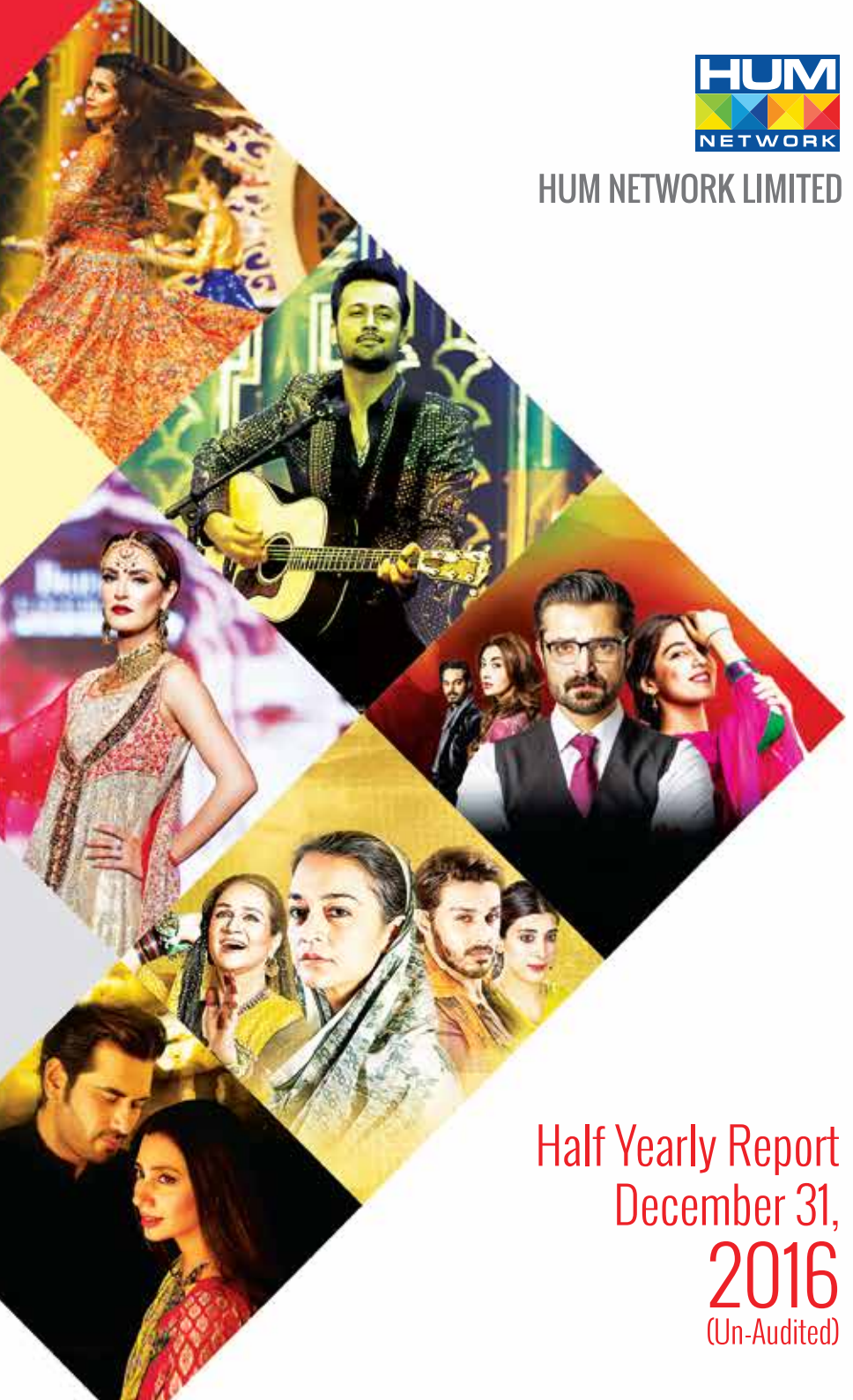




HUM NETWORK LIMITED



Half Yearly Report
December 31,
2016
(Un-Audited)

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
Mrs. Khush Bakht Shujaat
Mr. Muhammad Ayub Younus Adhi
Mr. Duraid Qureshi
Mr. Muhammad Abbas Hussain
Mr. Mohsin Naeem
Mr. Kamran Shamshad Ahmed

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

AUDIT COMMITTEE

Chairman
Members

Mr. Muhammad Ayub Younus Adhi
Mrs. Khush Bakht Shujaat
Mrs. Mahtab Akbar Rashdi
Mr. Shunaid Qureshi

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairman
Members

Mrs. Mahtab Akbar Rashdi
Mrs. Khush Bakht Shujaat
Mr. Shunaid Qureshi
Mr. Duraid Qureshi

Secretary AUDITORS

Mr. Hassan Jawed
M/s. EY Ford Rhodes
Chartered Accountants
7th Floor Progressive Plaza,
Beaumont Road, Karachi
M/s. KPMG Taseer Hadi & Company
Chartered Accountants
1st Floor, Sheikh Sultan Trust Building
No.2, Beaumont Road, Karachi

INTERNAL AUDITORS

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

LEGAL ADVISOR

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
National Bank of Pakistan
The Bank of Punjab
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Standard Chartered Bank (Pakistan) Limited
Boston Private Bank & Trust
Barclays Bank PLC
Habibsons Bank Limited
Habib Metropolitan Bank
Dubai Islamic Bank

REGISTERED & HEAD OFFICE

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

REGISTRAR/TRANSFER AGENT

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

WEBSITE

HUMNL

KARACHI STOCK EXCHANGE

Director's Report

The Board of Directors of HUM Network Limited (HNL) takes pleasure in presenting the review on the financial and operational performance of the Company for the half year ended December 31, 2016.

