MTN SYRIA

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2017

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2017

	Notes	For the three-month period ended 31 March 2017 (Unaudited) Syrian Pounds	2016 (Unaudited) Syrian Pounds
Gross revenues	3	**18,510,686,977**	13,786,889,484
Syrian Government/STC share of revenues	4	**(5,681,110,305)**	(4,211,898,346)
MTN Syria share of revenues		**12,829,576,672**	9,574,991,138
Operating expenses	5	**(7,640,558,360)**	(5,213,970,739)
Gross operating profit		**5,189,018,312**	4,361,020,399
Administrative, marketing and selling expenses		**(3,181,046,975)**	(2,460,720,709)
Depreciation	6	**(304,305,494)**	(406,938,845)
Amortization	7	**(165,638,219)**	(73,149,161)
Bank charges		**(1,273,845)**	(1,178,537)
Allowance for doubtful debts		**(2,306,333)**	(2,493,433)
Other expenses - net		**(30,086,023)**	(151,165,771)
Operating profit		**1,504,361,423**	1,265,373,943
Interest income		**111,766,098**	186,239,226
Finance costs		**(111,766,098)**	(186,205,127)
Realized (loss) gain on foreign exchange	11	**(319,917,025)**	152,479,100
Unrealized gain on foreign exchange	11	**201,085,451**	1,120,987,777
Net profit before tax		**1,385,529,849**	2,538,874,919
Income tax expense	13	**(177,604,992)**	(223,963,821)
Net profit for the period		**1,207,924,857**	2,314,911,098
Other comprehensive income		**-**	-
Total comprehensive income		**1,207,924,857**	2,314,911,098
Basic and diluted earnings per share of net profit	14	**80.53**	154.33

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

MTN Syria

INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	*31 March 2017 (Unaudited) Syrian Pounds*	*31 December 2016 (Audited) Syrian Pounds*
Assets			
Non-current assets			
Property and equipment	6	**58,955,048,495**	61,133,129,260
Intangible assets	7	**24,401,047,215**	24,359,884,157
Total non-current assets		**83,356,095,710**	85,493,013,417
Current assets			
Prepayments to the Syrian Government	8	**3,227,586,166**	2,277,587,358
Due from STC	8	**92,137,160**	81,073,545
Inventories		**721,197,369**	422,726,140
Other current assets		**18,571,713,081**	14,086,977,018
Accounts receivable		**6,952,583,183**	6,750,673,602
Cash and bank deposits	9	**29,565,689,177**	31,788,289,790
Total current assets		**59,130,906,136**	55,407,327,453
Total assets		**142,487,001,846**	140,900,340,870
Equity and liabilities			
Equity			
Paid in capital	10	**1,500,000,000**	1,500,000,000
Statutory reserve		**750,000,000**	750,000,000
Accumulated retained earnings		**9,848,764,306**	8,841,924,900
Unrealized retained losses from foreign exchange	11	**(881,585,376)**	(1,082,670,827)
Total equity		**11,217,178,930**	10,009,254,073
Non-current liabilities			
Dividends payable		**44,723,165,702**	44,723,165,702
Total non-current liabilities		**44,723,165,702**	44,723,165,702
Current liabilities			
Due to the Syrian Government	8	**3,278,707,699**	3,810,991,597
Due to STC	8	**167,584,597**	170,127,298
Accounts payable		**28,383,013,780**	30,571,056,277
Other current liabilities		**33,342,166,204**	31,380,692,496
Due to related parties	12	**19,728,189,986**	18,715,174,166
Deferred tax liability	13	**1,646,994,948**	1,519,879,261
Total current liabilities		**86,546,657,214**	86,167,921,095
Total liabilities		**131,269,822,916**	130,891,086,797
Total equity and liabilities		**142,487,001,846**	140,900,340,870

The interim condensed financial statements were authorized for issuance on 7 May 2017 by:

Jamal Ramadan
Chairman

Kamal Santina
Chief Financial Officer

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

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2017

	Notes	*Paid in capital* *Syrian Pounds*	*Statutory reserve* *Syrian Pounds*	*Income for the period* *Syrian Pounds*	*Accumulated retained earnings* *Syrian Pounds*	*Unrealized retained (losses) gains from foreign exchange ** *Syrian Pounds*	*Total Equity* *Syrian Pounds*
Balance at 1 January 2017 - audited		**1,500,000,000**	**750,000,000**	**-**	**8,841,924,900**	**(1,082,670,827)**	**10,009,254,073**
Comprehensive income for the period		**-**	**-**	**1,207,924,857**	**-**	**-**	**1,207,924,857**
Allocation of the period’s income		**-**	**-**	**(1,207,924,857)**	**1,006,839,406**	**201,085,451**	**-**
Balance at 31 March 2017 - unaudited		**1,500,000,000**	**750,000,000**	**-**	**9,848,764,306**	**(881,585,376)**	**11,217,178,930**
Adjusted balance at 1 January 2016 - audited	21	1,500,000,000	750,000,000	-	4,638,168,895	(399,937,818)	6,488,231,077
Comprehensive loss for the period		-	-	2,314,911,098	-	-	2,314,911,098
Allocation of the period’s income		-	-	(2,314,911,098)	1,193,923,321	1,120,987,777	-
Balance at 31 March 2016 - unaudited		1,500,000,000	750,000,000	-	5,832,092,216	721,049,959	8,803,142,175

* Based on circular No. 12 of the Syrian Commission on Financial Markets & Securities dated 15 February 2015, the Company separated unrealized gains resulting from foreign exchange revaluation of monetary items from the retained earnings in the statement of changes in equity.

