

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

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

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

AUDIT COMMITTEE

Chairman
Members

Mr. Muhammad Ayub Younus Adhi
Ms. Sultana Siddiqui
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. Duraidd Qureshi

AUDITORS

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

INTERNAL AUDITORS

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, 11th Zamzama Street Phase -V
D.H.A. Karachi

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
National Bank Limited
KASB Bank Limited
The Bank of Punjab
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Standard Chartered Bank (Pakistan) Limited
Bostan Private Bank & Trust
Barclays Bank PLC
Habibsons Bank Limited

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 Shakra-e-Faisal,
Karachi-74400

WEBSITES' INFORMATION

www.humnetwork.tv

KAACHI STOCK EXCHANGE SYMBOL

HUMNL

Directors' Report

On behalf of the Board of Directors, I am pleased to present the performance of the quarter ended March 31, 2015.

Net revenues recorded for the quarter were Rs. 862 million as compared to Rs. 731 million of the corresponding period last year; hence, a positive variation of 18% amounting to Rs. 131 million. Moreover, profit after tax increased by Rs. 43 million from Rs. 143 million to Rs. 186 million for the quarter i.e. increase of 30% resulting in an increase in EPS by Re. 0.05; i.e. from Re. 0.15 (Restated) to Re. 0.2.

The quarter was extremely happening with various events across the Network. Each segment of the Network outperformed itself, leading to further strengthening of the Network's position in the industry.

HUM TV continued to provide top quality entertainment content including serials, soaps and telefilms, both in the local and the international entertainment industry. During the month of February HUM TV launched one of the biggest game show Jeet Ka Dum. The show started off on a good note with an overwhelming response from the audience. Along with that two blockbuster dramas were aired namely Sadqay Tumharay and Digest Writer which got the audience hooked and received positive response from the critics and the viewers. Both the dramas were vastly popular due to strong cast and relatable story line.

Masala Family Festival was held in Karachi in February, once again it turned out to be a very successful event in term of the response received from our valued customers as well as advertising partners.

After the immense success of the celebrity talk show Tonite with HSY, HUM Sitaray launched its Season 2 that has generated great response from the viewers. We are confident that Hum Sitaray will create a niche for itself in the entertainment genre in the near future.

Further HUM TV and HUM Sitaray has covered various fashion events both locally and internationally to recognize the efforts of internationally renowned Pakistani designers and huge numbers of foreign fashion experts.

Also in this quarter, HUM Network won the auspicious 7th International CSR Summit and Corporate Social Responsibility Award 2015 for the Category Philanthropy & Corporate Contributions. It was organized by NFEH (National Forum of Environment & Health) with the collaboration of SAARC Chamber of Commerce & Industry, Pakistan Centre of Philanthropy and Pakistan Society of Training & Development.

Further, the Board has decided that in order to boost the profitability, the Company should invest in ventures which are likely to result in high yield and maximize the shareholders' equity.

Based on the above strategy, the Board has not announced any interim cash dividend for the quarter ended March 31, 2015.

Consolidated results are as follows:

	<u>Rupees</u>
Revenue – net	2,727,266,256
Gross Profit	1,338,316,342
Profit for the period – before taxation	706,768,761
Earnings per share	0.55

Future Outlook

We feel that Pakistan's Economy and Advertising Budget will continue to grow at higher rate than last year. This growth will be reflected in future quarters. We will continue to drive our agenda of growth with sustainability through relevant innovations, building brand equities and exploitation of emerging opportunities.