Financial Performance:

During the period under review, the Company reported net revenue of Rs. 2,269 million as compared Rs. 1,836 million during the same period last year resulting in a positive variance of 24%. The Company witnessed an increase of 197% in the profit after tax of Rs. 493 million as compared to Rs. 166 million earned during the same period last year. The results translate into earnings per share of Re. 0.52 as compared to Re. 0.18 during the same period last year.

Operational Performance:

HNL has the credit for being a pioneer in many aspects, be it the first food channel, the first awards for an entertainment channel, blockbuster dramas showcasing new talent, creating fashion events on a bigger scale or breaking rating records, to name a few. HNL has continued with the same trend during the current period as well.

During the period under review, HUM TV offered quality content in the entertainment genre including serials, soaps and telefilms. Projects like "Bin Roye", "Sanam" and "Hatheli" completely overshadowed competition. A wonderfully nuanced and balanced story showing us every facet of the human condition "Sange Mar Mar" is mesmerizing the audiences with amazing script, crisp dialogues, brilliant characterization and star cast that always delivers. Newly launched projects "Dil Banjara", "Gila", "Natak", and the second season of assorted love stories "Kitni Girhain Baqi Hain" are scaling new heights of success.

The first-of-its-kind HUM Style Awards took place in October 2016 and it was nothing short of a glam affair. It was recognized as the most well organized and stylish awards of Pakistan, to acknowledge and honor the trendsetters of the country's entertainment landscape. The event was star-studded and a night to remember, with notable celebrities and legends from Pakistan's fashion, music, sports, television and film industry receiving awards for presenting style at its best.

The three-day-long fashion extravaganza, Bridal Couture Week (BCW) kicked off in Lahore in November 2016. BCW has paved the way for Pakistani fashion designers in making their mark not just in their home country but on the global fashion stage as well by encapsulating the latest bridal trends for a global audience.

A two-day Masala Family Festival was held in Lahore in November 2016 which provided families with an opportunity to plan a perfect day out. During the period under review, many of the HUM Masala cooking shows celebrated their Anniversaries including 7th Anniversary of "Masala Mornings", 6th Anniversary of "Tarka" and 4th Anniversary of "Food Diaries".

During the period under review, HUM Films was engaged in the distribution of various films including the international blockbuster movies like, "Doctor Strange", "Rogue One: A Star Wars Story" and "Moana" which received astounding response of the audiences and made impressive figures at the Box Offices.

Consolidated results are as follows:

	Rupees
Revenue – net	2,409,723,772
Gross Profit	1,003,028,699
Profit for the period – before taxation	534,363,644
Earnings per share	0.49

Future Outlook

The above operational performance has reflected in higher viewership and placed HNL in a commanding position to increase the air time rates upward, resulting in growth in revenues in the upcoming periods.

Further, due to Pakistan Electronic Media Regulatory Authority's (PEMRA) action against illegal Indian content on Pakistani channels and cable, demand for local content has significantly increased which has resulted in increase in the cost of content.

During the period under review, HNL has entered into scheme of arrangement with M.D. Productions (Private) Limited to acquire majority of its shares, subject to the approval of Court and completion of related formalities. This would enable HNL to achieve its long term objectives of growth and expansion in the Pakistani media industry and the same is expected to lead to greater profitability in coming periods.

Acknowledgement

Your directors wish to place on record their sincere appreciation to the Company's customers, vendors and investors for their continued support during the period. Your directors are also pleased to record their appreciation for the dedication and contribution made by employees at all levels who through their competence and hard work have enabled your Company achieve good performance, quarter after quarter, and look forward to their support in future as well.

February 28, 2017
Karachi

For & On behalf of the Board of Directors


Duraid Qureshi
Chief Executive Officer

ڈائریکٹرز رپورٹ

ہم نیٹ ورک لمیٹڈ (انچ این ایل) کے بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی ششماہ کیلئے کمپنی کی مالیاتی اور عملی کارکردگی کا جائزہ پیش کر رہے ہیں۔
مالیاتی کارکردگی:

زیر نظر مدت کے دوران کمپنی کی کل آمدنی ۲۶۹ ملین روپے رہی جس کا موازنہ گذشتہ سال اسی مدت کی آمدنی مبلغ ۱۸۳۶ ملین روپے سے کیا جاسکتا ہے جو کہ ۲۴ فیصد مثبت رد عمل ہے۔ بعد از ٹیکس منافع میں ۱۹ فیصد اضافہ کے بعد ۳۹۹ ملین روپے ہوا جس کا موازنہ گذشتہ سال کی اسی مدت کے منافع مبلغ ۱۶۶ ملین روپے سے کیا جاسکتا ہے۔ یہ نتائج آمدنی میں فی شیئر ۵۲.۵ روپے ہے جس کا موازنہ گذشتہ سال اسی مدت کیلئے ۱۸ روپے سے کیا جاسکتا ہے۔

عملی کارکردگی:

انچ این ایل نے نئی امور میں اعزاز حاصل کیا ہے جس میں پہلا فوڈ چینل، انٹرٹینمنٹ چینل کیلئے پہلا ایوارڈ، بلاک سٹر ڈرامے جس میں نئے کرداروں نے اپنی کارکردگی دکھائی اور اس کے علاوہ بڑے پیمانے پر فیشن کے پروگرامز شریکے۔ انچ این ایل نے موجودہ مدت کے دوران مسلسل ای طریقہ کار پر عمل کیا ہے۔

