



HALF YEARLY REPORT DECEMBER 31, 2019 (UN-AUDITED)

HUM NETWORK LIMITED



HUM NETWORK LIMITED



Company Information

Board of Directors

Chairman
Directors

Mr Mazhar-ul-Haq Siddiqui
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
Mr. Shunaid Qureshi
Lt. Gen. (R) Asif Yasin Malik
Mr. Hasan Reza-ur-Rahim
Mr. Sohail Ansar
Ms. Nabigha Nasser Masood
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. Sohail Ansar
Mr. Shunaid Qureshi
Mrs. Mahtab Akbar Rashdi
Lt. Gen. (R) Asif Yasin Malik

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Chairman
Members

Secretary
AUDITORS

Mr. Sohail Ansar
Ms. Sultana Siddiqui
Mrs. Mahtab Akbar Rashdi
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
M/s. Ijaz Ahmed & Associates
No.7, 11 th Zamzama Street Phase-V
D.H.A. Karachi.

INTERNAL AUDITORS

LEGAL ADVISOR

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
National Bank of Pakistan
The Bank of Punjab
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Habib Metropolitan Bank
MCB Bank Limited
Boston Private Bank & Trust
Barclays Bank PLC
Dubai Islamic Bank
Wells Fargo Bank
Hum TV, Plot No. 10/11, Hassan Ali Street,
Off. I.I Chundrigar Road, Karachi -74000 UAN: 111 -486-111

REGISTERED & HEAD OFFICE

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 report on the financial and operational performance of the Company for the half year ended December 31, 2019.

Financial Performance:

The gross profit for the 2nd quarter of the FY2020 was Rs. 91 million; compared to the gross loss of Rs. 30million in 1st quarter of the FY2020, resulting in the gross profit of Rs. 61 million for the half year ended December 31, 2019. The Company posted a loss before taxation of Rs.387 million and a loss after taxation of Rs. 404 million. The loss per share of the Company on quarter to quarter basis has been reduced from Re. 0.32 to Re. 0.11 per share, resulting into loss per share of Re. 0.43 for the half year ended December 31, 2019.

Operational Performance:

HNL aims at bringing the best entertainment and news to its audience. It is one of the largest broadcasting brands of Pakistan and also has a strong following among South Asian Diaspora around the world. The mission of HNL is to generate content on subjects of interest and relevance to a range of audiences while using best professional practices and ensuring long term continuity.

During the period, HUM TV aired dramas like "Ehd-e-Wafa", "Yeh Dil Mera", "Mein Na Janoo", "Ishq Zahe Naseeb" etc. which were highly appreciated by the audiences.

Arguably Pakistan's most glamorous awards ceremony, the 'Hum Awards 2019', was held in Houston, United States in October 2019. Boasting a night of glitz and glamour, extravagant performances and a star-studded list of attendees; Hum Awards 2019 was indeed a dazzling affair. In future as well, HUM Network aims to hold the awards and other events internationally to portray the soft image of Pakistan to audience overseas.

The 17th edition of the Pakistan's biggest and most sought-after bridal fashion show, the Bridal Couture Week, 2019 was held in Lahore in December 2019. The bridal extravaganza presented the latest bridal trends by established and emerging fashion designers. The event has continued to exceed expectations with each passing show.

Pakistan's much-anticipated festival, Masala Family Festival was organised in Lahore in November 2019 which included musical performances, magic and comedy segments, live cooking demonstrations, dance and singing competitions and a chance to meet with their favorite celebrity chefs.

During the period under review, the consolidated results were as follows:

	Rupees
Revenue - net	2,128,865,915
Gross Profit	13,280,203
Loss for the period - before taxation	(611,784,769)
Loss per share	(0.67)

Future Outlook:

Our business and financial strategies, and the operational decision that stem from the below initiatives are designed to move HNL from strength to strength, and to ensure that its independence is preserved in a sustainable way. As a network, we are well strategized with excellent infrastructure and robust board.

Pakistan has a prospective digital market and the consumer shift towards digital services is exhibited through the rampant expansion of digitized households. HNL is well positioned to take advantage of aforesaid market trends having partnerships with all major international VOD platforms.

Anticipating the changes taking place in this digital era, HNL ventured into the e-commerce market through HUM Mart. We are optimistic that we would be able to take advantage of the highly potential untapped market in the coming years.

The belief at the Company has always been that higher spends may not necessarily result in sustained incremental viewership. HNL continues to endeavor towards maintaining its cost structures through better negotiations with its vendors.

Risk minimization and exploiting various growth opportunities have always been the main agenda when devising strategies at HNL. The Company is in the process of acquiring M.D. Productions (Private) Limited that would enable to achieve its long-term objectives of growth and expansion in the Pakistani media industry and the same is expected to lead greater profitability in coming periods.

Acknowledgement:

On behalf of the management, I take this opportunity to express gratitude to our shareholders, employees, customers, business partners and other stakeholders for their trust in the Company. With the continued facilitation and support, HNL will deliver on its objectives as we move forward.