April 29, 2015
Karachi

For & On behalf of the Board of Directors



Duraid Qureshi
Chief Executive Officer

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

		31 March 2015 (Un-audited)	30 June 2014 (Audited)
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	250,518,848	212,673,251
Intangible assets		14,423,703	13,315,502
Long term investments	5	134,649,074	97,597,764
Long term deposits		24,472,596	20,732,956
Television program costs	6	464,208,052	248,419,271
Deferred tax asset		39,516,424	697,152
		<u>927,788,697</u>	<u>593,435,896</u>
CURRENT ASSETS			
Inventories		6,617,927	5,956,137
Current portion of television program costs	6	335,396,306	304,853,048
Trade debts	7	908,277,047	776,328,171
Advances		275,734,487	145,433,634
Deposits and prepayments		23,208,909	10,422,534
Other receivables	8	117,081,123	11,993,781
Cash and bank balances		140,316,357	106,516,721
		<u>1,806,632,156</u>	<u>1,361,504,026</u>
TOTAL ASSETS		<u>2,734,420,853</u>	<u>1,954,939,922</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	9	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	10	945,000,000	945,000,000
Unappropriated profit		532,312,928	451,315,585
		<u>1,477,312,928</u>	<u>1,396,315,585</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		15,629,788	2,734,293
CURRENT LIABILITIES			
Trade and other payables		719,309,216	545,007,065
Accrued markup		6,895,513	942,584
Running finances utilized under mark-up arrangements -secured	11	296,833,188	-
Dividend payable		169,945,832	4,250,835
Taxation – net		40,037,236	4,065,180
Current portion of liabilities against assets subject to finance lease		8,457,152	1,624,380
		<u>1,241,478,137</u>	<u>555,890,044</u>
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u>2,734,420,853</u>	<u>1,954,939,922</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Note	Nine months period ended		Quarter-ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		Rupees	Rupees	Rupees	Rupees
Revenue – net	13	2,659,268,738	2,079,661,977	862,134,684	730,612,437
Cost of production	14	(1,257,958,941)	(1,034,998,812)	(356,153,292)	(370,350,626)
Transmission cost		(63,244,691)	(86,564,540)	(21,604,739)	(21,274,353)
		(1,321,203,632)	(1,121,563,352)	(377,758,031)	(391,624,979)
Gross profit		1,338,065,106	958,098,625	484,376,653	338,987,458
Distribution costs		(358,167,251)	(249,394,609)	(135,219,407)	(96,399,629)
Administrative expenses		(300,792,050)	(217,878,337)	(104,303,340)	(68,388,305)
		679,105,805	490,825,679	244,853,906	174,199,524
Other operating income		94,480,632	77,036,908	34,161,658	15,700,046
		773,586,437	567,862,587	279,015,564	189,899,570
Finance costs		(15,103,798)	(7,395,312)	(7,841,037)	(270,542)
Other charges-Workers' Welfare Fund		(15,169,653)	(11,209,345)	(5,423,462)	(3,792,580)
Profit before taxation		743,312,986	549,257,930	265,751,065	185,836,448
Taxation					
- current		228,634,915	148,881,348	77,295,270	55,855,350
- deferred		(38,819,272)	(23,108,049)	2,072,909	(12,974,317)
		189,815,643	125,773,299	79,368,179	42,881,033
Profit after taxation		553,497,343	423,484,631	186,382,886	142,955,415
Earnings per share – basic and diluted	15	0.59	0.45	0.20	0.15

The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2015
(UN-AUDITED)**

	Nine months period ended		Quarter-ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Net profit for the period	553,497,343	423,484,631	186,382,886	142,955,415
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	553,497,343	423,484,631	186,382,886	142,955,415

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIÐ QURESHI
Chief Executive

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Note	March 31, 2015 ----- (Rupees) -----	March 31, 2014 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		743,312,986	549,257,930
Adjustments for:			
Depreciation		36,031,935	28,511,923
Amortization		2,475,799	2,361,311
Finance costs		15,103,798	7,395,312
Profit on deposit accounts		(5,241,667)	(15,853,881)
Gain on disposal of property, plant and equipment		(591,000)	(1,944,400)
Exchange gain		1,484,065	567,823
Reversal of provision for doubtful debts		-	(4,869,680)
Worker's Welfare Fund		15,169,653	11,209,345
		64,432,583	27,377,753
Operating profit before working capital changes		807,745,569	576,635,683
(Increase)/decrease in current assets			
Inventories		(661,790)	20,922,246
Current portion of television program costs		(30,543,258)	(5,960,598)
Trade debts		(131,948,876)	56,763,361
Advances, deposits and prepayments		(143,087,229)	(106,345,838)
Other receivables		(105,087,342)	(45,624,197)
		(411,328,495)	(80,245,026)
Increase in current liabilities			
Trade and other payables		157,648,433	172,967,058
Cash generated from operations		554,065,507	669,357,715
Taxes paid		(192,662,859)	(122,430,802)
Finance costs paid		(9,150,869)	(7,380,929)
Profit received on deposit accounts		5,241,667	15,853,881
Long-term deposits		(3,739,640)	3,412,625
Gratuity paid		-	-
Television program costs		(215,788,781)	(4,997,602)
Net cash generated from operating activities		137,965,025	553,814,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		(77,461,532)	(43,722,672)
Investment made in a subsidiary		(37,051,310)	(75,498,411)
Proceeds from sale of property, plant and equipment		591,000	4,991,713
Net cash used in investing activities		(113,921,842)	(114,229,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(306,805,003)	(501,645,649)
Net increase in liabilities against assets subject to finance lease		19,728,267	1,324,350
Net cash used in financing activities		(287,076,736)	(500,321,299)
Net (decrease)/increase in cash and cash equivalents		(263,033,553)	(60,735,781)
Cash and cash equivalents at the beginning of the period		106,516,721	155,726,559
Cash and cash equivalents at the end of the period		(156,516,832)	94,990,778
Cash and cash equivalents at the end of the period			
Cash and bank balances		140,316,357	94,990,778
Short term borrowing	11	(296,833,188)	-
		(156,516,831)	94,990,778