زیر نظر مدت کے دوران ہم نئی وی نے انٹرٹینمنٹ میں اپنی معیار کے پروگرام پیش کئے جس میں میریلین، سوہیلا اور ٹیلی فلمز شامل ہیں، پروڈیکشن جیسا کہ ”بن روئے“، ”عصر“ اور ”تھیلی“ جس نے زبردست کامیابی حاصل کی، اس کے علاوہ سٹوڈیو کی بنیادی بنام ”سنگ مرمر“ جو کہ انسانی حالات کے گرد بے کلامی حاضرین نے بے حد پسند کیا جس میں بہترین اسکرپٹ، ڈائلاگ، بہترین کریکٹرز اور اسٹار کاسٹ ہے جو ہمیشہ بہترین اداکاری کرتی ہے۔ اس کے علاوہ نئے پروڈیکشن ”دلی بھارہ“، ”گلہ“، ”ناک“ اور دوسرے سیزن کی کواستوری پر مشتمل ”کمپنی گریس باقی ہیں“ نے شائع کار کامیابی حاصل کی۔

پہلا ہم اسٹائل ایوارڈ جس کا انعقاد ۲۰ برو ۲۰۱۶ میں ہوا جس میں کافی کامیابی حاصل ہوئی جو کہ پاکستان کے سب سے معتمد اور اسٹائل ایوارڈ تھے۔ اس کے علاوہ پاکستان فیشن، میڈیک، اسپورٹس، ٹیلی ویژن اور فلم انڈسٹری کے بہترین اسٹائل پیش کرتے ہوئے ایوارڈ حاصل کئے۔

سردوزہ طویل فیشن پروگرام، برائڈل اور چھوٹے (کی سی ڈی) جس کا انعقاد لاہور میں نومبر ۲۰۱۶ میں کیا گیا اور سی ڈی ڈیو نے پاکستانی فیشن ڈیزائنرز کو اپنے ملک میں بے حد سراہا بلکہ عالمی فیشن انچ پر حاضرین نے اس کی بے حد تعریف کی۔

دوروزہ مصالحتی فیشنل کانفرنس ۲۰ برو ۲۰۱۶ میں لاہور میں کیا گیا جس میں ٹیلی ویژن کے موقع فراہم کیا گیا کہ وہ اپنا بہترین دن گزاریں۔ زیر نظر مدت کے دوران ہم مصالحتی کونگا شو نے سائیکلر جس میں مصالحتی رنگ کی ساتویں ہونے کی چھٹی اور فوڈ ڈائریز کی چھٹی سالگرہ منعمدی گئی۔

زیر نظر مدت کے دوران ہم غیر متعلقہ فلمز کی ڈسٹری بیوشن میں شامل باہن میں مشہور معروف عالمی فلمیں جیسا کہ ”کنگر اسٹریٹ“، ”روگ دن“، آثار وراثہ اسٹوری“ اور ”مونین“ جتنیوں حاضرین کی جانب سے بے حد سراہا گیا اور باکس آفس پر بھی بڑی کیا۔

متعلقہ نتائج درج ذیل ہیں:

روپے
۲,۴۰۹,۷۷,۷۷۲
۱,۰۰۴,۰۲۸,۶۹۹
۵۳۳,۳۶۳,۶۳۳
۰.۳۹

صافی آمدنی

کل آمدنی

قبل از ٹیکس منافع

فی شیئر آمدنی

مستقبل کا جائزہ:

مذکورہ بالا مالی کارکردگی نے ادارے پر بہتر اثر ڈالا اور انچ این ایل کو ٹانگہ پوزیشن پر پہنچا دیا جس کی وجہ سے چینل کے ایئر ٹائم ریش میں اضافہ ہوا جس کے نتیجہ میں آنے والی مدت کی آمدنیوں میں بہتر نتائج حاصل ہو گئے۔

مزید یہ کہ پاکستان الیکٹرانک میڈیا ریگولیٹری اتھارٹی (منبرا) نے پاکستانی چینلوں اور ٹیلی ویژن کے خلاف کاروائی کی۔ جس کی وجہ سے کینیٹ کی قیمت میں کافی حد تک اضافہ ہوا۔

زیر نظر مدت کے دوران انچ این ایل جو کہ ایم ڈی پی ڈسٹن پرائیوٹ لمیٹڈ کے ساتھ راجسٹریٹ کھت اس کے اکثریت حصص حاصل کرے گی جو کہ عدالت کی منظوری اور متعلقہ کاروائیوں کی تکمیل سے سروسٹ ہے۔ اس کے سبب انچ این ایل ایک طویل راہ پر کامزن ہوگا اور پاکستانی میڈیا انڈسٹری میں اسے توسیع ملے گی اور آنے والے وقتوں میں زیادہ منافع ہوگا۔

اظہار تعلق:

اس مدت کے دوران آپ کے ڈائریکٹرز کمپنی کے سٹریڈن خریدار اور سرمایہ کاروں کی مستقل سپورٹ پر غلصہ خراج تحسین پیش کرتے ہیں۔ آپ کے ڈائریکٹرز ملازمین کی شرکت اور ان کی محنت کو بھی خراج تحسین پیش کرتے ہیں جو کہ انہوں نے سہل پر محنت سے آپ کی کمپنی کیلئے بہترین کارکردگی حاصل کی اور امید ہے کہ مستقبل میں بھی ان کی سپورٹ حاصل رہے گی۔

کراچی مورچہ ۲۸ فروری ۲۰۱۷ء

نور محمد بورڈ آف ڈائریکٹرز


نور محمد
چیف ایگزیکٹو آفیسر

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(the Company) as at 31 December 2016, 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.