February 28, 2020
Karachi


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman

مالیاتی کارکردگی:

انتظامی کارکردگی:

دسمبر 2019 میں پاکستان کے سب سے بڑے اور پراکٹک جانے والے برائیزل فشن پلانٹ "دبی برائیزل کاؤچر" کے ایک "2019" کا سال اور میں اجتماع کیا گیا۔ اس عظیم الشان برائیزل ایکٹ میں سب سے پہلے دبی فشن ڈیزائنرز نے دبی برائیزل فرینڈ متعارف کرائے۔ اس نے اپنے کریش کے مقابلے میں دو تقاریر پر پورے اس کے پھر پورے فشن کی۔

نومبر 2019 میں لاہور میں پاکستان میں شہرت کے ساتھ انظار رکھے جانے والے فشنیول معاہدے فشنیول کا افتتاح کیا گیا جس میں موسیقی، بینک اور کارڈی کے سیکشن، ڈائریکٹو کے مظاہرے، ناچ اور گانے کے مقابلے میں تھے اور بعد ازاں اپنے پندرہ مشہور سٹیف کے ساتھ ٹیگ کا بھی قیام کیا گیا۔

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آمدنی-خالص

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مجموعی منافع

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مدت کے دوران نقصان۔ قلیل از عکس

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مستقبل کی منصوبہ بندی

اس ڈیجیٹل دوسری قوت بننے والی تبدیلیوں کے پیش نظر ہم نیٹ ورک لینڈز میں مارت کے ذریعے ای کامرس میں قدم رکھنا ہے۔ ہم پر امید ہیں کہ اس اقدام سے ڈیجیٹل مارت سے بحیرہ روم فائدہ حاصل ہوگا۔

خطر امن میں کسی لاکر ترقی کے مواقع سے فائدہ اٹھانے کی سوچ ہمیشہ ورک لکچر کی منصوبہ بندیوں کا اہم جزو رہی ہے۔ ہمیشہ ورک لکچر کی جانب سے ایڈمیڈی پروڈکشن (پرائیوٹ) لکچر کا حصول بھی پاکستان کی سیدہ انڈسٹری میں طویل مدتی ترقی اور پیسج کے پیش نظر عمل میں لایا جارہا ہے اور اس سے مستقبل میں بہترین منافع کی امید کی جاتی ہے۔

اعظم ارتشکر

القیام کی کامیابی سے، میں اس موقع پر اپنے شیئر ہولڈرز، ملازمین، کسٹمرز، کاروبار، شراکت داروں اور دیگر اسٹیف ہولڈرز کا کچھنی پر اعتماد کے لیے شکریہ ادا کروں گا کہ ان کے مسلسل تعاون اور اعتماد نے مجھے یہ سہولتیں فراہم کی ہیں۔

28 فروری 2020

کراچی

منظہ الحق صدیقی
چیئر مین

دورید کریش
جفا ایگزیکٹو

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **HUM Network Limited** (the company) as at **31 December 2019**, the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, and unconsolidated condensed interim statement of changes in equity and notes to the financial statements for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of other comprehensive income for the three-months period ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2019.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditors' review report is Mr. Omer Chughtai.

Sd/-

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: February 28, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019 (UN-AUDITED)

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,513,661,106	1,494,444,226
Intangible assets		39,134,072	45,543,151
Long term investments	6	368,898,451	368,898,451
Long term deposits		24,125,472	24,479,812
Television program costs	7	178,287,302	227,228,617
Deferred tax asset		24,234,890	57,032,586
		<u>2,148,341,293</u>	<u>2,217,626,843</u>
CURRENT ASSETS			
Inventories		17,163,957	19,532,155
Current portion of television program costs		210,385,799	213,385,799
Trade debts	8	1,570,716,622	1,776,702,967
Short term investments	9	377,257,822	838,041,574
Advances	10	263,170,335	116,418,606
Deposits and prepayments		27,949,449	16,632,975
Other receivables	11	195,766,922	166,594,761
Taxation – net		231,257,416	175,896,680
Cash and bank balances		15,660,268	152,042,869
		<u>2,909,328,590</u>	<u>3,475,248,386</u>
		<u>5,057,669,883</u>	<u>5,692,875,229</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
1,500,000,000 (2019: 1,500,000,000) Ordinary shares of Re.1/- each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Unappropriated profit		<u>1,807,924,410</u>	<u>2,212,120,835</u>
		<u>2,752,924,410</u>	<u>3,157,120,835</u>
NON-CURRENT LIABILITIES			
Long term lease liabilities	3.2	137,836,950	11,263,903
Long term financing		<u>792,440,375</u>	<u>978,644,795</u>
		<u>930,277,325</u>	<u>989,908,698</u>
CURRENT LIABILITIES			
Trade and other payables	12	931,680,610	847,005,655
Accrued markup		6,038,609	5,490,094
Short term borrowings		41,960,378	299,853,260
Unclaimed dividend		5,948,490	5,948,490
Unpaid dividend		205,159	205,159
Current portion of long term financing		371,932,488	371,910,267
Current portion of long term lease liabilities		<u>16,702,414</u>	<u>15,432,771</u>
		<u>1,374,468,148</u>	<u>1,545,845,696</u>
CONTINGENCIES AND COMMITMENTS			
	13		
		<u>5,057,669,883</u>	<u>5,692,875,229</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



DURAIQ QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Note	Half-year ended		Quarter-ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue	14	1,649,809,080	2,087,932,769	940,580,275	993,412,378
Cost of production	15	(1,516,466,929)	(1,787,967,569)	(814,850,189)	(809,807,597)
Transmission cost		(71,634,298)	(99,417,502)	(35,173,732)	(52,913,344)
		(1,588,101,227)	(1,887,385,071)	(850,023,921)	(862,720,941)
Gross profit		61,707,853	200,547,698	90,556,354	130,691,437
Distribution costs		(166,908,516)	(174,623,821)	(76,007,370)	(89,789,042)
Administrative expenses		(229,609,426)	(264,182,648)	(119,657,163)	(135,836,985)
Other income		78,773,400	85,935,846	53,600,613	52,494,381
Finance costs		(131,263,596)	(57,015,872)	(66,250,223)	(30,750,895)
Loss before taxation		(387,300,285)	(209,338,797)	(117,757,789)	(73,191,104)
Taxation					
-current		22,311,943	(37,346,623)	8,399,805	(22,725,100)
-prior		(6,410,387)	-	(6,410,387)	-
-deferred		(32,797,696)	(10,536,014)	12,819,373	(4,056,882)
		(16,896,140)	(47,882,637)	14,808,791	(26,781,982)
Loss for the period		(404,196,425)	(257,221,434)	(102,948,998)	(99,973,086)
Loss per share – basic and diluted		(0.43)	(0.27)	(0.11)	(0.11)

