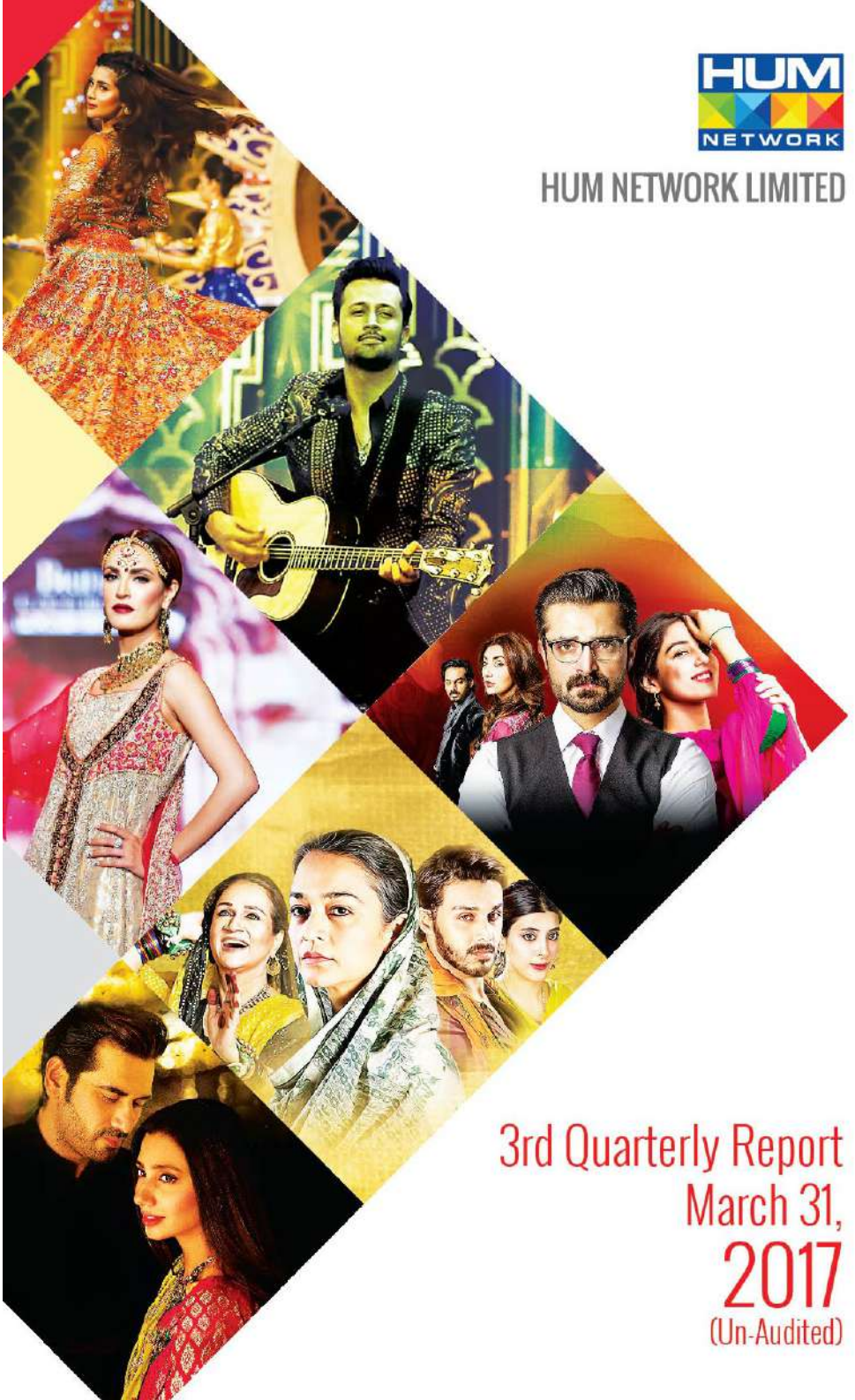




HUM NETWORK LIMITED



3rd Quarterly Report
March 31,
2017
(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

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

LEGAL ADVISOR

M/s. Ijaz Ahmed & Associates

No.7, 11 th Zamzama Street Phase-V

D.H.A. Karachi.

BANKERS

Bank Alfalah Limited

Faysal Bank Limited

National Bank of Pakistan

The Bank of Punjab

Allied Bank Limited

United Bank Limited

Askari Bank Limited

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

WEBSITE

www.humnetwork.tv

PAKISTAN STOCK EXCHANGE LIMITED

HUMNL

Director's Report

The Board of Directors of HUM Network Limited (HNL) takes pleasure in presenting the review on the financial and operational performance of the Company for the nine months period ended March 31, 2017.

Financial Performance:

During the period under review, the Company reported net revenue of Rs. 3,435 million as compared Rs. 2,836 million during the same period last year resulting in a positive variance of 21%. The Company witnessed an increase of 132% in the profit after tax of Rs. 770 million as compared to Rs. 332 million earned during the same period last year. The results translate into earnings per share of Re. 0.82 as compared to Re. 0.35 during the same period last year.

Operational Performance:

Pakistan's numero uno entertainment network HUM Network Limited, celebrated the 12th anniversary of its premier entertainment channel HUM TV. This year marks the completion of Hum TV's striking twelve-year journey! Since the first transmission on 17th January 2005, HUM TV has been a pioneer in its league, choosing new talent to breaking stereotypes. The channel is globally recognized as an ambassador of Pakistan. Most of its content is made to impact the society in a powerful way! The success of Hum TV's content comes from the subtle ways it approaches taboo topics, creating relatable characters that leave an unforgettable impression as they grow with the story, delivering the message and all the while maintaining their entertainment factor.