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

INTERIM STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2017

	Notes	*For the three-month period ended 31 March* **2017**	2016
		(Unaudited)	*(Unaudited)*
		Syrian Pounds	*Syrian Pounds*
Operating activities			
Net profit before income tax		**1,385,529,849**	2,538,874,919
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization	6 & 7	**3,396,433,946**	2,383,370,967
(Recovery) provision for slow moving inventories		**(9,803,166)**	547,840
Provision for doubtful debts		**2,306,333**	2,493,433
Loss (gain) on sale of property and equipment		**1,934,061**	(5,772,518)
Interest expense		**111,766,098**	186,205,127
Interest income		**(111,766,098)**	(186,239,226)
Operating profit before working capital changes		**4,776,401,023**	4,919,480,542
Prepayments to the Syrian Government		**(949,998,808)**	(434,799,534)
Due from STC		**(11,063,615)**	5,899,387
Inventories		**(288,668,063)**	27,225,787
Other current assets		**(4,690,732,468)**	(8,358,907,505)
Accounts receivable		**(136,630,029)**	(891,882,096)
Due to the Syrian Government		**(532,283,898)**	(1,996,010,804)
Due to STC		**(2,542,701)**	(11,143,192)
Accounts payable		**(2,170,132,164)**	(3,473,215,984)
Other current liabilities		**1,935,898,534**	2,283,163,122
Cash from operations		**(2,069,752,189)**	(7,930,190,277)
Income tax paid	13	**(50,489,305)**	(20,635,177)
Net cash flows used in operating activities		**(2,120,241,494)**	(7,950,825,454)
Cash flows from investing activities			
Purchase of property and equipment	6	**(736,363,486)**	(2,241,833,931)
Purchase of intangible assets	7	**(534,486,929)**	(89,514,193)
Cash proceeds from sale of property and equipment		**9,400,115**	5,882,025
Bank deposits		**90,976,509**	10,865,713,469
Interest received		**117,604,532**	660,459,873
Net cash flows (used in) from investing activities		**(1,052,869,259)**	9,200,707,243
Cash flows from financing activities			
Due to related parties		**890,952,482**	563,763,924
Net cash flows from financing activities		**890,952,482**	563,763,924
Foreign exchange effects		**(165,349,447)**	817,036,787
Net (decrease) increase in cash and cash equivalents		**(2,447,507,718)**	2,630,682,500
Cash and cash equivalents at the beginning of the period		**19,331,916,152**	13,767,632,526
Cash and cash equivalents at the end of the period	9	**16,884,408,434**	16,398,315,026

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

1 CORPORATE INFORMATION

MTN Syria (the "Company") is a public shareholding company registered and incorporated in the Syrian Arab Republic and offers a range of voice and data cellular communication services. The Company is 72.98% owned subsidiary of Investcom Mobile Communication Ltd. The Company operates in Syria, and its registered address is Daria, Damascus Suburbs - Syria.

The ultimate parent company of Investcom Mobile Communication Ltd. is MTN Group Limited incorporated and operating in Johannesburg, South Africa.

On 12 February 2001, Investcom Global Ltd (the "Contractor") and The Syrian Telecommunication Company of the Syrian Arab Republic (STC) (formerly the Syrian Telecommunication Establishment) (the “Management”) signed a Build - Operate - Transfer (BOT) Contract number 10/A under which the Contractor undertakes to deliver and install the equipment required for building cellular communication network "GSM", enabling the Company to put the project into operation and investment before 14 February 2001.

On 10 July 2014, an agreement was reached to provide a cellular telecommunication license in Syria and to terminate the Build – Operate – Transfer (BOT) Contract number 10/A between STC, Invescom Global Ltd. and MTN Syria. Accordingly, the termination agreement was signed on 30 October 2014. The license agreement and termination agreement of BOT contract number 10/A was approved by the Council of Ministers in the Syrian Arab Republic by decision No.20730/1 dated 31 December 2014.

On 1 January 2015, MTN Syria started operating under the license granted by the Syrian Telecommunications Regulatory Authority (SyTRA) (as a representative of the Syrian government). The license is valid from 1 January 2015 to 31 December 2034. The license gives the Company the right to build, install, own, operate, manage and earn revenues through operations and provide licensed services using the public cellular telecommunication network (GSM). In addition, the frequency license gives the Company the right to exclusively use allocated microwave frequency bands to operate its mobile network and provide related services.

According to the license granted by SyTRA, MTN Syria (the licensee) paid license fees amounting to Syrian Pounds 25,000,000,000 during August 2014 and January 2015. The Company will also pay to the Syrian Government through SyTRA revenue shares over the license period of 20 years as follows:

50% of revenues subject to revenue sharing form the date of the license commencement on 1 January 2015 to 31 December 2015.
30% of revenues subject to revenue sharing for the years 2016 and 2017.
20% of revenues subject to revenue sharing for the remaining years from 2018 to 2034.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial statements for the three-month period ended 31 March 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed financial statements are presented in Syrian Pounds (SP), which is the functional currency of the Company.