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Rupees -----			
Loss for the period	(404,196,425)	(257,221,434)	(102,948,998)	(99,973,086)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(404,196,425)</u>	<u>(257,221,434)</u>	<u>(102,948,998)</u>	<u>(99,973,086)</u>

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	December 31, 2019	December 31, 2018
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(387,300,285)	(209,338,797)
Adjustments for:		
Depreciation on operating fixed assets	107,531,968	115,425,875
Depreciation on right of use assets	17,125,702	-
Amortization	7,417,079	6,241,753
Finance costs	122,570,731	57,015,872
Markup on lease liability	8,692,865	-
Profit on bank accounts	(6,939,084)	(12,654,492)
Loss / (gain) on disposal of operating fixed assets	2,688,685	(918,377)
Unrealised (gain) / loss on revaluation of investments	(2,973,852)	2,709,964
Unrealised exchange loss / (gain)	6,716,741	(42,628,437)
	262,830,835	125,192,158
Operating loss before working capital changes	(124,469,450)	(84,146,639)
(Increase)/decrease in current assets		
Inventories	2,368,198	(648,338)
Television program costs	3,000,000	5,978,911
Trade debts	199,269,604	(13,902,182)
Advances	(146,751,729)	(14,040,371)
Deposits and prepayments	(11,316,474)	9,004,515
Other receivables	(29,172,161)	(3,876,132)
	17,397,438	(17,483,597)
Increase in current liabilities		
Trade and other payables	84,674,955	136,298,074
Cash (used in) / generated from operations	(22,397,057)	34,667,838
Taxes paid	(39,459,180)	(35,477,488)
Finance costs paid	(130,715,082)	(56,102,933)
Profit received on deposit accounts	6,939,084	12,654,492
Long-term deposits	354,340	741,458
Television program costs	48,941,315	5,673,789
Net cash used in operating activities	(136,336,580)	(72,510,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,754,763)	(84,814,756)
Additions to intangible assets	(1,008,000)	(7,521,219)
Investments during the period - net	463,757,604	(28,905,473)
Proceeds from disposal of operating fixed assets	10,631,788	1,251,207
Net cash generated from / (used in) investing activities	457,626,629	(119,990,241)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities	(13,597,569)	814,278
Short term borrowings - net	(257,892,882)	-
Long term financing - net	(186,182,199)	256,400,000
Net cash (used) / obtained from financing activities	(457,672,650)	257,214,278
Net (decrease) / increase in cash and cash equivalents	(136,382,601)	99,381,193
Cash and cash equivalents at the beginning of the period	152,042,869	147,939,971
Cash and cash equivalents at the end of the period	15,660,268	247,321,164

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


DURAID QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Revenue Reserve Unappropriated Profit	Total
	Rupees		
Balance as at July 01, 2018 – (Audited)	945,000,000	2,748,003,928	3,693,003,928
Loss for the period	-	(257,221,434)	(257,221,434)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(257,221,434)	(257,221,434)
Balance as at December 31, 2018	945,000,000	2,490,782,494	3,435,782,494
Balance as at July 01, 2019 – (Audited)	945,000,000	2,212,120,835	3,157,120,835
Loss for the period	-	(404,196,425)	(404,196,425)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(404,196,425)	(404,196,425)
Balance as at December 31, 2019	945,000,000	1,807,924,410	2,752,924,410

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (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 repealed 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 Statement of compliance

"These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017 (the Act); and

- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the act have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. These unconsolidated condensed interim financial statements are unaudited, however have been subject to limited scope review by the auditors, and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Act.
- 2.3 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.
- 2.4 These unconsolidated condensed interim financial statements is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.
- 2.5 The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2019 and December 31, 2018, respectively.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2019 except as disclosed below:

New / Revised standards, amendments, interpretation and improvements

The Company has adopted the following accounting standards, amendments and interpretation of IFRSs and the improvements to accounting standards which became effective for the current period:

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

Standards, amendments and interpretation

IFRS 16 - Leases

IFRIC 23 - Uncertainty over income tax treatments

IFRS 9 - Prepayment features with negative compensation (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments, interpretation and improvements did not have any effect on the accounting policies of the Company except for IFRS 16. The impact of adoption of IFRS 16 is explained in note 3.2 to these condensed interim financial statements.

3.2 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities. As a practical expedient, no reassessment was performed of contracts that were previously identified as leases and contracts that were not previously identified as containing a lease applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as office building and other land on rentals.

The Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on July 1, 2019.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as at June 30, 2019 as follows:

The impact of adoption of IFRS 16 as at July 01, 2019 is as follows:	Rupees
Operating lease commitments as at June 30, 2019	220,387,519
Impact of discounting	(84,305,368)
Total lease liability as at July 01, 2019	<u>136,082,151</u>
Weighted average incremental borrowing rate as at July 01, 2019	14.13%

The impact of adoption of IFRS 16 as at July 01, 2019 is as follows:

Assets	
Property, plant & equipment - right-of-use asset	<u>136,082,151</u>
Liabilities	
Lease liabilities	<u>136,082,151</u>

The impact of adoption of IFRS 16 for the period ended December 31, 2019 is as follows:

Unconsolidated condensed interim statement of profit or loss	
Depreciation charge on right-of-use assets	8,972,450
Markup on lease liabilities	8,692,865
Deferred tax expense	<u>1,682,150</u>
	<u>19,347,465</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

3.3 Amendment to accounting and reporting standards that are not yet effective

The following amendment to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the date mentioned below:

	Effective date (Annual periods beginning on or after)
IAS 1/ IAS 8 - Definition of Material	January 01, 2020

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates and judgements made by management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to the annual unconsolidated financial statements of the Company for the year ended 30 June 2019, except as disclosed otherwise.

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- Rupees -----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	1,292,151,080	1,435,412,292
Capital work-in-progress		59,031,934	59,031,934
Right of use asset	5.2/3.2	162,478,092	-
		1,513,661,106	1,494,444,226
5.1 Operating fixed assets			
Opening balance – at book value		1,435,412,292	1,501,592,770
Additions during the period / year – at cost	5.1.1	23,173,079	170,524,461
		1,458,585,371	1,672,117,231
Less:			
Disposals during the period / year – at book value		(13,320,473)	(2,745,070)
Depreciation charged during the period / year		(107,531,968)	(233,959,869)
Transfer to right of use asset - at book value		(45,581,850)	-
		(166,434,291)	(236,704,939)
Closing balance – at book value		1,292,151,080	1,435,412,292
5.1.1 Additions during the period / year – at cost			
Owned			
Building on leasehold land		1,855,107	1,916,800
Leasehold improvements		3,823,116	5,497,657
Furniture and fittings		6,184,388	2,412,985
Motor vehicles		7,468,983	10,418,552
Audio visual equipment		-	117,099,907
Uplinking equipment		-	544,336
Office equipment		399,705	3,217,825
Computers		3,441,780	13,134,336
Leased			
Motor vehicles		-	16,282,063
		23,173,079	170,524,461

5.2 During the period, the additions in right of use asset amounted to Rs 5,358,108 (June 30, 2019: Rs nil/-).

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
6. LONG TERM INVESTMENTS – unquoted subsidiaries	Holding		
HUM TV, Inc. – USA			
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>
		18,725,353	18,725,353
HUM Network UK Ltd.			
553,677 Ordinary shares of 1 GBP	100%	95,923,751	95,923,751
Skyline Publications (Private) Ltd.			
3,999,997 Ordinary shares of Rs.10 each	100%	39,999,970	39,999,970
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		<u>4,446,966</u>	<u>4,446,966</u>
		74,249,337	74,249,337
HUMM Co. (Private) Limited			
4 ordinary shares of Rs. 10 each	100%	40	40
HUM Mart. (Private) Limited			
14,000,000 ordinary shares of Rs.10 each	70%	140,000,000	140,000,000
		<u>368,898,451</u>	<u>368,898,451</u>
7. TELEVISION PROGRAM COSTS			
Unreleased / released less amortization		336,164,851	386,400,500
In production		<u>52,508,250</u>	<u>54,213,916</u>
		388,673,101	440,614,416
Less: Current portion		<u>210,385,799</u>	<u>213,385,799</u>
		<u>178,287,302</u>	<u>227,228,617</u>
8. TRADE DEBTS			
Includes amount receivable from related parties as follows:			
Hum TV, Inc – USA		183,758,785	231,026,837
Hum Network UK Ltd		<u>104,117,595</u>	<u>109,041,527</u>
		<u>287,876,380</u>	<u>340,068,364</u>
9. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
United Bank Limited			
16,000 TFCs having face value of Rs. 5000 each	80,000,000	80,000,000	
Meezan Bank Ltd. Tier II Modaraba Sukuks	-	-	98,997,624
Bank of Punjab			
2,033 TFCs having face value of Rs.99,880 each	199,481,839	-	-
U Microfinance Bank Limited			
17,400 TFCs having face value of Rs.4,995 each	97,775,983	-	-
Quoted Shares			
Habib Bank Limited			
60,000 shares having market value of Rs. 113.26 each	-	-	6,795,600
Sui Nothern Gas Pipelines Ltd.			
60,000 shares having market value of Rs. 69.49 each	-	-	4,169,400
Inter.Steel Ltd.			
50,000 shares having market value of Rs. 39.71 each	-	-	1,985,500
Mutual Funds			
Askari High Yield Scheme			
2,958,712 units having net asset value (NAV) Rs.102.3976	-	-	302,965,055
BMA Empress Cash Fund			
8,045,078 shares having market value of Rs. 10.158 each	-	-	81,721,902
		<u>377,257,822</u>	<u>576,635,081</u>
At amortized cost			
Term Deposit Receipt		-	250,000,000
Add: Accrued profit thereon		-	11,406,493
		-	261,406,493
		<u>377,257,822</u>	<u>838,041,574</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

10. This includes amount paid to related party amounting to Rs 85,000,000/- (June 30, 2019: Rs 5,177,051/-).

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
11. OTHER RECEIVABLES		
Includes balances receivable from related parties as follows:		
HUM TV. Inc	22,520,046	20,785,391
HUM Mart (Private) Limited	602,068	223,116
Sky Line Publication (Private) Limited	54,254,152	50,477,705
	<u>77,376,266</u>	<u>71,486,212</u>

12. TRADE AND OTHER PAYABLES

This include amounts payable to related parties amounting to Rs. 377,030,692/- (June 30, 2019: Rs 356,016,204/-).

13. CONTINGENCIES AND COMMITMENTS

13.1 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, 2019.