The start of 2017 witnessed mega projects by HUM TV that touched the audiences' hearts including "Sammi" – a play that brings another sensitive and gruesome social issue onto mainstream television, "Naz-e-bud" – based on black magic and the effects of this sinister action on victim and perpetrator, "Jhitani", "Woh Aik Pal", "Ye Raha Dil" and to name a few.

Miss Veet Pakistan 2016 Grand Finale was held in January 2017. Miss Veet Pakistan 2016 became Pakistan's most popular reality TV show within no time, with its very first episode, which aired in October; the show skyrocketed to fame and broke all the TRPs set before. Miss Veet Pakistan 2016 wasn't an ordinary show but actually showed the journey of transformation from an ordinary girl to a star and provided a platform to the potential and aspiring models who wish to enter the entertainment industry.

The 14th edition of HUM Bridal Couture Week 2017 was held in Karachi which is the country's biggest bridal fashion extravaganza. Star power galore and a long list of celebrities walking the ramp, the three-day event showcased haute couture of critically acclaimed designers of Pakistan. The Bridal Couture Week is not only the most eagerly awaited fashion weeks with substantial fan following but is also the most lucrative one in terms of its commercial success and generation of business.

The biggest family event, Masala Family Festival 2017, was back with a bang in Karachi on 11th and 12th of February 2017. The event provided a platform for the cooking lovers to enjoy Live Cooking Shows of Masala chefs, Kids Arena, Food Court and shop their favourite brands under one roof. Highlight of the two-day festival was the induction of Pakistani Masterchef Mehboob Khan to HUM Masala and the introduction of fresh talent, Chef Basim Akhund, who received an overwhelming response from the audience. The festival concluded on a high note with exhilarating performances by Asim Azher and Stereo Nation.

HUM Masala revamped its content by adding a series of new cooking and informative shows namely "Mehboob's Kitchen", "Main Aur Mera Kitchen", "Freshly Baked", "Flame On Hai" and "Evening With Shireen" introducing many different recipes, cooking experts, professional chefs and health consultants which have been overwhelmed by the food mavens.

During the period under review, HUM Films was engaged in the distribution of various films including the international blockbuster movies like, "Beauty & The Beast" and "Kaabil" which made impressive figures at the Box Offices.

Consolidated results are as follows:

	Rupees
Revenue – net	3,717,812,550
Gross Profit	1,642,573,986
Profit for the period – before taxation	906,776,135
Earnings per share	0.86

Future Outlook

The outlook for the future is positive and it is expected to be driven by growing sales in the advertisement revenue supported by digital sales and film distribution revenue and better performance of subsidiaries.

The cinema houses' owners have lifted the self-imposed ban and started screening Bollywood flicks. The exhibition of local and foreign (including Indian) produced movies and emerging opening of multiplexes in a major way across the country, the returns from film distribution segment are expected to surge.

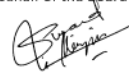
During the period under review, the shareholders of the Company in their meeting approved the Scheme of Arrangement with M.D. Productions (Private) Limited to acquire majority of its shares. The Scheme is now with the Court for its approval and completion of related formalities. This would enable HNL 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.

April 27, 2017
Karachi

For & On behalf of the Board of Directors



Duraid Qureshi
Chief Executive Officer

ڈائریکٹرز رپورٹ

مہمیت ورک لیبلڈ (انچ این ایل) کے بورڈ آف ڈائریکٹرز ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی تیسری سرمایہ کیلئے کمپنی کی مالیاتی اور عملی کارکردگی کا جائزہ پیش کر رہے ہیں۔ مالیاتی کارکردگی:

زیر نظر مدت کے دوران کمپنی کی کل آمدنی ۳۳۳ ملین روپے رہی جس کا موازنہ گزشتہ سال اسی مدت کی آمدنی مبلغ ۲۸۳۶ ملین روپے سے کیا جاسکتا ہے جو کہ ۲۱ فیصد کم ہے۔ بعد از انچس نتائج میں ۱۳ فیصد اضافہ کے بعد ملین روپے ہو اس کا موازنہ گزشتہ سال کی اسی مدت کے نتائج مبلغ ۳۳۳ ملین روپے سے کیا جاسکتا ہے۔ یہ نتائج آمدنی میں ۸۲ فیصد کم ہے جس کا موازنہ گزشتہ سال اسی مدت کیلئے ۵۰ روپے سے کیا جاسکتا ہے۔

عملی کارکردگی:

پاکستان کے مشہور انٹرنیٹ خدمت ورک لیبلڈ نے اپنے انٹرنیٹ سروسز میں کمی کی بارہویں سالگرہ منائی۔ اس سال ہم نے کمی نے اپنے سفر کے ۱۳ سال مکمل کیے۔ جب سے اس کی پہلی مارکیٹنگ ۱۷ جنوری ۲۰۰۵ کو شروع ہوئی، ہم نے کمی کو یہ اعزاز حاصل ہے کہ اس نے ہمیشہ نئے ٹیلنٹ کو متعارف کرایا ہے، یہ ٹیلنٹ دنیا بھر میں پاکستانی سٹیری کی حیثیت سے جانا پہچانا جاتا ہے۔ اس کے زیادہ تر پروگراموں میں سوسائٹی پر اثر انداز ہونے والے اثرات کو خوبصورت انداز میں پیش کیا گیا۔ ممنوع موضوعات کے نقطہ نظر کو بہتر طریقے سے پیش کر کے ایسے کردار پیش کئے جنہیں بھلا یا نہیں جاسکتا کیونکہ وہی کمپنی کی جان ہیں اور اس انٹرنیٹ خدمت کے توسط سے سب لوگوں کو اپنا پیغام دے رہے ہیں اور یہی ہم نے کمی کی کامیابی ہے۔