Taking into account the latest available official Consumer Price Index and other qualitative indicators, the economy in which the Company predominantly operates is not considered as hyperinflationary.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The interim condensed 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 as at 31 December 2016. Results for the three-month period ended 31 March 2017 are not necessarily indicative of the expected results for the financial year ending 31 December 2017.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed financial statements of the Company.

The nature and the impact of each amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. This amendment does not have any impact on the interim condensed financial statements.

Annual Improvements Cycle - 2014-2016

- **Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12**

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. This amendment does not have any impact on the interim condensed financial statements.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key estimates are listed below:

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern. Despite the current events that the Syrian Arab Republic is experiencing and the inherently uncertain future outcomes of these events, the Company's management is satisfied that the Company has the adequate resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sale transactions in arm's length transaction of similar assets or observable market price less incremental costs for disposing of the asset.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices. Differences in the actual amounts realized and the amounts expected in the future will be recognized in the interim statement of comprehensive income.

Impairment of accounts receivable
An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due. Differences between actual and collected amounts in the future will be recognized in the interim statement of comprehensive income.

3 GROSS REVENUES

	For the three-month period ended 31 March	
	2017	*2016*
	(Unaudited)	*(Unaudited)*
	Syrian Pounds	*Syrian Pounds*
Prepaid Lines	**11,957,090,299**	9,503,569,871
Postpaid Lines	**3,478,803,081**	2,344,195,678
3G revenues	**2,771,709,424**	1,578,897,935
Visitors roaming revenues	**246,915,361**	292,732,030
Other services revenues	**56,168,812**	67,493,970
	18,510,686,977	13,786,889,484

4 SYRIAN GOVERNMENT/STC SHARE OF REVENUES

On 1 January 2015, MTN Syria started operating under the granted license. Accordingly, the Company will pay to the Syrian Government through SyTRA its revenue share over the period of the license.

The revenue share for the years 2016 and 2017 is 30%. In addition, the Company has to pay the Syrian Government an annual fee of 1.5% from the revenue subject to revenue share, such as annual license fees, use of telecom infrastructure, and contribution to the comprehensive services fees.

The table below shows the revenues subject to revenue sharing and the Syrian Government's share from these revenues based on the revenue share percentage.

	For the three-month period ended 31 March			
	2017		*2016*	
	(Unaudited)		*(Unaudited)*	
	Syrian Pounds		*Syrian Pounds*	
Revenue subject to 30% + 1.5% annual fees	***Revenues subject to revenue sharing***	***Syrian Government share***	*Revenues subject to revenue sharing*	*Syrian Government share*
Prepaid Lines	**11,545,363,746**	**3,636,789,580**	9,161,129,870	2,885,755,909
Postpaid Lines*	**3,464,739,800**	**1,091,393,037**	2,327,131,845	733,046,531
3G revenues	**2,781,908,138**	**876,301,063**	1,583,720,015	498,871,805
Visitors roaming revenues	**244,552,904**	**77,034,165**	279,034,065	87,895,731
	18,036,564,588	**5,681,517,845**	13,351,015,795	4,205,569,976
Revenue subject to 50%				
Prepaid Lines	**(577,028)**	**(288,514)**	(13,048,760)	(6,524,380)
Postpaid Lines*	**(228,051)**	**(114,026)**	9,336,240	4,668,120
3G revenues	**(10,000)**	**(5,000)**	871,680	435,840
Visitors roaming revenues	**-**	**-**	15,497,580	7,748,790
	(815,079)	**(407,540)**	12,656,740	6,328,370
	18,035,749,509	**5,681,110,305**	13,363,672,535	4,211,898,346

4 SYRIAN GOVERNMENT/STC SHARE OF REVENUES (continued)

*Postpaid lines revenues include revenues related to monthly subscription services provided to customers. The Company recognizes monthly subscription revenues when earned. The Company estimates the unclaimed amount of revenue based on the actual usage of customers and records it at the end of the month. As of 31 March 2017, the earned monthly subscriptions revenue amounted to Syrian Pounds 1,844,250,406 (31 March 2016: Syrian Pounds 1,017,576,188), and the estimated revenue of monthly subscriptions to Syrian Pounds 7,783,674 (31 March 2016: Syrian Pounds 69,679,349).