Sd/-

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Khurram Jameel

Date: February 28, 2017

Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	275,034,621	265,710,406
Intangible assets		24,743,425	26,061,695
Long term investments	5	228,898,411	217,491,011
Long term deposits		30,956,702	31,197,352
Television program costs	6	354,319,118	475,255,121
Deferred tax asset		96,226,206	93,257,835
		<u>1,010,178,483</u>	<u>1,108,973,420</u>
CURRENT ASSETS			
Inventories		2,070,589	2,225,966
Current portion of television program costs	6	428,507,494	485,809,664
Trade debts	7	1,678,924,948	1,482,438,054
Advances		211,084,697	140,486,789
Trade deposits and short term prepayments		17,942,053	17,298,601
Taxation – net		18,981,961	-
Other receivables	8	18,307,422	22,731,484
Cash and bank balances		129,731,496	12,260,410
		<u>2,505,550,660</u>	<u>2,163,250,968</u>
TOTAL ASSETS		<u>3,515,729,143</u>	<u>3,272,224,388</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		1,590,912,648	1,097,627,462
		<u>2,535,912,648</u>	<u>2,042,627,462</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		23,626,756	27,066,577
CURRENT LIABILITIES			
Trade and other payables	9	705,011,463	598,910,438
Accrued markup		4,912,547	8,764,103
Short term borrowings	10	214,753,949	473,987,576
Unclaimed dividend		5,954,441	5,955,603
Taxation – net		-	91,814,849
Current portion of liabilities against assets subject to finance lease		25,557,339	23,097,780
		<u>956,189,739</u>	<u>1,202,530,349</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>3,515,729,143</u>	<u>3,272,224,388</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

Note	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue	12 2,269,483,098	1,835,997,155	1,185,885,890	1,004,051,941
Cost of production	13 (1,262,473,684)	(1,196,727,318)	(684,922,982)	(720,853,454)
Transmission cost	(43,430,401)	(43,418,337)	(21,874,447)	(21,579,671)
	(1,305,904,085)	(1,240,145,655)	(706,797,429)	(742,433,125)
Gross profit	963,579,013	595,851,500	479,088,461	261,618,816
Distribution costs	(138,959,222)	(217,049,980)	(85,329,363)	(121,412,949)
Administrative expenses	(290,391,213)	(187,141,101)	(149,114,216)	(91,692,260)
Other income	50,456,699	36,870,752	40,731,481	25,923,993
Other expenses – exchange loss	(7,860,161)	(268,344)	(7,132,228)	(268,344)
Finance costs	(15,042,824)	(17,813,731)	(6,255,451)	(8,875,836)
Profit before taxation	561,782,292	210,449,096	271,988,684	65,293,420
Taxation				
- current	(71,465,477)	(53,884,425)	(33,516,073)	(16,488,869)
- deferred	2,968,371	9,714,563	(7,055,180)	10,164,416
	(68,497,106)	(44,169,862)	(40,571,253)	(6,324,453)
Profit after taxation	493,285,186	166,279,234	231,417,431	58,968,967
Earnings per share – basic and diluted	0.52	0.18	0.24	0.06

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2016
(UN-AUDITED)**

	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Profit after taxation	493,285,186	166,279,234	231,417,431	58,968,967
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>493,285,186</u>	<u>166,279,234</u>	<u>231,417,431</u>	<u>58,968,967</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

	December 31, 2016	December 31, 2015
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	561,782,292	210,449,096
Adjustments for:		
Depreciation	38,307,508	30,428,261
Amortization	3,473,269	2,152,244
Finance costs	15,042,824	17,813,731
Profit on bank accounts	(2,604,602)	(1,592,670)
Gain on disposal of property, plant and equipment	(3,894,524)	(1,833)
Exchange loss	7,860,161	268,344
	58,184,636	49,068,077
Operating profit before working capital changes	619,966,928	259,517,173
(Increase)/decrease in current assets		
Inventories	155,377	1,738,837
Television program costs	57,302,170	35,645,800
Trade debts	(204,567,886)	(58,028,011)
Advances	(70,597,908)	78,837,801
Trade deposits and short - term prepayments	(643,452)	5,520,755
Other receivables	4,644,892	9,881,286
	(213,706,807)	73,596,468
Increase in current liabilities		
Trade and other payables	106,101,024	29,332,121
Cash generated from operations	512,361,145	362,445,762
Taxes paid	(182,262,289)	(64,426,290)
Finance costs paid	(18,894,376)	(17,373,408)
Profit received on bank accounts	2,604,602	1,592,670
Long-term deposits	240,650	(907,416)
Television program costs	120,936,004	(148,924,889)
Net cash generated from operating activities	434,985,736	132,406,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(49,768,854)	(42,605,314)
Purchase of intangible assets	(2,155,000)	(2,810,000)
Proceeds from sale of property, plant and equipment	6,031,655	52,000
Investment made in subsidiaries	(11,407,400)	(72,502,371)
Net cash used in investing activities	(57,299,599)	(117,865,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,162)	(164,245,943)
Lease rentals paid	(980,262)	(4,748,249)
Short term borrowings (repaid) / obtained	(259,233,627)	153,645,778
Net cash used in financing activities	(260,215,051)	(15,348,414)
Net increase / (decrease) in cash and cash equivalents	117,471,086	(807,670)
Cash and cash equivalents at the beginning of the period	12,260,410	13,860,087
Cash and cash equivalents at the end of the period	129,731,496	13,052,417

The annexed notes from 1 to 16 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, 2016
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Unappropriated profit Rupees	Total
Balance as at July 01, 2015	945,000,000	726,066,536	1,671,066,536
Final cash dividend for the year June 30, 2015 @ Rs. 0.175 per share		(165,375,000)	(165,375,000)
Profit after taxation	-	166,279,234	166,279,234
Other comprehensive income	-	-	-
Total comprehensive income	-	166,279,234	166,279,234
Balance as at December 31, 2015	<u>945,000,000</u>	<u>726,970,770</u>	<u>1,671,970,770</u>
Balance as at July 01, 2016	945,000,000	1,097,627,462	2,042,627,462
Profit after taxation	-	493,285,186	493,285,186
Other comprehensive income	-	-	-
Total comprehensive income		493,285,186	493,285,186
Balance as at December 31, 2016	<u>945,000,000</u>	<u>1,590,912,648</u>	<u>2,535,912,648</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements 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, 2016 and December 31, 2015. 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, 2016.