2017 کے شروع میں ہم نے کمی نے اعلیٰ معیار کے پروگرام پیش کئے جنہیں ناظرین کی بے حد پزیرائی ملی جس میں ”کمی“ ایک ایسا ڈرامہ ہے جو ایک اور سراسر معاشرتی مسئلے کا جا کر گر رہا ہے اس کے علاوہ ”نظر بند“ جو کہ کالا جاوے سے متعلق ہے، اس کے علاوہ ”جھانسی“، ”دوا ایک ٹپ“، ”یرہا دل“ اور اس کے علاوہ دیکھ کر ایسے اس میں شامل ہیں جس کا معاشرے پر گہرا اثر پڑتا ہے۔ مس ویٹ پاکستان ۲۰۱۷ کے گریڈ فنانل کا انعقاد جنوری ۲۰۱۷ کو ہوا۔ مس ویٹ پاکستان کا مشہور معروف ٹیلی ویژن شو رہا جس کی پہلی قسط اکتوبر میں نشر ہوئی تھی یہ شو بے حد مشہور ہوا اور دیکھنے تمام براؤزر ڈاؤن لوڈ کیے۔ مس ویٹ پاکستان ۲۰۱۷ کوئی آڈیو ٹیوشن تھا، یہ سٹر ایک ”مڈولی لڑکی سے شروع ہو کر اسٹار پر ختم ہوتا ہے۔ یہ شان تمام ماڈلز کو ایک پلیٹ فارم فراہم کرتا ہے جو انٹرنیٹ کی صنعت میں آتا باقی ہیں۔

ہم براؤزل کو چھڑکے ۱۷ مارچ ۲۰۱۷ کو ایس این کرچی میں منعقد کیا گیا جو اس ملک کا سب سے بڑا براؤزل فیسٹو ہے جس میں اسٹار ماڈل اور ان کی ایک طویل لسٹ نے ریب پراک کی۔ اس تین دن کے ایونٹ میں پاکستان کے ڈیڑھ لاکھ لوگ پیش کیا گیا یہ براؤزل کو چھڑکے صرف فیسٹو ایک کا شے بلکہ تجارتی بنیاد پر کامیابی کا ایک بہترین راستہ بھی ہے۔ مصالحتی فیملی فیڈیل کا انعقاد ۱۱ اور ۱۲ فروری ۲۰۱۷ء کرچی میں کیا گیا، اس ایونٹ نے کوئٹہ کے محبت کرنے والوں کو ایک پلیٹ فارم فراہم کیا تاکہ وہ لائیو کوئٹہ شو مصالحتی فیملی، مکڈونالڈز، کورٹ اور شاپ کے حوالے سے ایک ہی سچت کے پیچھے اپنے پسندیدہ براؤزلز پیش کر سکیں۔ اس دوروزہ فیڈیل میں پاکستانی ماسٹر شیف محبوب خان کو ہم مصالحتی میں متعارف کروایا گیا اور نئے ٹیلنٹ شیف باسم خان کو بھی متعارف کرایا گیا جنہیں سامعین کی طرف سے ہر دست پزیرائی ملی۔ اس فیڈیل میں عامر اظہار اور اسٹیر یوٹیشن نے شاندار پرفارمنس کا مظاہرہ کیا۔ ہم مصالحتی نے نئی کوئٹہ اور مصالحتی شو کی سیریز ”محبوب کا بچن“، ”میں اور میرا بچن“، ”فری فیسٹیو“، ”طیلم آن ہے“ اور ”اینگک ڈو شیرین“ کے ساتھ شامل کئے ہیں جس میں کوئٹہ ایکسپرس، پیوٹو شیف اور صحت کے مشیران بھی متعارف کروائے گئے۔

زیر نظر مدت کے دوران ہم مختلف فلمز کی ڈسٹری بیوشن میں شامل رہا جس میں مشہور و معروف عالمی فلمیں جیسا کہ ”یونی انڈی بیسٹ“ اور ”قابل“ جنہیں حاضرین کی جانب سے بے حد سراہا گیا اور باکس آفس پر بھی بڑی کس۔

متعلقہ نتائج درج ذیل ہیں:

روپے
۳,۷۱۷,۸۱۲,۵۵۰
۱,۶۳۲,۵۷۳,۹۸۶
۹۰۶,۷۷۶,۱۳۵
۰.۸۶

صافی آمدنی

کل آمدنی

کل انچس نتائج

نی ٹیکس آمدنی

مستقبل کا جائزہ:

مستقبل کا جائزہ زیر نظر آ رہا ہے اور امید یہ جاتی ہے کہ لائبروریز منٹ کی آمدنی میں اضافہ ہوگا جو کہ ڈیجیٹل سٹار اور فلم ڈسٹری بیوشن آمدنی اور ماحول میں کی بہترین کارکردگی کی سپورٹ ہوگا۔ سینما ہاؤسز کے مالکان نے خود کو لگائی گئی پابندی اٹھائی ہے اور بولی ووڈ اسکرینز شروع کی، لوکل اور غیر ملکی موویز (بھول ایلین) کی تماشائی ہوئی اور پورے ملک میں ملٹی پلکس کا سلسلہ شروع کیا گیا۔ فلم ڈسٹری بیوشن کی واپسی سے بہتری کی امید ہے۔