The annexed notes from 1 to 19 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 PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Issued, Subscribed and paid-up share capital	Unappropriated Profit Rupees	Total
Balance as at July 01, 2013	500,000,000	956,330,609	1,456,330,609
Final cash dividend for the year ended June 30, 2013 @ Rs. 6 per share	-	(300,000,000)	(300,000,000)
Issue of bonus shares @ 40%	200,000,000	(200,000,000)	-
Interim cash dividend for the period ended September 30, 2013 @ Rs. 1.5 per share	-	(105,000,000)	(105,000,000)
Interim cash dividend for the half year ended December 31, 2014 @ Rs. 1.5 per share	-	(105,000,000)	(105,000,000)
Issue of bonus shares @ 35%	245,000,000	(245,000,000)	-
Net profit for the period	-	423,484,631	423,484,631
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	423,484,631	423,484,631
Balance as at March 31, 2014	<u>945,000,000</u>	<u>424,815,240</u>	<u>1,369,815,240</u>
Balance as at July 01, 2014	945,000,000	451,315,585	1,396,315,585
Final cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share	-	(141,750,000)	(141,750,000)
Interim cash dividend for the period ended Sep 30, 2014 @ Rs. 1.75 per share	-	(165,375,000)	(165,375,000)
Interim cash dividend for the period ended Dec 31, 2014 @ Rs. 1.75 per share	-	(165,375,000)	(165,375,000)
Net profit for the period	-	553,497,343	553,497,343
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	553,497,343	553,497,343
Balance as at March 31, 2015	<u>945,000,000</u>	<u>532,312,928</u>	<u>1,477,312,928</u>

The annexed notes from 1 to 19 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 PERIOD ENDED MARCH 31, 2015

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the nine months period ended March 2015 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.
- 2.2 These 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 financial statements for the year ended June 30, 2014.
- 2.3 These condensed interim financial statements are separate financial statements of the Company in which investment in subsidiaries is stated at cost less impairment, if any.

3. SIGNIFICANT ACCOUNTING POLICIES

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

New, amended and revised standards and interpretations of IFRSs

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

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

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

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

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

IFRIC 21 – Levies

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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	March 31, 2015 (Un-audited) ----- Rupees -----	June 30, 2014 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	247,620,549	195,615,565
Capital work-in-progress		<u>2,898,299</u>	<u>17,057,686</u>
		<u>250,518,848</u>	<u>212,673,251</u>
4.1 Operating assets			
Opening balance – at book value		195,615,565	194,942,631
Additions during the period/year	4.1.1	<u>88,036,919</u>	<u>41,934,952</u>
		<u>283,652,484</u>	<u>236,877,583</u>
Less:			
Disposals during the period / year - at book value		-	(11,038,360)
Depreciation charged during the period/year		<u>(36,031,935)</u>	<u>(30,223,658)</u>
		<u>(36,031,935)</u>	<u>(41,262,018)</u>
Closing balance – at book value		<u>247,620,549</u>	<u>195,615,565</u>
4.1.1 Additions during the period / year			
Owned			
Leasehold improvements		14,158,514	1,090,538
Furniture and fittings		96,969	9,478,016
Motor vehicles		12,380,680	8,180,720
Audio visual equipment		22,127,790	4,930,140
Uplinking equipment		-	1,285,833
Office equipment		3,076,787	1,626,378
Computers		10,848,239	11,972,097
Leased			
Motor vehicles		<u>25,347,940</u>	<u>3,371,230</u>
		<u>88,036,919</u>	<u>41,934,952</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
		----- Rupees -----	
5. LONG TERM INVESTMENTS			
Unquoted subsidiaries			
HUM TV, Inc. – USA	Holding		
10,000 Common stock of \$ 0.01 each	100%	8,603	8,603
Advance for future issue of shares		<u>18,716,750</u>	<u>18,716,750</u>
		<u>18,725,353</u>	<u>18,725,353</u>
HUM Network UK Ltd.			
1 Ordinary share of 1 GBP	100%	161	161
Advance for future issue of shares		<u>95,923,590</u>	<u>78,872,250</u>
		<u>95,923,751</u>	<u>78,872,411</u>
Skyline Publication (Pvt.) Ltd.			
1,999,997 Ordinary shares of Rs.10 each	100%	<u>19,999,970</u>	-
		<u>134,649,074</u>	<u>97,597,764</u>
6. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		<u>786,073,508</u>	<u>546,273,508</u>
In production		<u>13,530,850</u>	<u>6,998,811</u>
		<u>799,604,358</u>	<u>553,272,319</u>
Less: Current portion shown under current assets		<u>335,396,306</u>	<u>304,853,048</u>
		<u>464,208,052</u>	<u>248,419,271</u>
7. TRADE DEBTS			
Considered good		<u>908,277,047</u>	<u>776,328,171</u>
Considered doubtful		<u>26,412,547</u>	<u>26,412,547</u>
		<u>934,689,594</u>	<u>802,740,718</u>
Less: Provision for doubtful debts		<u>26,412,547</u>	<u>26,412,547</u>
		<u>908,277,047</u>	<u>776,328,171</u>
8. OTHER RECEIVABLES			
Receivable from HUM TV, Inc., (a related party)		<u>27,430,206</u>	<u>4,450,578</u>
Receivable from HUM Network UK Ltd (a related party)		<u>60,300,000</u>	-
Receivable in respect of sale of DVDs		<u>4,618,745</u>	<u>4,618,745</u>
Sales tax receivable		<u>20,606,819</u>	<u>2,924,458</u>
Others		<u>4,125,353</u>	-
		<u>117,081,123</u>	<u>11,993,781</u>
9. AUTHORIZED CAPITAL			
During the period, the Company has subdivided its authorized capital from 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000 to 1,500,000,000 ordinary shares of Re. 1/- each amounting to Rs. 1,500,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.			
10. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
10.1	During the period, the Company has subdivided its issued, subscribed and paid up share capital from 94,500,000 ordinary shares of Rs. 10/- each amounting to Rs. 945,000,000 into 945,000,000 of ordinary shares of Re. 1 each amounting to Rs. 945,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.		
10.2	Includes 99,358,000 shares representing 11 (2014:14) percent holding by Jahangir Siddiqui & Co. Ltd. – a related party.		