13.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited related party as at December 31, 2019 amounted to Rs.209,486,000 (June 2019: Rs. 393,586,400/-). Commitment for purchase of television programs with other than related parties as at December 31, 2019 amounted to Rs. 36,774,000 (June 30 2019: Rs. 68,207,000/-).

	Half-year ended		Quarter-ended	
	December 31, 2019 (Un-audited)	December 31, 2018 (Un-audited)	December 31, 2019 (Un-audited)	December 31, 2018 (Un-audited)
	----- Rupees -----		----- Rupees -----	
14. REVENUE – net				
Advertisement revenue	1,338,254,738	1,728,403,327	755,069,504	837,483,546
Production revenue	22,609,721	67,442,266	11,411,765	21,991,412
Digital sales revenue	11,333,759	6,154,362	10,384,216	4,646,342
Subscription income	261,043,048	169,798,370	154,848,854	96,170,821
Film distribution revenue	16,567,814	116,134,444	8,865,936	33,120,257
	<u>1,649,809,080</u>	<u>2,087,932,769</u>	<u>940,580,275</u>	<u>993,412,378</u>

14.1 Revenue is net off the following items:

Sales tax	193,537,238	246,842,764	110,311,032	118,483,743
Discount to customers	126,940,866	132,029,725	72,541,172	68,307,039
	<u>320,478,104</u>	<u>378,872,489</u>	<u>182,852,204</u>	<u>186,790,782</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
15. COST OF PRODUCTION				
Cost of outsourced programs	791,104,843	770,206,876	381,797,369	382,493,868
Cost of in-house programs	121,140,369	364,242,855	100,260,675	86,136,530
Inventories consumed	343,583	-	338,000	-
Salaries and benefits	352,883,317	430,799,635	167,391,220	214,232,490
Depreciation	96,282,915	89,328,188	48,033,063	45,288,584
Amortisation	5,478,710	4,548,423	2,728,227	14,375,014
Traveling and conveyance	22,214,907	28,936,426	11,536,223	2,259,526
Utilities	9,017,276	11,119,624	4,764,756	5,638,050
Rent, rates and taxes	1,151,863	14,635,212	394,269	7,097,502
Insurance	11,596,616	14,060,093	5,533,020	6,648,478
Repair and maintenance	9,892,619	13,210,716	4,476,814	8,229,112
Fee and subscription	30,891,194	20,619,841	19,699,341	17,481,455
Communication expense	9,369,420	9,527,034	5,838,263	4,991,074
Security charges	-	1,702,482	-	805,928
Consultancy	2,480,693	2,910,012	1,687,465	1,478,442
Printing and stationery	677,289	467,452	366,169	248,544
	1,464,525,614	1,776,314,869	754,864,874	797,404,597
In production television programs				
- opening	54,213,916	91,472,116	62,257,916	92,222,416
In production television programs				
- closing	(52,508,250)	(79,819,416)	(52,508,250)	(79,819,416)
	1,466,231,280	1,787,967,569	764,614,540	809,807,597
Released / unreleased programs				
- opening	386,400,500	384,062,756	386,400,500	384,062,756
Released / unreleased programs				
- closing	(336,164,851)	(384,062,756)	(336,164,851)	(384,062,756)
	1,516,466,929	1,787,967,569	814,850,189	809,807,597

16. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associated companies, 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:

Nature of transaction	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
Associated companies (due to common directorship):				
Purchases of Television programs	639,208,987	634,632,209	305,269,473	251,006,075
Subsidiary Company:				
Management Fee	2,329,125	-	1,158,375	-
Subscription Income	23,336,612	19,239,309	11,592,612	10,204,959
Payments made on behalf of subsidiary	3,776,447	5,483,027	1,890,530	2,573,229
Payment received on behalf of subsidiary	13,923,250	14,967,260	7,566,000	14,967,260
Remittance from subsidiary	46,397,000	-	15,445,000	-
Advances for future issue of shares	-	48,000,000	-	48,000,000
Payment made on behalf of the Company	22,060,835	58,639,266	2,721,576	30,581,699
Others				
Key Management personnel	55,482,171	71,968,683	27,810,601	32,105,353
Contribution to Fund	18,995,703	24,189,609	7,872,728	12,222,297

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

17. OPERATING SEGMENTS

For management purposes, the Company has determined following reportable operating segments on the basis of areas of operations i.e. entertainment and news.

Entertainment segment is engaged in advertisement, entertainment and media marketing.

News segment is engaged in broadcasting of news programs.

	Entertainment		News		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Net sales to external customers	1,572,135,190	2,038,348,702	77,673,890	49,584,067	1,649,809,080	2,087,932,769
Result						
Segment profit / (loss)	237,521,051	437,615,315	(342,721,714)	(411,661,438)	(105,200,663)	25,923,877
Taxation	(15,731,032)	(47,138,876)	(1,165,108)	(743,761)	(16,896,140)	(47,882,637)
Unallocated expenses:						
Administrative expenses					(229,609,426)	(264,182,648)
Other income					78,773,400	85,935,846
Finance costs					(131,263,596)	(57,015,872)
Loss for the period					(404,196,425)	(257,221,434)
Other information						
Amortization	(4,861,152)	(3,963,196)	(2,555,927)	(2,278,557)	(7,417,079)	(6,241,753)
Depreciation	(35,614,620)	(34,520,250)	(89,043,050)	(80,905,625)	(124,657,670)	(115,425,875)

All non-current assets of the Company as at December 31, 2019 and 2018 are located in Pakistan.

Revenue from two major customers of the Company during the year constituted 65%.(December 31, 2018: 62% - 3 Customers) of the total revenue.