The breakdown of the interconnect revenues with the Syrian Telecommunication Company are as follows:

	For the three-month period ended 31 March			
	2017		*2016*	
	(Unaudited)		*(Unaudited)*	
	Syrian Pounds		*Syrian Pounds*	
	Interconnect Revenues	***Interconnect Fees***	*Interconnect Revenues*	*Interconnect Fees*
Prepaid Lines	**344,825,776**	**344,825,776**	344,061,322	344,061,322
Postpaid Lines	**46,293,281**	**46,293,281**	62,471,567	62,471,567
Visitors roaming revenues	**2,447,827**	**2,447,827**	(1,799,235)	(1,799,235)
	393,566,884	**393,566,884**	404,733,654	404,733,654

5 OPERATING EXPENSES

	For the three-month period ended 31 March	
	2017	*2016*
	(Unaudited)	*(Unaudited)*
	Syrian Pounds	*Syrian Pounds*
Dealer costs and other related expenses	**347,191,089**	254,110,303
Depreciation expense of network equipment (note 6)	**2,598,804,581**	1,592,490,611
License fees amortization and amortization of frequency license (note 7)	**327,685,652**	310,792,350
Interconnection costs with STC (note 4)	**393,566,884**	404,733,654
Microwave links, protection fees and other infrastructure costs	**516,491,102**	546,373,691
Network maintenance	**1,234,239,118**	895,886,915
Sites' rents	**178,600,973**	180,483,348
Other sites' costs	**1,557,184,388**	711,476,738
Roaming costs	**119,974,022**	167,526,013
Prepaid cards' costs	**35,190,145**	18,732,052
Added value services costs	**202,168,390**	30,901,388
Other operating charges	**116,425,534**	72,243,112
3G service costs	**13,036,482**	28,220,564
	7,640,558,360	5,213,970,739

6 PROPERTY AND EQUIPMENT

Movement of property and equipment during the three-month period ended 31 March 2017 is as follows:

	Network equipment *Syrian Pounds*	*Office equipment* *Syrian Pounds*	*Equipment* *Syrian Pounds*	*Motor vehicles* *Syrian Pounds*	*Office furniture* *Syrian Pounds*	*Capital work in progress* *Syrian Pounds*	*Total* *Syrian Pounds*
Cost							
At 1 January 2017	84,127,436,738	6,840,355,101	1,139,318,963	181,330,579	207,100,164	19,797,353,782	112,292,895,327
Additions	1,074,739,541	1,252,456	21,731,300	-	147,000	(361,506,811)	736,363,486
Disposals	(4,224,177)	-	(13,837,865)	-	-	-	(18,062,042)
Transfers	2,064,233,134	224,914,643	98,022,748	20,510,000	2,618,629	(2,410,299,154)	-
At 31 March 2017	**87,262,185,236**	**7,066,522,200**	**1,245,235,146**	**201,840,579**	**209,865,793**	**17,025,547,817**	**113,011,196,771**
Depreciation							
At 1 January 2017	45,067,299,617	4,946,958,874	782,820,175	175,042,419	187,644,982	-	51,159,766,067
Depreciation charge for the period	2,598,804,581	274,346,257	26,815,484	1,202,164	1,941,589	-	2,903,110,075
Disposals	(3,887,685)	-	(2,840,181)	-	-	-	(6,727,866)
At 31 March 2017	**47,662,216,513**	**5,221,305,131**	**806,795,478**	**176,244,583**	**189,586,571**	**-**	**54,056,148,276**
Net Book Value							
At 31 March 2017 (Unaudited)	**39,599,968,723**	**1,845,217,069**	**438,439,668**	**25,595,996**	**20,279,222**	**17,025,547,817**	**58,955,048,495**

- * Capital work in progress represents the cost of equipment, motor vehicles, office furniture, and office fixtures purchased from foreign suppliers and their ownership has been transferred to the Company during the period. However, custom clearance procedures have not been finalized by the end of the period.
- Property and equipment include fully depreciated assets at a total cost of Syrian Pounds 33,672,984,820 which are still being used by the Company in its operating activities at 31 March 2017 (31 March 2016: Syrian Pounds 32,589,419,355).
- Property and equipment include assets at a total cost of Syrian Pounds 5,787,453,245 which are not used by the Company as of 31 March 2017 and expected to be installed and used within 2017 (31 March 2016: Syrian Pounds 4,228,180,486).

6 PROPERTY AND EQUIPMENT (continued)

The movement of property and equipment during the year ended 31 December 2016 is as follows:

	Network equipment	*Office equipment*	*Equipment*	*Motor vehicles*	*Office furniture*	*Capital work in progress*	*Total*
	Syrian Pounds	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*
Cost							
At 1 January 2016	53,435,214,431	5,875,280,676	905,509,406	173,374,579	202,119,270	18,380,766,584	78,972,264,946
Additions	23,000,284,736	394,668,623	35,220,785	-	2,491,004	12,490,385,757	35,923,050,905
Disposals	(2,157,409,540)	(395,960,856)	(43,816,653)	(198,000)	(5,035,475)	-	(2,602,420,524)
Transfers	9,849,347,111	966,366,658	242,405,425	8,154,000	7,525,365	(11,073,798,559)	-
At 31 December 2016	84,127,436,738	6,840,355,101	1,139,318,963	181,330,579	207,100,164	19,797,353,782	112,292,895,327
Depreciation							
At 1 January 2016	40,040,894,815	3,992,182,204	748,356,230	173,374,579	185,270,393	-	45,140,078,221
Depreciation charge for the year	7,180,066,406	1,350,628,020	76,107,223	1,865,840	7,410,063	-	8,616,077,552
Disposals	(2,153,661,604)	(395,851,350)	(41,643,278)	(198,000)	(5,035,474)	-	(2,596,389,706)
At 31 December 2016	45,067,299,617	4,946,958,874	782,820,175	175,042,419	187,644,982	-	51,159,766,067
Net Book Value							
At 31 December 2016 (Audited)	39,060,137,121	1,893,396,227	356,498,788	6,288,160	19,455,182	19,797,353,782	61,133,129,260