زیر نظر مدت کے دوران کمپنی کے شیئر ہولڈرز نے اپنی مینٹگ M.D پر ڈو کھڑے (پرائیویٹ) لیبلڈ کے ساتھ انتظامات کی اسکیم منظور کی تاکہ زیادہ سے زیادہ شیئر حاصل کر سکے، یہ اسکیم اب عدالت میں منظوری اور مصلحت کاروائیوں کو مکمل کرنے کے لئے ہے جس سے (انچ این ایل) طویل مدتی مقاصد کے تحت توسیع پاکستانی میڈیا کی صنعت میں حاصل کر سکے گی اور امید ہے کہ آنے والی مدت میں بہت فائدہ حاصل ہوگا۔

انکشافات:

اس مدت کے دوران آپ کے ڈائریکٹرز کمپنی کے سٹریٹجی اور سرکاری کاروان کی مستقل سپورٹ پر مخلصانہ چسپون کرتے ہیں۔ آپ کے ڈائریکٹرز ملازمین کی شرکت اور ان کی محنت کو بھی خراج تحسین پیش کرتے ہیں جو کہ انہوں نے ہر سچت سے آپ کی کمپنی کیلئے بہترین کارکردگی حاصل کی اور امید ہے کہ مستقبل میں بھی ان کی سپورٹ حاصل رہے گی۔

کرچی مورچہ ۱۷ اپریل ۲۰۱۷ء

نقہ خطہ بورڈ آف ڈائریکٹرز



چیف ایگزیکٹو آفیسر

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

		March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	282,662,885	265,710,406
Intangible assets		25,369,628	26,061,695
Long term investments	5	228,898,411	217,491,011
Long term deposits		35,894,978	31,197,352
Television program costs	6	351,134,411	475,255,121
Deferred tax asset		103,596,124	93,257,835
		<u>1,027,556,437</u>	<u>1,108,973,420</u>
CURRENT ASSETS			
Inventories		2,070,589	2,225,966
Current portion of television program costs	6	405,654,978	485,809,664
Trade debts	7	1,764,295,575	1,482,438,054
Advances		248,152,090	140,486,789
Trade deposits and short term prepayments		29,384,174	17,298,601
Taxation – net		14,874,792	-
Other receivables	8	18,921,184	22,731,484
Cash and bank balances		75,662,250	12,260,410
		<u>2,559,015,632</u>	<u>2,163,250,968</u>
TOTAL ASSETS		<u>3,586,572,069</u>	<u>3,272,224,388</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital		945,000,000	945,000,000
Unappropriated profit		<u>1,867,961,678</u>	<u>1,097,627,462</u>
		<u>2,812,961,678</u>	<u>2,042,627,462</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		25,375,188	27,066,577
CURRENT LIABILITIES			
Trade and other payables	9	714,407,501	598,910,438
Accrued markup		383,474	8,764,103
Short term borrowings	10	-	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		27,489,787	23,097,780
		<u>748,235,203</u>	<u>1,202,530,349</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>3,586,572,069</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 NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

	Note	Nine months ended		Quarter-ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Rupees	Rupees	Rupees	Rupees
Revenue	12	3,435,212,972	2,836,313,925	1,165,729,874	1,000,316,770
Cost of production	13	(1,869,329,905)	(1,767,967,940)	(606,856,221)	(571,240,622)
Transmission cost		(65,277,743)	(65,021,726)	(21,847,341)	(21,603,389)
		(1,934,607,648)	(1,832,989,666)	(628,703,562)	(592,844,011)
Gross profit		1,500,605,324	1,003,324,259	537,026,312	407,472,759
Distribution costs		(238,839,546)	(318,378,568)	(99,880,324)	(101,328,588)
Administrative expenses		(431,894,875)	(289,530,184)	(141,503,663)	(102,389,083)
		829,870,903	395,415,507	295,642,325	203,755,088
Other income		54,064,900	62,377,773	11,468,362	25,775,364
		883,935,803	457,793,280	307,110,687	229,530,452
Finance costs		(18,688,151)	(27,527,244)	(3,645,327)	(9,713,513)
Profit before taxation		865,247,652	430,266,036	303,465,360	219,816,939
Taxation					
- current		(105,251,725)	(126,292,143)	(33,786,248)	(72,407,718)
- deferred		10,338,289	28,224,877	7,369,918	18,510,314
		(94,913,436)	(98,067,266)	(26,416,330)	(53,897,404)
Profit after taxation		770,334,216	332,198,770	277,049,030	165,919,535
Earnings per share – basic and diluted		0.82	0.35	0.29	0.18

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAITD QURESHI
Chief Executive

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2017
(UN-AUDITED)**

	Nine months ended		Quarter-ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Profit after taxation	770,334,216	332,198,770	277,049,030	165,919,535
Other comprehensive income	-	-	-	-
Total comprehensive income	770,334,216	332,198,770	277,049,030	165,919,535

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 NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