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

11. SHORT TERM BORROWING – secured

Running finance under mark-up arrangement

The financing facilities available from commercial banks as at March 31, 2015 amounted to Rs. 500 million (June 30, 2014 Rs. 300 Million). These facilities are secured by way of PariPassu charge on all current assets of the company and carries mark up rate ranging from 3 Months KIBOR + 1.25%-1.50% (June 30, 2014: 3 months KIBOR + 1.25%-1.50%).

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

12.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at March 31, 2015 amounted to Rs. 270,037,500/- (June 30, 2014: Rs. 74,810,000/-). Commitment for purchase of television programs with other than related parties as at March 31, 2015 amounted to Rs. 455,390,476/- (June 30, 2014: Rs. 350,748,875/-).
- ii) Commitment for rentals under Ijarah finance agreement:

	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
	----- Rupees -----	
Within one year	833,196	1,574,844
After one year but not more than five years	-	439,485
	<u>833,196</u>	<u>2,014,329</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine months period ended		Quarter-ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	----- Rupees -----		----- Rupees -----	
13. REVENUE – net				
Advertisement revenue	3,525,594,833	2,713,460,672	1,152,611,027	948,766,320
Less: Agency commission	447,928,857	341,182,372	146,122,031	118,703,453
Sales tax	457,279,381	361,075,142	150,335,720	126,903,101
Discount to customers	214,592,299	148,653,629	68,411,818	46,468,999
	1,119,800,537	850,911,143	364,869,569	292,075,553
	2,405,794,296	1,862,549,529	787,741,458	656,690,767
Production revenue	89,117,467	38,305,535	51,875,909	7,851,793
Digital sales revenue	9,562,823	3,727,697	3,696,831	927,740
	98,680,290	42,033,232	55,572,740	8,779,533
Less: Agency commission	5,368,304	1,698,196	3,560,514	564,040
Sales tax	12,843,178	6,560,035	7,218,600	1,342,657
	18,211,482	8,258,231	10,779,114	1,906,697
	2,486,263,104	1,896,324,530	832,535,084	663,563,603
Subscription Income - international operations	173,005,634	183,337,447	29,599,600	67,048,834
	2,659,268,738	2,079,661,977	862,134,684	730,612,437

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine months period ended		Quarter-ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	----- Rupees -----		----- Rupees -----	
14. COST OF PRODUCTION				
Cost of outsourced programs	1,007,063,518	697,382,378	363,940,367	265,022,968
Cost of in-house programs	154,381,925	93,777,364	74,173,491	31,613,443
Inventories consumed	251,435	325,480	-	-
Salaries and benefits	238,030,744	179,059,816	87,570,398	55,717,592
Depreciation	18,955,294	17,536,454	6,658,976	5,680,361
Amortisation	2,165,331	1,941,831	731,777	716,777
Traveling and conveyance	15,767,729	15,468,814	5,707,880	4,568,206
Utilities	8,830,388	7,923,353	2,239,501	3,195,125
Rent, rates and taxes	27,806,325	5,052,200	1,863,325	1,958,500
Insurance	5,346,193	5,982,914	1,232,130	3,231,000
Repair and maintenance	9,606,336	8,527,964	3,374,739	3,503,350
Fee and subscription	5,021,506	2,475,897	1,769,515	1,087,965
Communication expense	5,281,788	5,193,009	1,997,912	2,043,615
Security charges	2,307,471	2,040,724	252,629	781,220
Consultancy	3,235,131	2,672,548	1,128,399	904,262
Printing and stationery	239,866	504,775	61,192	162,442
Donation		91,490	-	-
	1,504,290,980	1,045,957,012	552,702,231	380,186,826
In production television programs - opening	6,998,811	5,918,111	10,833,050	7,040,111
In production television programs - closing	(13,530,850)	(7,876,311)	(13,530,850)	(7,876,311)
	1,497,758,941	1,043,998,812	550,004,431	379,350,626
Released / unreleased programs - opening	546,273,508	481,135,313	592,222,369	481,135,313
Released / unreleased programs - closing	(786,073,508)	(490,135,313)	(786,073,508)	(490,135,313)
	1,257,958,941	1,034,998,812	356,153,292	370,350,626
	Nine months period ended		Quarter-ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
15. EARNINGS PER SHARE – basic and diluted				
Profit after taxation (Rupees)	553,497,343	423,484,631	186,382,886	142,955,415
		(Restated)		(Restated)
Weighted average number of Ordinary shares	945,000,000	945,000,000	945,000,000	945,000,000
Earnings per share (Rupees)	0.59	0.45	0.20	0.15