18. FINANCIAL RISK MANAGEMENT , OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are 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, 2019. There have been no change in any risk management policies since the year end.

19. FAIR VALUE OF ASSETS

There were no transfers amongst level of fair value analysis of financial assets during the period.

20. SUBSEQUENT EVENT

In continuation of the resolutions passed through circulation on March 21, 2019, the Board of Directors in its meeting held on February 28, 2020, authorized the management to formulate the terms for a potential merger / acquisition of M.D Productions (Private) Limited (MDPPL) with and into the Company (Proposed Arrangement), including entering into discussions with MDPPL, finalizing the feasibility / valuations in respect thereof, and the presentation of draft documents pertaining to the Proposed Arrangement before the Board for their consideration.

21. GENERAL

21.1 Amounts have been rounded off to the nearest rupee.

21.2 Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

22. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements have been authorised for issue on February 28, 2020 by the Board of Directors.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019 (UN-AUDITED)

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,546,703,649	1,530,839,523
Intangible assets		124,626,712	127,507,933
Long term investments		74,181,781	77,195,824
Long term deposits		41,926,789	41,449,670
Television program costs		178,287,302	227,228,617
Deferred tax asset		42,493,968	75,817,744
		2,008,220,201	2,080,039,311
CURRENT ASSETS			
Inventories		57,382,344	61,876,831
Current portion of television program costs		210,385,799	213,385,799
Trade debts	5	1,883,735,598	1,888,525,902
Short term investments		377,257,822	838,041,574
Advances		229,717,937	154,148,617
Trade deposits and short-term prepayments		34,652,191	20,483,767
Other receivables		165,516,429	204,777,946
Taxation – net		233,090,203	177,748,834
Cash and bank balances		94,268,076	361,610,061
		3,286,006,399	3,920,599,331
TOTAL ASSETS		5,294,226,600	6,000,638,642
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 1,500,000,000 (2018: 1,500,000,000) Ordinary shares of Re.1/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		945,000,000	945,000,000
Revenue Reserves		1,656,319,263	2,276,458,987
Attributable to owners of the Holding Company		2,601,319,263	3,221,458,987
Non-controlling interest		33,697,237	55,144,321
		2,635,016,500	3,276,603,308
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		137,836,950	11,263,903
Long term financing		792,440,375	978,644,795
		930,277,325	989,908,698
CURRENT LIABILITIES			
Trade and other payables		1,283,162,482	1,033,302,739
Accrued mark-up		6,120,691	5,572,176
Short term borrowings		41,960,378	299,853,260
Unclaimed dividend		5,948,490	5,948,490
Unpaid dividend		205,159	205,159
Taxation – net		2,900,673	1,901,774
Current portion of long term financing		371,932,488	371,910,267
Current portion of liabilities against assets subject to finance lease		16,702,414	15,432,771
		1,728,932,775	1,734,126,636
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		5,294,226,600	6,000,638,642

The annexed notes from 1 to 13 form an integral part of these consolidated financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Note	Half-year ended		Quarter-ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue	7	2,128,865,915	2,430,050,286	1,224,061,581	1,175,796,925
Cost of production	8	(1,840,177,611)	(1,901,834,928)	(1,068,201,060)	(871,891,626)
Transmission cost		(275,408,101)	(205,459,107)	(144,522,500)	(102,584,004)
		(2,115,585,712)	(2,107,294,035)	(1,212,723,560)	(974,475,630)
Gross profit		13,280,203	322,756,251	11,338,021	201,321,295
Distribution costs		(221,342,221)	(220,537,742)	(106,960,556)	(120,467,451)
Administrative expenses		(350,001,059)	(326,748,156)	(182,947,769)	(172,291,163)
Other income		77,068,010	86,596,401	52,778,631	52,985,682
Other expenses		(1,204,607)	(23,683)	(1,089,385)	(23,683)
Finance costs		(131,881,319)	(57,797,183)	(66,618,075)	(31,320,628)
Share of net profit of associate		2,296,224		1,140,480	
Loss before taxation		(611,784,769)	(195,754,112)	(292,358,653)	(69,795,948)
Taxation		(18,455,053)	(59,202,742)	14,156,165	(37,595,977)
Loss after taxation		(630,239,822)	(254,956,854)	(278,202,488)	(107,391,925)
Attributable to:					
Owners of Holding Company		(608,792,738)	-	(267,255,328)	-
Non-controlling interests		(21,447,084)	-	(10,947,160)	-
		(630,239,822)	-	(278,202,488)	-
Loss per share – basic and diluted		(0.67)	(0.27)	(0.29)	(0.11)

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Rupees -----		----- Rupees -----	
Loss after taxation	(630,239,822)	(254,956,854)	(278,202,488)	(107,391,925)
Other comprehensive income/(loss)	(11,346,986)	41,199,303	6,967,323	30,663,506
Total comprehensive loss	(641,586,808)	(213,757,551)	(271,235,165)	(76,728,419)

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.