	March 31, 2017	March 31, 2016
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	865,247,652	430,266,036
Adjustments for:		
Depreciation	58,473,144	47,773,237
Amortization	5,283,066	3,417,378
Finance costs	18,688,151	27,527,244
Profit on deposit accounts	(3,895,673)	(2,374,218)
Gain on disposal of property, plant and equipment	(3,894,524)	(394,157)
Exchange loss	7,610,294	963,215
	82,264,458	76,912,699
Operating profit before working capital changes	947,512,110	507,178,735
(Increase)/decrease in current assets		
Inventories	155,377	1,738,837
Television program costs	80,154,686	35,645,800
Trade debts	(281,857,523)	(204,260,924)
Advances, deposits & prepayments	(119,750,874)	123,891,134
Other receivables	3,810,300	10,849,304
	(317,488,034)	(32,135,849)
Increase in current liabilities		
Trade and other payables	107,886,769	(16,745,973)
Cash generated from operations	737,910,845	458,296,913
Taxes paid	(211,941,367)	(284,450,395)
Finance costs paid	(27,068,776)	(25,710,845)
Profit received on deposit accounts	3,895,673	2,374,218
Long-term deposits	(4,697,626)	(1,392,716)
Television program costs	124,120,711	(35,645,800)
Net cash generated from operating activities	622,219,460	113,471,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(82,153,754)	(77,253,010)
Proceeds from sale of property, plant and equipment	6,031,655	945,850
Investment made in subsidiaries	(11,407,400)	(74,952,371)
Net cash used in investing activities	(87,529,499)	(151,259,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,162)	(164,458,667)
Liabilities against assets subject to finance lease	2,700,618	(3,394,359)
Short term borrowings (repaid) / obtained	(473,987,577)	195,723,918
Net cash used in financing activities	(471,288,121)	27,870,892
Net increase / (decrease) in cash and cash equivalents	63,401,840	(9,917,264)
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	75,662,250	3,942,823

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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2017
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Unappropriated Profit	Total
	-----Rupees-----		
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	-	332,198,770	332,198,770
Other comprehensive income	-	-	-
Total comprehensive income	-	332,198,770	332,198,770
Balance as at March 31, 2016	<u>945,000,000</u>	<u>892,890,306</u>	<u>1,837,890,306</u>
Balance as at July 01, 2016	945,000,000	1,097,627,462	2,042,627,462
Profit after taxation	-	770,334,216	770,334,216
Other comprehensive income	-	-	-
Total comprehensive income		770,334,216	770,334,216
Balance as at March 31, 2017	<u>945,000,000</u>	<u>1,867,961,678</u>	<u>2,812,961,678</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 NINE MONTHS ENDED MARCH 31, 2017 (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 condensed interim unconsolidated financial statements of the Company for the nine months period ended March 2017 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 investment in subsidiaries is 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	March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
		----- Rupees -----	
Operating fixed assets	4.1	274,547,511	265,710,406
Capital work-in-progress		8,115,374	-
		<u>282,662,885</u>	<u>265,710,406</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

		March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
		----- 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	69,447,380	98,204,880
		<u>335,157,786</u>	<u>337,031,568</u>
Less:			
Disposals during the period / year - at book value		(2,137,131)	(1,467,118)
Depreciation charged during the period / year		(58,473,144)	(69,854,044)
		<u>(60,610,275)</u>	<u>(71,321,162)</u>
Closing balance – at book value		<u>274,547,511</u>	<u>265,710,406</u>
4.1.1 Additions during the period / year – at cost			
Owned			
Leasehold improvements		9,614,920	24,184,839
Furniture and fittings		10,225,970	810,400
Motor vehicles		882,505	2,467,241
Audio visual equipment		5,662,628	18,564,161
Office equipment		9,150,741	19,650,774
Computers		6,777,682	19,065,475
Leased			
Motor vehicles		27,132,934	13,461,990
		<u>69,447,380</u>	<u>98,204,880</u>
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
		<u>18,725,353</u>	<u>18,725,353</u>
HUM Network UK Ltd.			
553,677 Ordinary share of 1 GBP	100%	95,923,751	161
Advance for future issue of shares		-	95,923,590
		<u>95,923,751</u>	<u>95,923,751</u>
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
		<u>39,999,970</u>	<u>28,592,570</u>
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
		<u>74,249,337</u>	<u>74,249,337</u>
		<u>228,898,411</u>	<u>217,491,011</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

		March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
	Note	----- Rupees -----	
6. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		678,654,273	880,608,495
In production		78,135,116	80,456,290
		<u>756,789,389</u>	<u>961,064,785</u>
Less: Current portion		<u>405,654,978</u>	<u>485,809,664</u>
		<u>351,134,411</u>	<u>475,255,121</u>
7. TRADE DEBTS			
Considered good	7.1	1,764,295,575	1,482,438,054
Considered doubtful		<u>26,412,547</u>	<u>26,412,547</u>
		<u>1,790,708,122</u>	<u>1,508,850,601</u>
Less: Provision for doubtful debts		<u>26,412,547</u>	<u>26,412,547</u>
		<u>1,764,295,575</u>	<u>1,482,438,054</u>
7.1	Include amount receivable from the following related parties:		
Hum TV, Inc- USA		115,719,933	75,297,005
Hum Network UK Ltd		<u>99,776,160</u>	<u>115,396,791</u>
		<u>215,496,093</u>	<u>190,693,796</u>
8. OTHER RECEIVABLES – considered good			
Receivable in respect of sale of DVDs		-	1,142,537
Sales tax receivable		5,397,133	17,347,951
HUM TV, Inc. – related party		7,648,090	4,240,996
Others		<u>5,875,961</u>	<u>-</u>
		<u>18,921,184</u>	<u>22,731,484</u>
9. TRADE AND OTHER PAYABLES			
Include amounts payable to related parties amounting to Rs 281,443,718/- (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 2016: Rs. 400,000,000) and Local bill discounting facilities amounted to Rs. 225,000,000 (June 2016: Rs. 75,000,000). These facilities are secured by way of paripassu charge and first hypothecation charge on all current assets of the Company and carry mark-up rates ranging from 3 months KIBOR + 0.75% to 1.5% (June 30, 2016: 3 months KIBOR + 1.25% to 2.25%). The facilities will mature latest by December 2017.			
11. CONTINGENCIES AND COMMITMENTS			
11.1 Contingencies			
The Additional Commissioner Inland Revenue had 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.			