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

16. TRANSACTIONS WITH RELATED PARTIES

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

		March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
		Rupees	
Transactions during the period			
Related parties	Nature of transactions		
Associates	Purchase of television programs	200,583,970	274,850,000
Subsidiaries	Investment made	37,051,310	75,498,411
	Collection on behalf of the Company	25,213,676	3,808,558
	Payment on behalf of the Company	14,489	21,010,113
	Remittance from subsidiaries	29,761,936	30,303,673
	Subscription income	89,996,440	23,748,750
Retirement fund	Contribution to fund	14,030,318	10,277,100
Key management personnel	Remuneration	361,884,677	250,524,886
Balances as at period / year end		March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
		Rupees	
Advances		44,579,935	22,220,566
Other receivables		87,730,206	4,450,578

17. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements have been authorised for issue on April 29, 2015 by the Board of Directors.

18. SUBSEQUENT EVENT

Subsequent to the period end, one floor of the registered office was destroyed by fire, resulted in the loss of furniture, fixture and equipment. The initial estimation of loss is Rs. 17 Million, however, the Company's insurance policies cover this event which is subject to the final assessment and approval by the insurers.

19. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQURESHI
Chief Executive

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

	Note	31 March 2015 (Un-audited)	30 June 2014 (Audited)
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	254,741,307	216,066,054
Goodwill		13,130,756	1,288,013
Intangible assets		32,877,666	33,622,108
Long term deposits		26,616,953	21,861,356
Television program costs	5	464,208,052	248,419,271
Deferred tax asset		40,019,024	3,945,022
		<u>831,593,758</u>	<u>525,201,824</u>
CURRENT ASSETS			
Inventories		6,617,927	5,956,137
Current portion of television program costs	5	335,396,306	304,853,048
Trade debts	6	992,078,632	790,405,463
Advances		275,734,487	145,433,634
Deposits and prepayments		41,425,298	24,102,692
Other receivables		29,350,917	12,331,622
Cash and bank balances		161,634,761	120,518,338
		<u>1,842,238,328</u>	<u>1,403,600,934</u>
TOTAL ASSETS		<u>2,673,832,086</u>	<u>1,928,802,758</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	7	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	8	945,000,000	945,000,000
Reserves		453,434,567	412,156,569
		<u>1,398,434,567</u>	<u>1,357,156,569</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		15,629,788	2,734,293
CURRENT LIABILITIES			
Trade and other payables		739,069,786	555,682,697
Accrued markup		6,895,513	942,584
Running finances utilized under mark-up arrangements - secured		296,833,188	-
Dividend payable		169,945,832	4,250,835
Taxation – net		38,566,260	6,411,400
Current portion of liabilities against assets subject to finance lease		8,457,152	1,624,380
		<u>1,259,767,731</u>	<u>568,911,896</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>2,673,832,086</u>	<u>1,928,802,758</u>

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAIQ QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Note	Nine months period ended		Quarter-ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		Rupees	Rupees	Rupees	Rupees
Revenue – net	11	2,727,266,256	2,148,603,374	885,293,393	750,231,824
Cost of production	12	(1,257,958,941)	(1,034,998,812)	(355,662,742)	(370,350,626)
Transmission cost		(130,990,973)	(116,348,976)	(38,903,849)	(32,836,616)
		(1,388,949,914)	(1,151,347,788)	(394,566,591)	(403,187,242)
Gross profit		1,338,316,342	997,255,586	490,726,802	347,044,582
Distribution costs		(365,286,857)	(255,739,773)	(137,532,065)	(101,022,895)
Administrative expenses		(328,708,939)	(265,680,425)	(113,019,320)	(71,713,229)
		644,320,546	475,835,388	240,175,417	174,308,458
Other operating income		92,835,933	77,036,908	32,486,156	15,700,046
		737,156,479	552,872,296	272,661,573	190,008,504
Finance costs		(15,218,065)	(7,504,438)	(7,879,791)	(305,426)
Other charges		(15,169,653)	(11,209,345)	(5,423,462)	(3,792,580)
Profit before taxation		706,768,761	534,158,513	259,358,320	185,910,498
Taxation					
- current		228,634,915	148,881,348	77,295,270	55,855,350
- deferred		(38,819,272)	(23,108,049)	2,072,909	(12,974,317)
		189,815,643	125,773,299	79,368,179	42,881,033
Net profit for the period		516,953,118	408,385,214	179,990,141	143,029,465
			(Restated)		(Restated)
Earnings per share – basic and diluted	13	0.55	0.43	0.19	0.15