DURAID QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	December 31, 2019	December 31, 2018
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(611,784,769)	(195,754,112)
Adjustments for:		
Depreciation	129,570,634	116,441,200
Amortization	9,324,004	7,277,870
Finance costs	131,881,319	57,797,183
Profit on bank accounts	(7,446,016)	(13,043,479)
(Gain)/loss on disposal of property, plant and equipment	2,688,685	(918,377)
Unrealized Loss/(gain) on Revaluation of Investments	(2,973,852)	2,709,964
Exchange difference on translation of foreign currency	(11,346,986)	41,199,303
Provision for doubtful debts	(789,276)	-
Exchange loss/(gain)	6,716,741	(42,628,437)
	<u>257,625,253</u>	<u>168,835,227</u>
Operating profit before working capital changes	(354,159,516)	(26,918,885)
(Increase)/decrease in current assets		
Inventories	4,494,487	(36,291,957)
Television program costs	3,000,000	5,978,911
Trade debts	(1,137,161)	(152,028,172)
Advances, deposits and prepayments	(89,737,744)	7,866,318
Other receivables	39,261,517	(4,208,215)
	<u>(44,118,901)</u>	<u>(178,683,115)</u>
Increase in current liabilities		
Trade and other payables	249,859,743	254,552,778
	<u>(148,418,674)</u>	<u>48,950,778</u>
Cash generated from operations		
Taxes paid	(39,473,747)	(44,954,285)
Finance costs paid	(131,332,804)	(56,884,245)
Profit received on bank accounts	7,446,016	13,043,479
Long-term deposits	(477,119)	(3,283,952)
Television program costs	48,941,315	5,673,789
Net cash generated from operating activities	(263,315,013)	(37,454,436)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(23,757,756)	(105,591,739)
Investments-Net	466,771,647	45,718,570
Proceeds from sale of property, plant and equipment	10,631,788	1,324,959
Net cash used in investing activities	453,645,679	(149,985,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Long term financing	(186,182,199)	256,400,000
Short Term Borrowing	(257,892,882)	(17,803,070)
Liabilities against assets subject to finance lease	(13,597,570)	814,278
Advance for future issue of shares	-	35,001,724
Net cash used in financing activities	(457,672,651)	274,412,932
Net increase / (decrease) in cash and cash equivalents	(267,341,985)	86,973,146
Cash and cash equivalents at the beginning of the period	361,610,061	376,300,846
Cash and cash equivalents at the end of the period	94,268,076	463,273,992

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.


DURAIQ QURESHI
Chief Executive


MAZHAR-UL-HAQ SIDDIQUI
Chairman


MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

DURAID QURESHI
Chief Executive

MAZHAR-UL-HAQ SIDDIQUI
Chairman

MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

- 1.1 HUM Network Limited (the Holding Company) was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (the Ordinance). The shares of the Holding Company are quoted on Pakistan Stock Exchange.
- 1.2 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.

The 'Group' consists of

Holding Company

HUM Network Limited

Subsidiary Companies

	2019	2018
	Percentage of holding	
HUM TV, Inc.	100%	100%
HUM Network UK Limited	100%	100%
Sky Line Publications (Private) Limited	100%	100%
HUM Network FZ LLC	100%	100%
HUMM Co. (Private) Limited	100%	100%
HUM Mart (Private) Limited	70%	100%

1.3 Nature of operations of subsidiaries

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 (SPL) is engaged in the publications of books and magazines.

HUMM Co. (Private) Limited has been established with the purpose of developing and producing contents, shows and programs. Further, a scheme of arrangement with M.D Productions (Private) Limited (a related party) is pending approval with relevant authorities as of the year end.

During the year ended June 30, 2018, HUM Mart (Private) Limited was incorporated for the business of online shopping for grocery, household items and consumer goods.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared under the historical cost convention except of certain investments that have been measured at fair value.

3. ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2019 except as disclosed in unconsolidated financial statements for the half year ended 31, December 2019.

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- Rupees -----	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	1,325,193,623	1,471,807,589
Capital work-in-progress		59,031,934	59,031,934
Right of Use asset		162,478,092	-
		1,546,703,649	1,530,839,523
4.1 Operating fixed assets – owned and leased			
Book value at the beginning of the period / year		1,471,807,589	1,533,137,692
Additions during the period / year	4.1.1	24,733,289	227,868,451
Less:			
Disposal during the period / year - at WDV		13,320,473	21,223,999
Transfer to right of use asset - at book value		45,581,850	
Depreciation charged during the period / year		112,444,932	267,974,555
		1,325,193,623	1,471,807,589
4.1.1 Additions during the period/year			
Owned			
Building on leasehold land		1,855,107	1,916,800
Leased hold improvement		3,823,116	5,497,657
Furniture and fittings		6,844,485	4,474,717
Vehicles		7,468,983	27,701,083
Audio visual equipment		-	136,539,907
Uplinking equipment		-	10,204,336
Office equipment		450,330	7,852,458
Computers		4,291,268	17,399,430
Leased			
Vehicles			16,282,063
		24,733,289	227,868,451

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	----- Rupees -----	
5. TRADE DEBTS – unsecured		
Considered good	1,883,735,598	1,888,525,902
Considered doubtful	87,042,817	87,832,093
	1,970,778,415	1,976,357,995
Less: Provision for doubtful debts	87,042,817	87,832,093
	1,883,735,598	1,888,525,902

6. CONTINGENCIES AND COMMITMENTS

6.1 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, 2019.

6.2 Commitments

Purchase of television programs commitments with M.D Production (Private) Limited related party as at December 31, 2019 amounted to Rs.209,486,000 (June 2019: Rs. 393,586,400/-). Commitment for purchase of television programs with other than related parties as at December 31, 2019 amounted to Rs. 36,774,000 (June 2019: Rs. 68,207,000/-).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

Note	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
7. REVENUE – net				
Advertisement revenue	1,652,299,512	1,974,377,452	940,389,510	956,813,518
Production revenue	22,661,765	67,224,957	11,473,166	21,774,103
Digital sales revenue	11,281,715	6,371,671	10,322,815	4,863,651
Subscription income	265,186,432	200,650,510	156,898,729	112,190,926
Film distribution revenue	37,504,095	122,865,529	27,891,304	39,851,342
Sale of goods	139,932,396	58,560,167	77,086,057	40,303,385
7.1	<u>2,128,865,915</u>	<u>2,430,050,286</u>	<u>1,224,061,581</u>	<u>1,175,796,925</u>