- 2.2 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries are stated at cost less impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2016 except that the Company has adopted the following IFRSs which became effective during the period:

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

The adoption of the above standards did not have any material effect on these unconsolidated condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
		----- Rupees -----	
Operating fixed assets	4.1	265,060,447	265,710,406
Capital work-in-progress	4.2	9,974,174	-
		<u>275,034,621</u>	<u>265,710,406</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	----- Rupees -----	
4.1 Operating fixed assets			
Opening balance – at book value		265,710,406	238,826,688
Additions during the period / year – at cost	4.1.1	39,794,680	98,204,880
		305,505,086	337,031,568
Less:			
Disposals during the period / year – at book value		(2,137,131)	(1,467,118)
Depreciation charged during the period / year		(38,307,508)	(69,834,044)
		(40,444,639)	(71,321,162)
Closing balance – at book value		265,060,447	265,710,406
4.1.1 Additions during the period / year – at cost			
Owned			
Leasehold improvements		9,614,920	24,184,839
Furniture and fittings		1,436,461	810,400
Motor vehicles		454,059	2,467,241
Audio visual equipment		3,959,143	18,564,161
Office equipment		7,430,837	19,650,774
Computers		3,478,800	19,065,475
Leased			
Motor vehicles		13,420,460	13,461,990
		39,794,680	98,204,880
4.2 Capital work-in-progress			
Opening balance		-	19,971,898
Additions during the period / year		22,097,574	1,185,044
Transfers to operating fixed assets		(12,123,400)	(21,156,942)
Closing balance		9,974,174	-
5. LONG TERM INVESTMENTS – Unquoted subsidiaries			
HUM TV, Inc. – USA			
10,000 Common stock of \$ 0.01 each	100%	8,603	8,603
Advance for future issue of shares		18,716,750	18,716,750
		18,725,353	18,725,353
HUM Network UK Ltd.			
553,677 Ordinary shares of 1 GBP	100%	95,923,751	161
Advance for future issue of shares		-	95,923,590
		95,923,751	95,923,751
Skyline Publications (Private) Ltd.			
3,999,997 Ordinary shares of Rs.10 each	100%	39,999,970	19,999,970
Advance for future issue of shares		-	8,592,600
		39,999,970	28,592,570
HUM Network FZ LLC – UAE			
2,400 Ordinary Shares of AED 1000 each	100%	69,802,371	69,802,371
Advance for future issue of shares		4,446,966	4,446,966
		74,249,337	74,249,337
		228,898,411	217,491,011

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	----- Rupees -----	
6. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		705,608,496	880,608,495
In production		77,218,116	80,456,290
		<u>782,826,612</u>	<u>961,064,785</u>
Less: Current portion		<u>428,507,494</u>	<u>485,809,664</u>
		<u>354,319,118</u>	<u>475,255,121</u>
7. TRADE DEBTS			
Considered good	7.1	1,678,924,948	1,482,438,054
Considered doubtful		<u>26,412,547</u>	<u>26,412,547</u>
		<u>1,705,337,495</u>	<u>1,508,850,601</u>
Less: Provision for doubtful debts		<u>26,412,547</u>	<u>26,412,547</u>
		<u>1,678,924,948</u>	<u>1,482,438,054</u>
7.1 Include amount receivable from the following related parties:			
Hum TV, Inc – USA		99,690,636	75,297,005
Hum Network UK Ltd		<u>100,032,804</u>	<u>115,396,791</u>
		<u>199,723,440</u>	<u>190,693,796</u>
8. OTHER RECEIVABLES – considered good			
HUM TV, Inc. – related party		5,841,496	4,240,996
Sales tax receivable		12,465,926	17,347,951
Others		-	1,142,537
		<u>18,307,422</u>	<u>22,731,484</u>
9. TRADE AND OTHER PAYABLES			
Include amounts payable to related parties amounting to Rs 226,498,344/- (June 30, 2016: Rs.169,247,273/-).			
10. SHORT TERM BORROWINGS – secured			
As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 475,000,000/- (June 30, 2016: Rs. 400,000,000/-) and local bills discounting facilities amounted to Rs. 225,000,000/- (June 30, 2016: Rs. 75,000,000/-). These carry mark-up rates ranging from 3 months KIBOR + 0.75% to 2.25% (June 30, 2016: 3 months KIBOR + 1.25% to 2.25%) per annum.			
11. CONTINGENCIES AND COMMITMENTS			
11.1 Contingencies			

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2016.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

11.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC, related parties as at December 31, 2016 amounted to Rs. 270,843,593/- (June 30, 2016: Rs.440,996,900/-) and Nil (June 30, 2016: Rs.45,728,172) respectively. Commitment for purchase of television programs with other than related parties as at December 31, 2016 amounted to Rs. 46,198,000/- (June 30, 2016: Rs. 48,675,120/-).

Note	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
12. REVENUE – net				
Advertisement revenue	2,075,300,472	1,486,381,209	1,068,127,596	736,061,070
Production revenue	85,181,808	50,128,462	57,810,064	40,411,727
Digital sales revenue	10,841,942	24,289,609	5,261,283	19,397,597
Subscription income	75,116,622	90,680,079	36,602,118	46,967,465
Film distribution revenue	23,042,254	184,517,796	18,084,829	161,214,082
12.1	<u>2,269,483,098</u>	<u>1,835,997,155</u>	<u>1,185,885,890</u>	<u>1,004,051,941</u>

12.1 Revenue is net off the following items:

Sales tax	346,470,839	274,957,579	179,677,223	138,064,295
Discount to customers	152,615,118	144,384,000	77,988,228	65,715,412
	<u>499,085,957</u>	<u>419,341,579</u>	<u>257,665,451</u>	<u>203,779,707</u>