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2017 (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 March 31, 2017 amounted to Rs. 113,585,000 (June 30, 2016: Rs.440,996,900) and Rs. Nil (June 30, 2016: Rs.45,728,172) respectively. Commitment for purchase of television programs with other than related parties as at March 31, 2017 amounted to Rs. 7,913,000 (June 30, 2016: Rs. 48,675,120).

	Nine months ended		Quarter-ended	
	March 31, 2017 (Un-audited)	March 31, 2016 (Un-audited)	March 31, 2017 (Un-audited)	March 31, 2016 (Un-audited)
	----- Rupees -----		----- Rupees -----	
12. REVENUE – net				
Advertisement revenue	3,147,704,246	2,361,194,641	1,072,403,774	874,813,432
Production revenue	115,891,435	74,611,602	30,709,627	24,483,140
Digital Sales Revenue	13,593,537	27,408,805	2,751,595	3,119,197
Subscription Income	117,841,096	137,420,528	42,724,474	46,740,449
Film Distribution Revenue	40,182,658	235,678,349	17,140,404	51,160,553
	<u>3,435,212,972</u>	<u>2,836,313,925</u>	<u>1,165,729,874</u>	<u>1,000,316,771</u>

Revenue is net off the following items:

Sales tax	525,409,311	431,696,556	178,938,472	138,064,295
Discount to customers	239,337,788	214,357,392	86,722,670	65,715,412
	<u>764,747,099</u>	<u>646,053,948</u>	<u>265,661,142</u>	<u>203,779,707</u>

13. COST OF PRODUCTION

Cost of outsourced programs	1,070,621,865	1,206,842,543	398,498,709	290,990,883
Cost of in-house programs	184,732,843	151,598,595	44,581,080	42,163,938
Inventories consumed	155,373	-	-	-
Salaries and benefits	297,739,825	317,979,402	99,259,909	95,814,746
Depreciation	29,778,934	21,766,027	10,872,709	7,572,520
Amortisation	3,063,198	2,740,392	1,049,441	913,449
Traveling and conveyance	17,570,199	18,415,394	6,157,583	4,635,221
Utilities	10,472,239	9,136,033	2,903,900	2,592,807
Rent, rates and taxes	10,102,577	6,968,118	2,808,108	2,278,487
Insurance	7,681,831	4,877,542	2,806,841	2,059,321
Repair and maintenance	16,323,895	12,431,006	5,654,214	2,837,889
Fee and subscription	4,054,609	4,119,129	1,506,824	1,590,973
Communication expense	7,318,671	5,907,454	2,468,542	2,689,279
Security charges	1,195,448	1,778,753	801,874	449,748
Consultancy	3,781,926	3,038,305	1,323,835	1,210,938
Printing and stationery	461,076	369,247	125,429	161,334
	<u>1,665,054,509</u>	<u>1,767,967,940</u>	<u>580,818,998</u>	<u>457,961,533</u>
In production television programs				
- opening	80,456,290	92,774,464	77,218,116	52,158,884
In production television programs				
- closing	(78,135,116)	(75,826,981)	(78,135,116)	(75,826,981)
	<u>1,667,375,683</u>	<u>1,784,915,423</u>	<u>579,901,998</u>	<u>434,293,436</u>
Released / unreleased programs				
- opening	880,608,495	863,517,050	705,608,496	1,017,411,719
Released / unreleased programs				
- closing	(678,654,273)	(880,464,533)	(678,654,273)	(880,464,533)
	<u>1,869,329,905</u>	<u>1,767,967,940</u>	<u>606,856,221</u>	<u>571,240,622</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprises 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	March 31, 2017 ----- (Un-audited)	March 31, 2016 ----- (Un-audited)
		Rupees	
Subsidiaries	Investments made	<u>11,407,400</u>	<u>74,952,371</u>
	Receipts / (payments) during the year – net	<u>939,562</u>	<u>36,552,088</u>
	Subscription income	<u>10,657,500</u>	<u>103,435,500</u>
	Payments on behalf of the company	<u>-</u>	<u>31,707,312</u>
	Management fee	<u>2,398,875</u>	<u>1,557,647</u>
Associates	Purchase of television programs	<u>989,098,365</u>	<u>340,341,964</u>
	Receipts on behalf of associate	<u>-</u>	<u>68,372,218</u>
Retirement fund	Contributions	<u>18,624,673</u>	<u>16,667,225</u>
Key management personnel	Remuneration	<u>482,963,060</u>	<u>365,446,902</u>

15. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on April 27, 2017 by the Board of Directors of the company.