7.1 Revenue is net off the following items:

Sales tax	193,537,238	246,842,764	110,311,032	118,483,743
Discount to customers	126,940,866	132,029,725	72,541,172	68,307,039
	<u>320,478,104</u>	<u>378,872,489</u>	<u>182,852,204</u>	<u>186,790,782</u>

	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- Rupees -----		----- Rupees -----	
8. COST OF PRODUCTION				
Cost of outsourced programs	967,281,686	796,308,673	556,047,946	392,246,770
Cost of in-house programs	121,140,369	364,242,855	100,260,675	86,136,530
Inventories consumed	135,684,922	46,710,201	72,145,660	29,590,377
Salaries and benefits	358,512,321	447,191,169	170,270,981	222,816,343
Depreciation	96,441,995	90,450,972	48,111,929	46,070,073
Amortisation	5,478,710	4,568,994	2,728,227	2,269,812
Traveling and conveyance	22,611,307	33,036,879	11,740,668	15,288,558
Utilities	9,028,040	11,119,624	4,767,985	5,638,050
Rent, rates and taxes	1,151,863	24,307,012	391,005	13,676,054
Insurance	11,713,657	14,190,132	5,593,406	6,715,400
Repair and maintenance	10,005,269	14,197,983	4,522,008	8,626,733
Fee and subscription	30,945,744	20,619,841	19,753,891	17,481,455
Communication expense	9,530,917	10,238,100	5,907,155	5,242,099
Security charges	-	2,016,973	-	940,345
Consultancy	3,053,857	2,910,012	1,997,298	1,478,442
Printing and stationery	5,655,639	8,072,808	3,976,911	5,271,585
	<u>1,788,236,296</u>	<u>1,890,182,228</u>	<u>1,008,215,745</u>	<u>859,488,626</u>
In production television programs - opening	54,213,916	91,472,116	62,257,916	92,222,416
In production television programs - closing	<u>(52,508,250)</u>	<u>(79,819,416)</u>	<u>(52,508,250)</u>	<u>(79,819,416)</u>
	<u>1,789,941,962</u>	<u>1,901,834,928</u>	<u>1,017,965,411</u>	<u>871,891,626</u>
Released / unreleased programs - opening	386,400,500	384,062,756	386,400,500	384,062,756
Released / unreleased programs - closing	<u>(336,164,851)</u>	<u>(384,062,756)</u>	<u>(336,164,851)</u>	<u>(384,062,756)</u>
	<u>1,840,177,611</u>	<u>1,901,834,928</u>	<u>1,068,201,060</u>	<u>871,891,626</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

9. 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 Party	Nature of transaction	Half Year Ended		Quarter Ended	
		December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
		----- Rupees -----			
Associate	Purchases of television programs and movie	639,208,987	634,632,209	305,269,473	242,149,864
Key management personnel	Remuneration	95,276,463	79,948,683	47,582,893	40,085,353
Retirement fund	Contribution to provident fund	18,995,703	24,189,609	7,872,728	12,222,297

10. OPERATING SEGMENTS

For management purposes, the Group has determined following reportable operating segments on the basis of areas of operations i.e. entertainment and news.

Entertainment segment is engaged in advertisement, entertainment and media marketing.

News segment is engaged in broadcasting of news programs.

	Entertainment		News		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	----- Rupees -----							
Revenue								
Net revenue from external customers	1,904,998,493	2,323,601,947	82,692,869	51,096,514	141,174,553	55,351,824	2,128,865,915	2,430,050,285
Result								
Segment profit / (loss)	174,215,048	546,083,651	(349,712,390)	(410,178,991)	(32,564,676)	(33,686,151)	(208,062,018)	102,218,509
Taxation	(15,859,381)	(58,256,266)	(1,165,108)	(743,761)	(1,430,564)	(202,715)	(18,455,053)	(59,202,742)
Unallocated income / (expenses):								
Administrative expenses							(350,001,059)	(326,748,156)
Other income							77,068,010	86,596,401
Other expenses							(1,204,607)	(23,683)
Share of net profit of associate							2,296,224	-
Finance costs							(131,881,319)	(57,797,183)
(Loss) / profit for the year							(630,239,822)	(254,956,854)
Amortization	(6,404,367)	(4,969,925)	(2,555,927)	(2,278,557)	(363,710)	(29,388)	(9,324,004)	(7,277,870)
Depreciation	(39,478,931)	(34,113,307)	(89,043,050)	(80,905,625)	(1,048,653)	(1,422,268)	(129,570,634)	(116,441,200)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

11. SUBSEQUENT EVENT

Pursuant to the scheme of arrangement duly approved by the Board of Directors of M/s. Newsline Publications (Pvt.) Limited (Transferor Company) and M/s. Skyline Publications (Pvt.) Limited (Transferee Company), as required under section 284 (2) of the Companies Act, 2017 for the amalgamation of Transferor Company, with and into the Transferee Company; Newsline Publications (Pvt.) Limited, stand merged into the Skyline Publications (Pvt.) Limited with effect from 30th June 2019. The said merger was acknowledged by Company Registration Office, Karachi on 13th January 2020.

12. DATE OF AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on February 28, 2020 by the Board of Directors of the Holding Company.

13. GENERAL

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

13.2 Figures have been rounded off to the nearest Rupee.



DURAIQ QURESHI
Chief Executive



MAZHAR-UL-HAQ SIDDIQUI
Chairman



MUHAMMAD ABBAS HUSSAIN
Chief Financial Officer

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