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

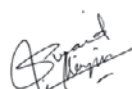
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015
(UN-AUDITED)**

	Nine months period ended		Quarter-ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Net profit for the period	516,953,118	408,385,214	179,990,141	143,029,465
Other comprehensive income	(3,175,120)	(3,296,249)	(279,909)	(3,270,101)
Total comprehensive income for the period	513,777,998	405,088,965	179,410,232	139,759,364

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



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	March 31, 2015	March 31, 2014
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	706,768,761	534,158,513
Adjustments for:		
Depreciation	37,957,082	29,124,946
Amortization	4,749,896	2,369,101
Finance costs	15,218,065	7,504,438
Profit on deposit accounts	(5,241,667)	(15,853,881)
Gain on disposal of property, plant and equipment	(591,000)	(1,944,400)
Exchange gain	1,484,065	(2,721,934)
Exchange difference on translation of foreign currency	(3,175,120)	
Reversal of provision for doubtful debts	-	(4,869,680)
Worker's Welfare Fund	15,169,653	11,209,345
	<u>65,570,974</u>	<u>24,817,935</u>
Operating profit before working capital changes	772,339,735	558,976,448
(Increase)/decrease in current assets		
Inventories	(661,790)	20,922,246
Current portion of television program costs	(30,543,258)	(5,960,598)
Trade debts	(201,673,169)	50,729,265
Advances, deposits and prepayments	(147,623,460)	(116,859,130)
Other receivables	(17,019,295)	(80,686,218)
	<u>(397,520,972)</u>	<u>(131,854,435)</u>
Increase in current liabilities		
Trade and other payables	166,733,371	143,856,173
Cash generated from operations	541,552,134	570,978,186
Taxes paid	(193,734,785)	(122,411,887)
Finance costs paid	(9,265,136)	(7,490,055)
Profit received on deposit accounts	5,241,667	15,853,881
Long-term deposits	(4,755,597)	3,418,313
Gratuity paid	-	-
Television program costs	(215,788,781)	(4,997,602)
Net cash generated from operating activities	<u>123,249,502</u>	<u>455,350,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(80,676,740)	(65,181,323)
Excess cash paid over net assets acquired on acquisition	(11,803,791)	
Proceeds from sale of property, plant and equipment	591,000	4,991,713
Net cash used in investing activities	<u>(91,889,531)</u>	<u>(60,189,610)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(306,805,003)	(501,645,649)
Payment of liabilities against assets subject to finance lease	19,728,267	1,324,350
Net cash used in financing activities	<u>(287,076,736)</u>	<u>(500,321,299)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(255,716,765)</u>	<u>(105,160,073)</u>
Cash and cash equivalents at the beginning of the period	120,518,338	232,725,438
Cash and cash equivalents at the end of the period	<u>(135,198,427)</u>	<u>127,565,365</u>
Cash and cash equivalents		
Cash and bank balances	161,634,761	127,565,365
Short term borrowings	(296,833,188)	-
	<u>(135,198,427)</u>	<u>127,565,365</u>

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


MAZHAR-UL-HAQ SIDDIQUI
Chairman


DURAI D QURESHI
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Reserves		Total
			Unappropriated Profit	Sub-total	
Balance as at July 01, 2013	500,000,000	1,039,365	951,814,213	952,853,578	1,452,853,578
Net profit for the period	-	-	408,385,214	408,385,214	408,385,214
Other comprehensive income	-	(3,296,249)	-	(3,296,249)	(3,296,249)
Total comprehensive income	-	(3,296,249)	408,385,214	405,088,965	405,088,965
Final cash dividend for the year ended June 30, 2013 @ Rs. 6 per share	-	-	(300,000,000)	(300,000,000)	(300,000,000)
Issue of bonus shares @ 40%	200,000,000	-	(200,000,000)	(200,000,000)	-
Interim cash dividend for the period ended Sep 30, 2013 @ Rs. 1.5 per share	-	-	(105,000,000)	(105,000,000)	(105,000,000)
Interim cash dividend for the period ended Dec 31, 2013 @ Rs. 1.5 per share	-	-	(105,000,000)	(105,000,000)	(105,000,000)
Issue of bonus shares @ 35%	245,000,000	-	(245,000,000)	(245,000,000)	-
Balance as at March 31, 2014	945,000,000	(2,256,884)	405,199,427	402,942,543	1,347,942,543
Balance as at July 01, 2014	945,000,000	(2,512,152)	414,668,721	412,156,569	1,357,156,569
Profit for the period	-	-	516,953,118	516,953,118	516,953,118
Other comprehensive income	-	(3,175,120)	-	(3,175,120)	(3,175,120)
Total comprehensive income	-	(3,175,120)	516,953,118	513,777,998	513,777,998
Final cash dividend for the year ended June 30, 2014 @ Rs. 1.5 per share	-	-	(141,750,000)	(141,750,000)	(141,750,000)
Interim cash dividend for the period ended Sep 30, 2014 @ Rs. 1.75 per share	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Interim cash dividend for the period ended Dec 31, 2014 @ Rs. 1.75 per share	-	-	(165,375,000)	(165,375,000)	(165,375,000)
Balance as at March 31, 2015	945,000,000	(5,687,272)	459,121,839	453,434,567	1,398,434,567