6 PROPERTY AND EQUIPMENT (continued)

Movement of property and equipment during the three-month period ended 31 March 2016 is as follows:

	Network equipment	*Office equipment*	*Equipment*	*Motor vehicles*	*Office furniture*	*Capital work in progress*	*Total*
	Syrian Pounds	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*	*Syrian Pounds*
Cost							
At 1 January 2016	53,435,214,431	5,875,280,676	905,509,406	173,374,579	202,119,270	18,380,766,584	78,972,264,946
Additions	150,692,650	389,797,762	-	-	260,000	1,701,083,519	2,241,833,931
Disposals	-	(860,209)	-	-	-	-	(860,209)
Transfers	4,816,822,662	813,761,690	8,590,024	8,154,000	1,866,818	(5,649,195,194)	-
At 31 March 2016	58,402,729,743	7,077,979,919	914,099,430	181,528,579	204,246,088	14,432,654,909	81,213,238,668
Depreciation							
At 1 January 2016	40,040,894,815	3,992,182,204	748,356,230	173,374,579	185,270,393	-	45,140,078,221
Depreciation charge for the period	1,592,490,611	390,685,809	14,294,812	267,344	1,690,880	-	1,999,429,456
Disposals	-	(750,703)	-	-	-	-	(750,703)
At 31 March 2016	41,633,385,426	4,382,117,310	762,651,042	173,641,923	186,961,273	-	47,138,756,974
Net Book Value							
At 31 March 2016 (Unaudited)	16,769,344,317	2,695,862,609	151,448,388	7,886,656	17,284,815	14,432,654,909	34,074,481,694

Depreciation charges of property and equipment are allocated in the interim statement of comprehensive income as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Expenses allocated to operating expenses (note 5)	**2,598,804,581**	1,592,490,611
Expenses allocated to administrative expenses	**304,305,494**	406,938,845
	2,903,110,075	1,999,429,456

7 INTANGIBLE ASSETS

The movement of intangible assets during the three-month period ended 31 March 2017 is as follows:

	License *Syrian Pounds*	*Frequency license* *Syrian Pounds*	*Software licenses* *Syrian Pounds*	*Total* *Syrian Pounds*
Cost				
Balance at 1 January 2017*	25,000,000,000	1,500,000,000	2,931,052,282	29,431,052,282
Additions	-	-	534,486,929	534,486,929
Balance at 31 March 2017	**25,000,000,000**	**1,500,000,000**	**3,465,539,211**	**29,965,539,211**
Amortization				
Balance at 1 January 2017	2,500,000,000	78,947,369	2,492,220,756	5,071,168,125
Amortization charge for the period	308,219,178	19,466,474	165,638,219	493,323,871
Balance at 31 March 2017	**2,808,219,178**	**98,413,843**	**2,657,858,975**	**5,564,491,996**
Net Book Value				
At 31 March 2017 (unaudited)	**22,191,780,822**	**1,401,586,157**	**807,680,236**	**24,401,047,215**

* Intangible assets include fully amortized assets at a total cost of Syrian Pounds 2,236,437,657 which are being used by the Company in its operating activities at 31 March 2017 (31 March 2016: Syrian Pounds 1,845,149,182).

7 INTANGIBLE ASSETS (continued)

The movement of intangible assets during the year ended 31 December 2016 is as follows:

	License *Syrian Pounds*	*Frequency license* *Syrian Pounds*	*Software licenses* *Syrian Pounds*	*Total* *Syrian Pounds*
Cost				
Balance at 1 January 2016	25,000,000,000	1,508,201,000	2,470,943,504	28,979,144,504
Additions	-	1,500,000,000	1,038,403,906	2,538,403,906
Disposals	-	(1,508,201,000)	(578,295,128)	(2,086,496,128)
Balance at 31 December 2016	25,000,000,000	1,500,000,000	2,931,052,282	29,431,052,282
Amortization				
Balance at 1 January 2016	1,250,000,000	1,508,201,000	2,241,910,064	5,000,111,064
Amortization charge for the year	1,250,000,000	78,947,369	828,605,820	2,157,553,189
Disposals	-	(1,508,201,000)	(578,295,128)	(2,086,496,128)
Balance at 31 December 2016	2,500,000,000	78,947,369	2,492,220,756	5,071,168,125
Net Book Value				
At 31 December 2016 (Audited)	22,500,000,000	1,421,052,631	438,831,526	24,359,884,157

7 INTANGIBLE ASSETS (continued)

The movement of intangible assets during the three-month period ended 31 March 2016 is as follows:

	License *Syrian Pounds*	*Frequency license* *Syrian Pounds*	*Software licenses* *Syrian Pounds*	*Total* *Syrian Pounds*
Cost				
Balance at 1 January 2016	25,000,000,000	1,508,201,000	2,470,943,504	28,979,144,504
Additions	-	-	89,514,193	89,514,193
Disposals	-	(1,508,201,000)	(78,943,698)	(1,587,144,698)
Balance at 31 March 2016	25,000,000,000	-	2,481,513,999	27,481,513,999
Amortization				
Balance at 1 January 2016	1,250,000,000	1,508,201,000	2,241,910,064	5,000,111,064
Amortization charge for the period	310,792,350	-	73,149,161	383,941,511
Disposals	-	(1,508,201,000)	(78,943,698)	(1,587,144,698)
Balance at 31 March 2016	1,560,792,350	-	2,236,115,527	3,796,907,877
Net Book Value				
At 31 March 2016 (Unaudited)	23,439,207,650	-	245,398,472	23,684,606,122

Amortization charges of intangible assets are allocated in the interim statement of comprehensive income as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Expenses allocated to operating expenses (note 5)	**327,685,652**	310,792,350
Expenses allocated to administrative expenses	**165,638,219**	73,149,161
	493,323,871	383,941,511

8 DUE TO/FROM THE SYRIAN GOVERNMENT (SYTRA) AND STC

DUE FROM/TO THE SYRIAN GOVERNMENT (SYTRA)

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*
Due to the Syrian Government	**(3,278,707,699)**	(3,810,991,597)
Prepayments to the Syrian Government	**3,227,586,166**	2,277,587,358
	(51,121,533)	(1,533,404,239)

The balance due to the Syrian Government include its share of revenues which is 30% of revenues subject to revenue sharing for February and March 2017.

The prepayment to the Syrian Government represents its share from the estimated monthly revenue share which is paid during the first week of each month. The difference between the estimated and actual figures will be settled immediately after the actual figures are provided by the Company within two months from the month under settlement.

DUE FROM/TO THE SYRIAN TELECOMMUNICATION COMPANY OF THE SYRIAN ARAB REPUBLIC (STC)

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*
Due to STC	**(167,584,597)**	(170,127,298)
Due from STC	**92,137,160**	81,073,545
	(75,447,437)	(89,053,753)

Balance due to STC represents STC’s share of the Company's revenues of interconnection revenues and other settlement from previous years.

Balance due from STC represents the Company's share of interconnection revenues and other settlement from previous years.

9 CASH AND BANK DEPOSITS

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*
Bank deposits	**15,591,171,982**	15,343,501,542
Cash on hand and current accounts with banks	**13,974,517,195**	16,444,788,248
	29,565,689,177	31,788,289,790

Bank deposits at 31 March 2017 include an amount of Syrian Pounds 145,458,995 (31 December 2016: Syrian Pounds 145,458,995) which represents restricted cash for the benefit of Syrian Telecommunication Company related to the settlement of the frequency protection fees cases and foregone revenues case based on the requirements of Appendix A/10 of the BOT termination contract which requires depositing half of the disputed amounts in special accounts (note 16).

In addition, there are restricted cash margins at banks against letters of guarantee, bills of lading and other commitments amounting to Syrian Pounds 1,783,057,572 as at 31 March 2017 (31 December 2016: Syrian Pounds 1,839,119,281) (note 16).

For the purpose of preparing the interim statement of cash flows, cash and cash equivalents comprise the following amounts:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Cash on hand and current accounts with banks	**13,974,517,195**	12,895,710,006
Short term deposits – original maturities not exceeding three months	**2,909,891,239**	3,502,605,020
	16,884,408,434	16,398,315,026

10 SHARE CAPITAL

The Company’s authorized, subscribed and paid capital at 31 March 2017 and 31 December 2016 is Syrian Pounds 1,500,000,000 divided into 15,000,000 shares with par value of Syrian Pounds 100 each.

According to the Company's articles of association and the Syrian commercial law, the chairman and each member of the board of directors must own a minimum of 1% and 0.5% respectively, of the Company's share capital. Such shares are restricted from trading before the elapse of six months after the end of the related membership in the board.

11 LOSS (GAIN) ON FOREIGN EXCHANGE

Foreign exchange gains and losses result from the Company's activities with foreign suppliers, roaming partners' transactions, related parties transactions and bank accounts and deposits in foreign currencies. Gains and losses are considered to be realized when the Company's transactions from operating activities in foreign currencies are settled or collected during the fiscal year. Unrealized gains and losses on foreign exchange result from transactions that have not been settled or collected by the date of the financial statements.

The sources of (losses) and gains from the revaluation of monetary items in foreign currency are as follows:

	Realized		*Unrealized*	
	31 March 2017	*31 March 2016*	***31 March 2017***	*31 March 2016*
	Syrian Pounds (Unaudited)	*Syrian Pounds (Unaudited)*	***Syrian Pounds (Unaudited)***	*Syrian Pounds (Unaudited)*
Gain from revaluing current assets	**38,943,708**	7,015,320	**219,047,531**	6,177,536,772
Loss (gain) from revaluing current liabilities	**(358,860,733)**	145,463,780	**(17,962,080)**	(5,056,548,995)
	(319,917,025)	152,479,100	**201,085,451**	1,120,987,777

Changes on unrealized gains from foreign exchange are as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*	*31 March 2016 (Unaudited) Syrian Pounds*
Adjusted balance as at 1 January (note 21)	**(1,082,670,827)**	(399,937,818)	(399,937,818)
Unrealized gain (loss) on foreign exchange during the period/year	**201,085,451**	(682,733,009)	1,120,987,777
Balance at period/ year end	**(881,585,376)**	(1,082,670,827)	721,049,959

Based on the requirements of the Syrian Commission on Financial Markets & Securities circular No. 12 dated 15 February 2015, the Company separated unrealized gains resulting from foreign exchange revaluation of monetary items from the retained earnings in the statement of changes in equity.