	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
13. COST OF PRODUCTION				
Cost of outsourced programs	672,123,156	915,851,660	379,858,458	518,673,132
Cost of in-house programs	140,151,763	109,434,657	86,720,889	42,620,392
Inventories consumed	155,373	-	-	-
Salaries and benefits	198,479,916	222,164,656	112,567,644	107,387,048
Depreciation	18,906,225	14,193,506	10,167,914	7,638,113
Amortisation	2,013,757	1,826,943	1,038,858	866,449
Traveling and conveyance	11,412,616	13,780,173	7,227,411	7,119,066
Utilities	7,568,339	6,543,226	3,999,749	3,357,605
Rent, rates and taxes	7,294,469	4,689,631	3,274,863	2,329,478
Insurance	4,874,989	2,818,221	2,735,982	1,324,682
Repair and maintenance	10,669,681	9,593,117	6,584,744	5,609,987
Fee and subscription	2,547,785	2,528,156	1,269,478	1,596,985
Communication expense	4,850,129	3,218,175	2,837,949	1,250,139
Security charges	393,574	1,329,005	319,174	1,065,468
Consultancy	2,458,091	1,827,367	1,233,186	698,968
Printing and stationery	335,648	207,914	207,920	140,373
	<u>1,084,235,511</u>	<u>1,310,006,407</u>	<u>620,044,219</u>	<u>701,677,885</u>
In production television programs - opening	80,456,290	92,774,464	67,096,880	73,775,981
In production television programs - closing	(77,218,116)	(52,158,884)	(77,218,116)	(52,158,884)
	<u>1,087,473,685</u>	<u>1,350,621,987</u>	<u>609,922,983</u>	<u>723,294,982</u>
Released / unreleased programs - opening	880,608,495	863,517,050	780,608,495	1,014,970,191
Released / unreleased programs - closing	(705,608,496)	(1,017,411,719)	(705,608,496)	(1,017,411,719)
	<u>1,262,473,684</u>	<u>1,196,727,318</u>	<u>684,922,982</u>	<u>720,853,454</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

14. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Nature of transactions	December 31, 2016 ----- (Un-audited)	December 31, 2015 ----- (Un-audited)
		Rupees	
Subsidiaries	Subsidiaries	<u>11,407,400</u>	<u>75,502,371</u>
	(Payments) / receipts during the period – net	<u>(5,961,786)</u>	<u>22,686,176</u>
	Subscription income	<u>7,442,500</u>	<u>69,816,250</u>
	Management fee	<u>1,600,500</u>	<u>1,037,189</u>
Associates	Purchase of television programs	<u>629,797,390</u>	<u>225,043,908</u>
	Receipts during the period	<u>-</u>	<u>68,372,218</u>
Retirement fund	Contributions	<u>10,500,298</u>	<u>10,299,284</u>
Key management personnel	Remuneration	<u>295,095,562</u>	<u>224,717,903</u>

15. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on February 28, 2017 by the Board of Directors.

16. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2016

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	282,089,879	269,132,578
Intangible assets		52,433,121	58,144,964
Long term deposits		31,120,934	51,684,160
Television program costs	5	354,319,118	475,255,121
Deferred tax asset		97,691,270	94,782,461
		817,654,322	948,999,284
CURRENT ASSETS			
Inventories		2,070,589	2,225,966
Current portion of television program costs	5	428,507,494	485,809,664
Trade debts	6	1,724,151,591	1,530,579,492
Advances		231,610,143	186,571,745
Trade deposits and short term prepayments		47,152,591	43,278,543
Taxation – net		20,747,633	-
Other receivables		25,378,500	18,490,488
Cash and bank balances		192,414,979	50,367,783
		2,672,033,520	2,317,323,681
TOTAL ASSETS		3,489,687,842	3,266,322,965
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		1,461,083,700	992,992,037
		2,406,083,700	1,937,992,037
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		23,626,756	27,066,577
CURRENT LIABILITIES			
Trade and other payables	7	808,799,110	699,298,498
Accrued markup		4,912,547	8,764,103
Short term borrowings	8	214,753,949	473,987,576
Unclaimed dividend		5,954,441	5,955,603
Taxation – net		-	90,160,791
Current portion of liabilities against assets subject to finance lease		25,557,339	23,097,780
		1,059,977,386	1,301,264,351
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		3,489,687,842	3,266,322,965

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


MAZHAR-UL-HAQ SIDDIQUI
 Chairman


DURAIID QURESHI
 Chief Executive

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2016
(UN-AUDITED)**

	Note	Half-year ended		Quarter-ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue	10	2,409,723,772	1,924,662,950	1,230,540,807	1,054,117,482
Cost of production	11	(1,301,054,381)	(1,237,054,344)	(697,807,121)	(754,899,241)
Transmission cost		(105,640,692)	(99,315,293)	(44,833,449)	(61,845,880)
		(1,406,695,073)	(1,336,369,637)	(742,640,570)	(816,745,121)
Gross profit		1,003,028,699	588,293,313	487,900,237	237,372,361
Distribution costs		(150,976,940)	(219,404,725)	(97,347,081)	(122,734,505)
Administrative expenses		(344,810,068)	(200,725,783)	(170,726,934)	(97,621,220)
Other income		50,038,377	37,246,066	40,565,570	25,560,000
Other expenses – exchange loss		(7,860,161)	(268,344)	(7,132,228)	(268,344)
Finance costs		(15,056,263)	(17,910,495)	(6,264,998)	(8,942,166)
Profit before taxation		534,363,644	187,230,032	246,994,566	33,366,126
Taxation					
- current		(71,465,477)	(53,884,425)	(33,516,073)	(16,488,869)
- deferred		2,968,371	9,714,563	(7,055,180)	10,164,416
		(68,497,106)	(44,169,862)	(40,571,253)	(6,324,453)
Profit after taxation		465,866,538	143,060,170	206,423,313	27,041,673
Earnings per share – basic and diluted		0.49	0.15	0.22	0.03