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 MARCH 31, 2017

		March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
Note		Rupees	
ASSETS			
NON-CURRENT ASSETS			
	Property, plant and equipment	4 289,431,994	269,132,578
	Intangible assets	52,994,159	58,144,964
	Long term deposits	57,299,209	51,684,160
	Television program costs	5 351,134,411	475,255,121
	Deferred tax asset	105,037,493	94,782,461
		855,897,266	948,999,284
CURRENT ASSETS			
	Inventories	2,070,589	2,225,966
	Current portion of television program costs	5 405,654,978	485,809,664
	Trade debts	6 1,914,458,352	1,530,579,492
	Advances	254,082,613	186,571,745
	Trade deposits and short term prepayments	43,218,105	43,278,543
	Taxation – net	16,650,229	-
	Other receivables	25,263,403	18,490,488
	Cash and bank balances	126,963,937	50,367,783
		2,788,362,206	2,317,323,681
TOTAL ASSETS		3,644,259,472	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
	Reserves	1,804,274,677	992,992,037
		2,749,974,677	1,937,992,037
NON-CURRENT LIABILITIES			
	Liabilities against assets subject to finance lease	25,375,188	27,066,577
CURRENT LIABILITIES			
	Trade and other payables	7 835,781,905	699,298,498
	Accrued markup	383,474	8,764,103
	Short term borrowings	8 -	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	27,489,787	23,097,780
		869,609,607	1,301,264,351
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		3,644,259,472	3,266,322,965

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2017
(UN-AUDITED)**

	Note	Nine months ended		Quarter-ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Rupees	Rupees	Rupees	Rupees
Revenue	10	3,717,812,550	2,966,641,543	1,308,088,777	1,041,978,593
Cost of production	11	(1,931,987,619)	(1,799,948,266)	(630,933,238)	(562,893,922)
Transmission cost		(143,250,945)	(163,119,255)	(37,610,252)	(63,803,962)
		(2,075,238,564)	(1,963,067,521)	(668,543,490)	(626,697,884)
Gross profit		1,642,573,986	1,003,574,022	639,545,287	415,280,709
Distribution costs		(250,901,183)	(318,974,591)	(99,924,244)	(99,569,866)
Administrative expenses		(520,755,076)	(317,366,438)	(175,945,007)	(116,640,655)
		870,917,727	367,232,993	363,676,036	199,070,188
Other income		54,571,841	64,585,766	12,393,625	27,608,044
Finance costs		(18,713,433)	(27,616,871)	(3,657,170)	(9,706,376)
Profit before taxation		906,776,135	404,201,888	372,412,491	216,971,856
Taxation					
- current		(105,251,725)	(126,292,143)	(33,786,248)	(72,407,718)
- deferred		10,338,289	28,224,877	7,369,918	18,510,314
		(94,913,436)	(98,067,266)	(26,416,330)	(53,897,404)
Profit after taxation		811,862,699	306,134,622	345,996,161	163,074,452
Earnings per share – basic and diluted		0.86	0.32	0.37	0.17

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2017
(UN-AUDITED)**

	Nine months ended		Quarter-ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Profit after taxation	811,862,699	306,134,622	345,996,161	163,074,452
Other comprehensive income	(580,059)	1,373,407	(2,805,184)	924,480
Total comprehensive income	811,982,640	307,508,029	343,190,977	163,998,932

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

	March 31, 2017	March 31, 2016
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	906,776,135	404,201,888
Adjustments for:		
Depreciation	59,173,144	49,036,602
Amortization	5,283,066	3,433,316
Finance costs	18,713,433	27,616,871
Profit on bank accounts	(3,895,673)	(2,374,218)
Gain on disposal of property, plant and equipment	(3,894,524)	(394,157)
Exchange difference on translation of foreign currency	(580,059)	3,410,894
Exchange loss	7,610,294	963,215
	82,409,681	81,692,523
Operating profit before working capital changes	989,185,816	485,894,411
(Increase)/decrease in current assets		
Inventories	155,377	1,738,835
Television program costs	80,154,686	35,645,800
Trade debts	(383,878,860)	(200,929,297)
Advances, deposits and prepayments	(67,450,430)	96,388,224
Other receivables	(6,772,915)	19,612,633
	(377,792,142)	(47,543,805)
Increase in current liabilities		
Trade and other payables	133,331,852	7,002,025
Cash generated from operations	744,725,526	445,352,631
Taxes paid	(211,979,488)	(284,517,941)
Finance costs paid	(27,094,062)	(25,800,472)
Profit received on bank accounts	3,895,673	2,374,218
Long-term deposits	(5,615,049)	(1,447,935)
Television program costs	124,120,711	(35,645,800)
Net cash generated from operating activities	628,053,311	100,314,701
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(86,200,692)	(77,266,339)
Proceeds from sale of property, plant and equipment	6,031,655	945,850
Net cash used in investing activities	(80,169,037)	(76,320,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,162)	(164,458,667)
Liabilities against assets subject to finance lease	2,700,618	(3,394,358)
Short term borrowings (repaid) / obtained	(473,987,576)	195,723,919
Net cash used in financing activities	(471,288,120)	27,870,894
Net increase / (decrease) in cash and cash equivalents	76,596,154	51,865,106
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	126,963,937	78,316,042

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2017

	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	-	-	306,134,622	306,134,622	306,134,622
Other comprehensive income	-	1,373,407	-	1,373,407	1,373,407
Total comprehensive income	-	1,373,407	306,134,622	307,508,029	307,508,029
Final cash dividend for the year ended June 30, 2015	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Balance as at March 31, 2016	945,000,000	(2,986,899)	816,353,637	813,366,738	1,758,366,738
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	-	-	811,862,699	811,862,699	811,862,699
Other comprehensive income	-	(580,059)	-	(580,059)	(580,059)
Total comprehensive income	-	(580,059)	811,862,699	811,982,640	811,982,640
Balance as at March 31, 2017	945,000,000	(4,417,207)	1,808,691,884	1,804,274,677	2,749,274,677

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 NINE MONTHS ENDED MARCH 31, 2017 (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 NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