12 RELATED PARTY TRANSACTIONS

DUE TO RELATED PARTIES

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*
Due to Investcom Mobile Communication Ltd (IMC)	**15,421,454,140**	14,778,189,238
Due to Teleinvest	**2,280,815,757**	2,158,524,862
Due to other operators	**2,025,920,089**	1,778,460,066
	19,728,189,986	18,715,174,166

12 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties are unsecured and have no fixed terms of repayment. These balances represent the balance due to Investcom Mobile Communication Ltd (IMC) of Syrian Pounds 15,421,454,140 as of 31 March 2017 (31 December 2016: Syrian Pounds 14,778,189,238) and the balance due to Teleinvest of Syrian Pounds 2,280,815,757 as of 31 March 2017 (31 December 2016: Syrian Pounds 2,158,524,862).

Balances due from other operators amounted to Syrian Pounds 263,721,989 as of 31 March 2017 (31 December 2016: Syrian Pounds 311,667,886) are included in other current assets balance in the interim statement of financial position.

Transactions included in the interim statement of comprehensive income, which have been entered into with related parties are as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Management fees to Investcom Mobile Communication Ltd (IMC)	**555,230,213**	413,019,979
Management fees to Teleinvest	**92,538,369**	68,836,663
Management fees to MTN Dubai	**446,682,717**	346,465,895
Interest on letters of guarantee and credit balances to IMC and dividends	**83,824,574**	139,653,845
Interest on letters of guarantee and credit balances to Teleinvest and dividends	**27,941,525**	46,551,282
	1,206,217,398	1,014,527,664

Compensation of key management personnel
The remuneration of directors and other members of key management during the three-month period ended 31 March was as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Basic salaries for key management personnel	**36,729,653**	13,666,875
Allowances for key management personnel	**6,710,496**	13,853,089
	43,440,149	27,519,964

The compensation of executive managers and key management personnel consist of three main elements targeting the balance between long and short term goals and they are: basic salaries, the annual performance-oriented bonuses, and long term bonuses as payments based on shares. The last two elements are designed to encourage and compensate superior performance, ensure the continuation of employees, and make the executive managers and key management personnel interests match the interests of shareholders as much as possible. In addition to these main elements, the Company provides the executive managers and key management personnel medical insurance and other benefits.

13 INCOME TAX

Income tax expense is calculated at 14% for the three-month period ended 31 March 2017 (14% for the three-month period ended 31 March 2016). The movement in the deferred tax liabilities is as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*
Balance at the beginning of the period / year	**1,519,879,261**	369,599,399
Income tax expense for the period / year	**177,604,992**	1,519,879,261
Income tax paid during the period / year	**(50,489,305)**	(369,599,399)
Balance at the end of the period / year	**1,646,994,948**	1,519,879,261

The reconciliation between the taxable profit and the accounting profit is detailed as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Profit before tax	**1,385,529,849**	2,538,874,919
Non deductible expenses and revenues already taxed at source:		
Provisions	**(170,627,155)**	(961,556,055)
Interest income	**(111,766,098)**	(186,239,226)
Taxable income	**1,103,136,596**	1,391,079,638
Effective income tax rate	**14%**	14%
Income tax expense for the period	**154,439,124**	194,751,149
Local administrative tax 10%**	**15,443,912**	19,475,115
Reconstruction tax (5% of income tax)***	**7,721,956**	9,737,557
Total income tax expense for the period*	**177,604,992**	223,963,821

(*) Income tax expense for the period ended 31 March 2017 comprises of income tax expense for the period of Syrian Pounds 154,439,124, local administrative tax of Syrian Pounds 15,443,912, and reconstruction tax of Syrian Pounds 7,721,956. (Income tax expense for the period ended 31 March 2016 comprises of income tax expense for the period of Syrian Pounds 194,751,149, local administrative tax of Syrian Pounds 19,475,115, and reconstruction tax of Syrian Pounds 9,737,557).

(**) In accordance with legislative decree no 10 for year 2015, the Company included the local administrative tax which represents 10% of the income tax expense.

(***) In accordance with legislative decree no 13 for year 2013, and its extension according to decree no. 3 dated 18 January 2016, the Company included the reconstruction tax which represents 5% of the income tax .

13 INCOME TAX (continued)

Income tax paid, as reflected in the interim statement of cash flows, is detailed as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 March 2016 (Unaudited) Syrian Pounds*
Income tax paid in advance during the years 2017 and 2016 (included in other current assets)	**390,659,527**	**215,703,023**
Less: Income tax paid in advance during the years 2016 and 2015 (included in other current assets)	**(340,170,222)**	**(195,067,846)**
	50,489,305	**20,635,177**

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	For the three-month period ended 31 March	
	2017 (Unaudited)	*2016 (Unaudited)*
Net profit for the period (Syrian Pounds)	**1,207,924,857**	2,314,911,098
Weighted average number of shares outstanding during the period	**15,000,000**	15,000,000
Basic earnings per share from the profit of the period (Syrian Pounds)	**80.53**	154.33

Diluted earnings per share have the same figure as the basic earnings per share since the Company has not issued any instruments which would have an impact on earnings per share when exercised.