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2016
(UN-AUDITED)**

	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----		----- Rupees -----	
Profit after taxation	465,866,538	143,060,170	206,423,313	27,041,673
Other comprehensive income	2,225,125	448,927	(1,437,284)	2,646,883
Total comprehensive income	<u>468,091,663</u>	<u>143,509,097</u>	<u>204,986,029</u>	<u>29,688,556</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

	December 31, 2016	December 31, 2015
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	534,363,644	187,230,032
Adjustments for:		
Depreciation	38,721,360	31,267,550
Amortization	3,473,269	2,173,493
Finance costs	15,056,263	17,910,495
Profit on bank accounts	(2,604,602)	(1,592,670)
Gain on disposal of property, plant and equipment	(3,894,524)	(1,833)
Exchange difference on translation of foreign currency	2,225,125	1,984,938
Reversal of provision for doubtful debts	-	144,750
Exchange loss	7,860,161	268,344
	60,837,052	52,155,067
Operating profit before working capital changes	595,200,696	239,385,099
(Increase)/decrease in current assets		
Inventories	155,376	1,738,835
Television program costs	57,302,170	35,645,800
Trade debts	(193,572,099)	(74,470,814)
Advances, deposits and prepayments	(48,912,446)	73,351,907
Other receivables	(6,888,012)	15,365,441
	(191,915,011)	51,631,169
Increase in current liabilities		
Trade and other payables	106,034,026	57,540,633
Cash generated from operations	509,319,711	348,556,901
Taxes paid	(182,314,341)	(52,559,060)
Finance costs paid	(18,907,819)	(17,470,172)
Profit received on bank accounts	2,604,602	1,592,670
Long-term deposits	20,563,226	(945,197)
Television program costs	120,936,004	(148,924,889)
Net cash generated from operating activities	452,201,383	130,250,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(55,970,791)	(45,415,311)
Proceeds from sale of property, plant and equipment	6,031,655	52,000
Net cash used in investing activities	(49,939,136)	(45,363,311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,162)	(164,245,943)
Lease rentals paid	(980,262)	(4,748,250)
Short term borrowings (repaid) / obtained	(259,233,627)	153,645,778
Net cash used in financing activities	(260,215,051)	(15,348,415)
Net increase / (decrease) in cash and cash equivalents	142,047,196	69,538,527
Cash and cash equivalents at the beginning of the period	50,367,783	26,450,936
Cash and cash equivalents at the end of the period	192,414,979	95,989,463

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Reserves		Total
			Unappropriated Profit	Sub-total	
Balance as at July 01, 2015	945,000,000	(4,360,306)	675,594,015	671,233,709	1,616,233,709
Net profit for the period	-	-	143,060,170	143,060,170	143,060,170
Other comprehensive income	-	448,927	-	448,927	448,927
Total comprehensive income	-	448,927	143,060,170	143,509,097	143,509,097
Final cash dividend for the year ended June 30, 2015	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Balance as at December 31, 2015	945,000,000	(3,911,379)	653,279,185	649,367,806	1,594,367,806
Balance as at July 01, 2016	945,000,000	(3,837,148)	996,829,185	992,992,037	1,937,992,037
Profit for the period	-	-	465,866,538	465,866,538	465,866,538
Other comprehensive income	-	2,225,125	-	2,225,125	2,225,125
Total comprehensive income	-	2,225,125	465,866,538	468,091,663	468,091,663
Balance as at December 31, 2016	945,000,000	(1,612,023)	1,462,695,723	1,461,083,700	2,406,083,700

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

1.3 Subsidiary Companies

HUM TV, Inc., HUM Network UK LTD and HUM Network FZ LLC have been established with the purpose of providing entertainment programmes to the South Asian community by increasing presence in the United States of America (USA), Canada, UK and UAE respectively. The subsidiary companies will also serve as a platform for the Holding Company to explore avenues for greater distribution of the Holding Company brands in USA, Canada, UK and UAE and will establish relations with advertisers, as well as develop US-based media materials, such as dramas, documentaries and other entertainment shows and events.

Skyline Publication (Private) Limited is engaged in the publications of books and magazines. During the year ended June 30, 2015, Skyline Publications (Private) Limited acquired 100% equity in Newline Publication (Private) Limited, which is engaged in publishing "Newline" a monthly English magazine.

2. BASIS OF PREPARATION

- 2.1 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, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2016 except that the Company has adopted the following IFRSs which became effective during the period:

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

The adoption of the above standards did not have any material effect on these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	272,115,705	269,132,578
Capital work-in-progress	4.2	9,974,174	-
		<u>282,089,879</u>	<u>269,132,578</u>
4.1 Operating fixed assets			
Opening balance – at book value		269,132,578	244,107,428
Additions during the period / year – at cost	4.1.1	<u>43,841,618</u>	<u>98,204,880</u>
		312,974,196	342,312,308
Less:			
Disposals during the period / year – at book value		(2,137,131)	(1,467,118)
Depreciation charged during the period / year		<u>(38,721,360)</u>	<u>(71,712,612)</u>
		(40,858,491)	(73,179,730)
Closing balance – at book value		<u>272,115,705</u>	<u>269,132,578</u>
4.1.1 Additions during the period / year – at cost			
Owned			
Leasehold improvements		9,614,920	24,184,839
Furniture and fittings		1,436,461	810,400
Motor vehicles		454,059	2,467,241
Audio visual equipment		3,959,143	18,564,161
Office equipment		11,477,775	19,650,774
Computers		3,478,800	19,065,475
Leased			
Motor vehicles		13,420,460	13,461,990
		<u>43,841,618</u>	<u>98,204,880</u>
4.2 Capital work-in-progress			
Opening balance		-	19,971,898
Additions during the period / year		22,097,574	1,185,044
Transfers to operating fixed assets		<u>(12,123,400)</u>	<u>(21,156,942)</u>
Closing balance		<u>9,974,174</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	----- Rupees -----	
5. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		705,608,496	880,608,495
In production		77,218,116	80,456,290
		<u>782,826,612</u>	<u>961,064,785</u>
Less: Current portion		<u>428,507,494</u>	<u>485,809,664</u>
		<u>354,319,118</u>	<u>475,255,121</u>
6. TRADE DEBTS			
Considered good	7.1	1,724,151,591	1,530,579,492
Considered doubtful		<u>32,418,948</u>	<u>32,418,948</u>
		<u>1,756,570,539</u>	<u>1,562,998,440</u>
Less: Provision for doubtful debts		<u>32,418,948</u>	<u>32,148,948</u>
		<u>1,724,151,591</u>	<u>1,530,579,492</u>
7. TRADE AND OTHER PAYABLES			
Include amounts payable to related parties amounting to Rs 226,498,344/- (June 30, 2016: Rs.169,247,273/-).			
8. SHORT TERM BORROWINGS- secured			
As of the balance sheet date, running finance facilities from commercial banks amounted to Rs. 475,000,000/- (June 30, 2016: Rs. 400,000,000/-) and local bills discounting facilities amounted to Rs. 225,000,000/- (June 30, 2016: Rs. 75,000,000/-). These carry mark-up rates ranging from 3 months KIBOR + 0.75% to 2.25% (June 30, 2016: 3 months KIBOR + 1.25% to 2.25%) per annum.			
9. CONTINGENCIES AND COMMITMENTS			
9.1 Contingencies			
There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2016.			
9.2 Commitments			
Purchase of television programs commitments with M.D Production (Private) Limited and M.D Production FZ LLC, related parties as at December 31, 2016 amounted to Rs. 270,843,593/- (June 30, 2016: Rs.440,996,900/-) and Nil (June 30, 2016: Rs.45,728,172) respectively. Commitment for purchase of television programs with other than related parties as at December 31, 2016 amounted to Rs. 46,198,000/- (June 30, 2016: Rs. 48,675,120/-).			

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

Note	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
10. REVENUE – net				
Advertisement revenue	2,222,981,446	1,644,863,255	1,093,993,042	821,221,111
Production revenue	85,181,808	50,128,462	57,810,064	40,411,727
Digital sales revenue	10,841,942	24,289,609	5,261,283	19,397,597
Subscription income	67,676,322	20,863,828	55,391,589	11,872,965
Film distribution revenue	23,042,254	184,517,796	18,084,829	161,214,082
10.1	<u>2,409,723,772</u>	<u>1,924,662,950</u>	<u>1,230,540,807</u>	<u>1,054,117,482</u>

10.1 Revenue is net off the following items:

Sales tax	346,470,839	274,957,579	179,677,223	138,064,295
Discount to customers	152,615,118	144,384,000	77,988,228	65,715,412
	<u>499,085,957</u>	<u>419,341,579</u>	<u>257,665,451</u>	<u>203,779,707</u>

	Half-year ended		Quarter-ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	

11. COST OF PRODUCTION

Cost of outsourced programs	701,048,156	943,342,016	387,162,901	546,163,488
Cost of in-house programs	144,141,505	109,434,657	88,764,631	42,620,392
Inventories consumed	1,679,623	-	1,385,238	-
Salaries and benefits	198,479,916	230,355,391	112,567,644	111,695,593
Depreciation	19,184,249	14,471,530	10,354,329	7,777,125
Amortisation	2,047,777	1,837,568	1,020,762	871,761
Traveling and conveyance	11,412,616	13,780,173	6,802,011	7,119,066
Utilities	7,734,901	6,696,157	4,159,357	3,418,874
Rent, rates and taxes	8,145,270	5,382,631	4,100,925	2,675,978
Insurance	4,881,943	2,822,194	2,742,936	1,326,668
Repair and maintenance	10,702,078	9,640,049	6,056,637	5,625,488
Fee and subscription	2,547,785	2,606,540	1,269,478	1,635,919
Communication expense	5,933,344	3,218,175	3,904,154	1,250,139
Security charges	393,574	1,329,005	319,174	1,065,468
Consultancy	2,458,091	1,827,367	420,529	698,968
Training	96,699	20,302	96,699	20,302
Printing and stationery	1,928,681	3,569,678	1,800,952	1,758,443
	<u>1,122,816,208</u>	<u>1,350,333,433</u>	<u>632,928,357</u>	<u>735,723,672</u>
In production television programs				
- opening	80,456,290	92,774,464	67,096,880	73,775,981
In production television programs				
- closing	(77,218,116)	(52,158,884)	(77,218,116)	(52,158,884)
	<u>1,126,054,382</u>	<u>1,390,949,013</u>	<u>622,807,121</u>	<u>757,340,769</u>
Released / unreleased programs				
- opening	880,608,495	863,517,050	780,608,495	1,014,970,191
Released / unreleased programs				
- closing	(705,608,496)	(1,017,411,719)	(705,608,496)	(1,017,411,719)
	<u>1,301,054,381</u>	<u>1,237,054,344</u>	<u>697,807,120</u>	<u>754,899,241</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

12. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Nature of transactions	December 31, 2016 ----- (Un-audited)	December 31, 2015 ----- (Un-audited)
		Rupees	
Associates	Purchase of television programs	<u>629,797,390</u>	<u>252,534,264</u>
	Receipts during the period	<u>-</u>	<u>68,372,218</u>
Retirement fund	Contributions	<u>10,500,298</u>	<u>10,299,284</u>
Key management personnel	Remuneration	<u>342,630,677</u>	<u>235,072,344</u>

13. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on February 28, 2017 by the Board of Directors.

14. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

Printed Matter

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