		March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	281,316,620	269,132,578
Capital work-in-progress		8,115,374	-
		<u>289,431,994</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	73,494,318	98,204,880
		<u>342,626,896</u>	<u>342,312,308</u>
Less:			
Disposals during the period / year – at book value		(2,137,131)	(1,467,118)
Depreciation charged during the period / year		(59,173,145)	(71,712,612)
		<u>(61,310,276)</u>	<u>(73,179,730)</u>
Closing balance – at book value		<u>281,316,620</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		10,225,970	810,400
Motor vehicles		882,505	2,467,241
Audio visual equipment		5,662,628	18,564,161
Office equipment		13,197,679	19,650,774
Computers		6,777,682	19,065,475
Leased			
Motor vehicles		27,132,934	13,461,990
		<u>73,494,318</u>	<u>98,204,880</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2017
(UN-AUDITED)**

	March 31, 2017 (Un-audited)	June 30, 2016 (Audited)
Note	----- Rupees -----	
5. TELEVISION PROGRAM COSTS		
Unreleased / released less amortization	678,654,273	880,608,495
In production	78,135,116	80,456,290
	<u>756,789,389</u>	<u>961,064,785</u>
Less: Current portion	405,654,978	485,809,664
	<u>351,134,411</u>	<u>475,255,121</u>
6. TRADE DEBTS		
Considered good	1,914,458,352	1,530,579,492
Considered doubtful	32,418,948	32,418,948
	<u>1,946,877,300</u>	<u>1,562,998,440</u>
Less: Provision for doubtful debts	32,418,948	32,148,948
	<u>1,914,458,352</u>	<u>1,530,579,492</u>
7. TRADE AND OTHER PAYABLES		
Include amounts payable to related parties amounting to Rs 281,443,718/- (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 1.5% (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 March 31, 2017 amounted to Rs. 113,585,000 (June 30, 2016: Rs.440,996,900) and Rs. Nil (June 30, 2016: Rs.45,728,172) respectively. Commitment for purchase of television programs with other than related parties as at March 31, 2017 amounted to Rs. 7,913,000 (June 30, 2016: Rs. 48,675,120).		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

Note	Nine months ended		Quarter-ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
10. REVENUE – net				
Advertisement revenue	3,440,961,324	2,594,957,759	1,217,979,877	950,094,505
Production revenue	115,891,435	74,611,602	30,709,627	24,483,140
Digital sales revenue	13,593,537	27,408,805	2,751,595	3,119,196
Subscription income	107,183,596	33,985,028	39,507,274	13,121,199
Film distribution revenue	40,182,658	235,678,349	17,140,404	51,160,553
10.1	<u>3,717,812,550</u>	<u>2,966,641,543</u>	<u>1,308,088,777</u>	<u>1,041,978,593</u>
10.1 Revenue is net off the following items:				
Sales tax	525,409,311	431,696,556	178,938,472	138,064,295
Discount to customers	239,337,788	214,357,392	86,722,670	65,715,412
	<u>764,747,099</u>	<u>646,053,948</u>	<u>265,661,142</u>	<u>203,779,707</u>
	Nine months ended		Quarter-ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
11. COST OF PRODUCTION				
Cost of outsourced programs	1,113,297,580	1,206,842,543	412,249,424	263,500,527
Cost of in-house programs	185,837,563	164,073,420	41,696,058	54,638,763
Inventories consumed	2,443,423	-	763,800	-
Salaries and benefits	304,065,554	330,615,883	105,585,638	100,260,492
Depreciation	30,195,970	22,183,063	11,011,721	7,711,533
Amortisation	3,114,228	2,756,330	1,066,451	918,762
Traveling and conveyance	17,570,199	18,415,394	6,157,583	4,635,221
Utilities	10,587,007	9,327,003	2,852,106	2,630,846
Rent, rates and taxes	11,378,778	8,007,618	3,233,508	2,624,987
Insurance	7,688,785	4,883,502	2,806,841	2,061,308
Repair and maintenance	16,375,640	12,500,534	5,673,562	2,860,485
Fee and subscription	4,054,609	4,246,298	1,506,824	1,639,758
Communication expense	8,550,725	5,907,454	2,617,381	2,689,279
Security charges	1,195,448	1,778,753	801,875	449,748
Consultancy	3,781,927	3,038,305	1,323,835	1,210,938
Training	96,699	39,904	-	19,602
Printing and stationery	7,478,088	5,332,262	5,549,408	1,762,584
	<u>1,727,712,223</u>	<u>1,799,948,266</u>	<u>604,896,015</u>	<u>449,614,833</u>
In production television programs				
- opening	80,456,290	92,774,464	77,218,116	52,158,884
In production television programs				
- closing	(78,135,116)	(75,826,981)	(78,135,116)	(75,826,981)
	<u>1,730,033,397</u>	<u>1,816,895,749</u>	<u>603,979,015</u>	<u>425,946,736</u>
Released / unreleased programs				
- opening	880,608,495	863,517,050	705,608,496	1,017,411,719
Released / unreleased programs				
- closing	(678,654,273)	(880,464,533)	(678,654,273)	(880,464,533)
	<u>1,931,987,619</u>	<u>1,799,948,266</u>	<u>630,933,238</u>	<u>562,893,922</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

12. 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	March 31, 2017 ----- (Un-audited)	March 31, 2016 ----- (Un-audited)
		Rupees	
Associates	Purchase of television programs	<u>989,098,365</u>	<u>418,349,509</u>
	Receipts during the period	<u>-</u>	<u>68,372,218</u>
Retirement fund	Contributions	<u>18,624,673</u>	<u>16,667,225</u>
Key management personnel	Remuneration	<u>556,426,777</u>	<u>369,806,902</u>

13. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on April 27, 2017 by the Board of Directors of the holding company.

14. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

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