The annexed notes from 1 to 17 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 PERIOD ENDED MARCH 31, 2015

1. THE COMPANY AND ITS OPERATIONS

The 'Group' consists of

1.1 Holding Company

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

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

1.2 Subsidiary Companies

HUM TV, Inc. (the subsidiary company), having registered office at 4546 El Camino Real, #223 Los Altos, CA 94022 and HUM Network UK LTD having registered office at Office suite 505, Fairgate House, 205, Kings Road, Tyseley, Birmingham, B11, 24-A, United Kingdom have been established with the purpose of providing entertainment programmes to the South Asian community by increasing presence in the United States of America (USA), Canada and UK respectively. The subsidiary companies will also serve as a platform for the Holding Company to explore avenues for greater distribution of the Holding Company brands in USA, Canada and UK and will establish relations with advertisers, as well as develop US and UK based media materials, such as dramas, documentaries and other entertainment shows and events.

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

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

2. BASIS OF PRESENTATION

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

3. ACCOUNTING POLICES

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

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

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

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

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

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

IFRIC 21 – Levies

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	March 31, 2015 (Un-audited) ----- Rupees -----	June 30, 2014 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	251,843,008	199,008,368
Capital work-in-progress		2,898,299	17,057,686
		<u>254,741,307</u>	<u>216,066,054</u>
4.1 Operating assets			
Opening balance – at book value		199,008,368	199,401,075
Additions during the period/year	4.1.1	90,791,720	42,324,219
		<u>289,800,088</u>	<u>241,725,294</u>
Less:			
Disposals during the period / year - at book value			3,311,508
Depreciation charged during the period/year		37,957,080	39,405,418
		<u>37,957,080</u>	<u>42,716,926</u>
Closing balance – at book value		<u>251,843,008</u>	<u>199,008,368</u>
4.1.1 Additions during the period / year			
Owned			
Leasehold improvements		14,158,514	1,090,538
Furniture and fittings		503,968	9,478,016
Motor vehicles		12,380,680	8,180,720
Audio visual equipment		22,313,691	5,319,407
Uplinking equipment		-	1,285,833
Office equipment		3,722,088	1,626,378
Computers		12,364,839	11,972,097
Leased			
Motor vehicles		25,347,940	3,371,230
		<u>90,791,720</u>	<u>42,324,219</u>
5. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		786,073,508	546,273,508
In production		13,530,850	6,998,811
		<u>799,604,358</u>	<u>553,272,319</u>
Less: Current portion shown under current assets		335,396,306	304,853,048
		<u>464,208,052</u>	<u>248,419,271</u>
6. TRADE DEBTS			
Considered good		992,078,632	790,405,463
Considered doubtful		26,412,547	26,412,547
		<u>1,018,491,179</u>	<u>816,818,010</u>
Less: Provision for doubtful debts		26,412,547	26,412,547
		<u>992,078,632</u>	<u>790,405,463</u>
7. AUTHORIZED CAPITAL			
7.1	During the period, the Holding Company has subdivided its authorized capital from 150,000,000 ordinary shares of Rs. 10/- each amounting to Rs. 1,500,000,000 into 1,500,000,000 ordinary shares of Re. 1/- each amounting to Rs. 1,500,000,000 pursuant to the special resolution passed by the members at Annual General Meeting held on October 27, 2014.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

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

9. SHORT TERM BORROWINGS

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

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

10.2 Commitments

- i) Purchase of television programs commitments with M.D Production (Private) Limited, a related party as at March 31, 2015 amounted to Rs. 270,037,500/- (June 30, 2014: Rs. 74,810,000/-). Commitment for purchase of television programs with other than related parties as at March 31, 2015 amounted to Rs. 455,390,476/- (June 30, 2014: Rs. 350,748,875/-).
- ii) Commitment for rentals under Ijarah finance agreement:

	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
	----- Rupees -----	
Within one year	833,196	1,574,844
After one year but not more than five years	-	439,485
	<u>833,196</u>	<u>2,014,329</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

