--------------------------------|---------------------------------|--------------------|--------------------|
| | | (Un-audited) | (Un-audited) |
| Related parties | | | |
| Associates | Purchase of television programs | <u>112,875,720</u> | <u>169,950,000</u> |
| Spouse of a Director | Managerial Remuneration | <u>4,252,500</u> | <u>4,447,800</u> |
| | Repayment of amount due | <u>-</u> | <u>2,535,600</u> |
| Retirement fund | Contribution to fund | <u>8,036,889</u> | <u>5,221,597</u> |
| Key management personnel | Remuneration | <u>237,376,931</u> | <u>146,144,740</u> |

15. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on February 19, 2015 by the Board of Directors of the Holding Company.

16. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in its meeting held on February 19, 2015 has recommended an interim cash dividend of Re.0.175/- per share @ 17.5% amounting to Rs. 165,375,000/-

17. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIID QURESHI
Chief Executive

Printed Matter

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