Note	Nine months period ended		Quarter-ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	----- Rupees -----		----- Rupees -----	
11. REVENUE – net				
Advertisement revenue	3,690,449,224	2,787,737,525	1,207,203,091	969,120,653
Less: Agency commission	454,789,290	346,517,828	147,955,786	119,438,399
Sales tax	457,279,381	361,075,142	150,335,720	126,903,101
Discount to customers	214,592,299	148,653,629	68,411,818	46,468,999
	<u>1,126,660,970</u>	<u>856,246,599</u>	<u>366,703,324</u>	<u>292,810,499</u>
	2,563,788,254	1,931,490,926	840,499,767	676,310,154
Production revenue	89,117,467	38,305,535	51,875,909	7,851,793
Digital sales revenue	9,562,823	3,727,697	3,696,831	927,740
	<u>98,680,290</u>	<u>42,033,232</u>	<u>55,572,740</u>	<u>8,779,533</u>
Less: Agency commission	5,368,304	1,698,196	3,560,514	564,040
Sales tax	12,843,178	6,560,035	7,218,600	1,342,657
	<u>18,211,482</u>	<u>8,258,231</u>	<u>10,779,114</u>	<u>1,906,697</u>
	2,644,257,062	1,965,265,927	885,293,393	683,182,990
Subscription Income - international operations	83,009,194	183,337,447	-	67,048,834
	<u>2,727,266,256</u>	<u>2,148,603,374</u>	<u>885,293,393</u>	<u>750,231,824</u>
	----- Rupees -----		----- Rupees -----	
12. COST OF PRODUCTION				
Cost of outsourced programs	1,007,063,518	697,382,378	363,940,367	265,022,968
Cost of in-house programs	154,381,925	93,777,364	74,173,491	31,613,443
Inventories consumed	251,435	325,480	-	-
Salaries and benefits	238,030,744	179,059,816	87,209,728	55,717,592
Depreciation	18,955,294	17,536,454	6,636,017	5,680,361
Amortisation	2,165,331	1,941,831	730,520	716,777
Traveling and conveyance	15,767,729	15,468,814	5,707,880	4,568,206
Utilities	8,830,388	7,923,353	2,229,463	3,195,125
Rent, rates and taxes	27,806,325	5,052,200	1,788,809	1,958,500
Insurance	5,346,193	5,982,914	1,232,130	3,231,000
Repair and maintenance	9,606,336	8,527,964	3,368,256	3,503,350
Fee and subscription	5,021,506	2,475,897	1,764,775	1,087,965
Communication expense	5,281,788	5,193,009	1,997,912	2,043,615
Security charges	2,307,471	2,040,725	252,629	781,220
Consultancy	3,235,131	2,672,548	1,123,201	904,262
Printing and stationery	239,866	504,775	56,503	162,442
Donation	-	91,490	-	-
	<u>1,504,290,980</u>	<u>1,045,957,012</u>	<u>552,211,681</u>	<u>380,186,826</u>
In production television programs - opening	6,998,811	5,918,111	10,833,050	7,040,111
In production television programs - closing	(13,530,850)	(7,876,311)	(13,530,850)	(7,876,311)
	<u>1,497,758,941</u>	<u>1,043,998,812</u>	<u>549,513,881</u>	<u>379,350,626</u>
Released / unreleased programs - opening	546,273,508	481,135,313	592,222,369	481,135,313
Released / unreleased programs - closing	(786,073,508)	(490,135,313)	(786,073,508)	(490,135,313)
	<u>1,257,958,941</u>	<u>1,034,998,812</u>	<u>355,662,742</u>	<u>379,350,626</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine months period ended		Quarter-ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
13. EARNINGS PER SHARE – basic and diluted				
Profit after taxation (Rupees)	516,953,118	408,385,214	179,990,141	143,029,465
		(Restated)		(Restated)
Weighted average number of Ordinary shares	945,000,000	945,000,000	945,000,000	945,000,000
Earnings per share (Rupees)	0.55	0.43	0.19	0.15

14. TRANSACTIONS WITH RELATED PARTIES

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

		March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
Transactions during the period			
Related parties	Nature of transactions		
Associates	Purchase of television programs	200,583,970	274,850,000
Spouse of a Director	Managerial Remuneration	6,389,460	6,657,840
Retirement fund	Contribution to fund	14,030,318	10,277,100
Key management personnel	Remuneration	374,619,397	265,637,126

15. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorised for issue on April 29, 2015 by the Board of Directors of the Holding Company.

16. SUBSEQUENT EVENT

Subsequent to the period end, one floor of the registered office was destroyed by fire, resulted in the loss of furniture, fixture and equipment. The initial estimation of loss is Rs. 17 Million however, the Company's insurance policies cover this event which is subject to the final assessment and approval by the insurers.

17. GENERAL

Amounts have been rounded off to the nearest rupee.



MAZHAR-UL-HAQ SIDDIQUI
Chairman



DURAID QURESHI
Chief Executive

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