15 NOTES TO THE INTERIM STATEMENT OF CASH FLOWS

- There are non-cash transactions included in the operating activities represented by a decrease in other current assets by Syrian Pounds 5,838,434 against an increase in the interest received in the investing activities by the same amount for the three-month period ended 31 March 2017 (an decrease in other current assets against an decrease in interest received by Syrian Pounds 474,220,647 for the three-month period ended 31 March 2016).
- There are non-cash transactions included in the financing activities represented by a decrease in the interest paid by Syrian Pounds 111,766,098 against an increase in balances due to related parties by the same amount for the three-month period ended 31 March 2017 (a decrease in interest paid by Syrian Pounds 186,205,127 against an increase in balances due to related parties by the same amount for the three-month period ended 31 March 2016).

16 COMMITMENTS AND CONTINGENT LIABILITIES

- At 31 March 2017, Company had cash margins amounting to Syrian Pounds 1,783,057,572 (31 December 2016: Syrian Pounds 1,839,119,281) (note 9), consisting of: Syrian Pounds 1,412,582,034, against letters of guarantee (31 December 2016: Syrian Pounds 1,353,850,000), and Syrian Pounds 370,475,538 against bills of lading and other commitments (31 December 2016: Syrian Pounds 485,269,281).

- In 2010, the Syrian Telecommunication Company brought a number of cases against MTN Syria in relation to forgone revenues from subscribers who used the cellular phone network to pass international calls illegally. Therefore, the Syrian Telecommunication Company filed a lawsuit against MTN Syria for the amount of Syrian Pounds 277,212,963 alleging that MTN Syria did not take sufficient steps to ensure the rights of the Syrian Telecommunication Company. However, the external legal counsel of the Company and management are of the view that the Company's position will prevail. During the year ended 31 December 2015, and considering the BOT 10/A termination agreement Appendix 1/A, the Company opened a new account and put an amount of half of the value of the cases regarding foregone revenues that amounted to Syrian Pounds 145,458,995 for the benefit of STC (note 9).

  In addition to the above, in the normal course of its activities, the Company is exposed to legal claims. After consulting with legal counsel, management believes that the total losses and obligations that the Company may have on such cases will not have a material effect on the Company's financial position.

- On 7 May 2007, the Finance Department of Countryside of Damascus conducted an assessment of the Company's income tax for the year 2001. The assessment exceeded the income tax amount estimated and recorded by the Company for the same year by an amount of Syrian Pounds 224,167,547. On 5 June 2007 the Company filed a petition at the specialized authorities on the income tax assessment. As a result, on 11 December 2007, the Company received a second assessment by which the excess amount of the tax was decreased to Syrian Pounds 113,062,957. The Company paid a refundable amount of Syrian Pounds 108,540,439 to the Finance Department to benefit from the 4% discount for early settlement. The Company's management, based on its independent tax and legal advisors' opinions, is of the view that the Company will not bear any excess liability since the Company is in compliance with the fiscal regulations and the tax liability for the fiscal year 2001 which was estimated in accordance with the laws prevailing in the Syrian Arab Republic. Accordingly, the Company filed a new petition to reject the assessment at the appeal committee, the result of which has not been announced at the issuance date of these interim condensed financial statements.

  Moreover, the Company received the temporary assessment of years 2002, 2003 and 2004 with excess demands of Syrian Pounds 135,119,898, Syrian Pounds 236,046,382 and Syrian Pounds 426,905,035 , respectively. The Company filed an objection to the tax authorities. As a result it received a second assessment on 4 May 2009 by which the excess amount of the taxes estimated was decreased to Syrian Pounds 35,514,097, Syrian Pounds 64,657,118 and Syrian Pounds 38,580,130 for the years 2002, 2003 and 2004, respectively. An amount of Syrian Pounds 38,525,159 representing the interest embedded in the previous amounts will be deducted if the Company paid the imposed tax before 31 October 2009. On 4 October 2009, the Company paid a refundable amount of Syrian Pounds 100,226,186 and filed a new petition to reject the second assessment, however the Finance Department has not yet issued its final decision. Accordingly, the excess amount of income tax the Company may bear cannot be reliably estimated as of the issuance date of these interim condensed financial statements.

- On 26 May 2011, the Company received a temporary assessment for the amount of accrued income tax for 2005 with an increase of Syrian Pounds 315,509,720. The Company rejected the amount on 23 June 2011. On 8 July 2012, the Company received and paid a second assessment of the year 2005 with an excess amount of Syrian Pounds 182,769,762. The Company paid this amount and filed an objection to the tax authorities on 2 August 2012, the result of which has not been announced as of 31 March 2017. Accordingly, the excess amount of income tax that the Company may bear cannot be reliably estimated.

  On 25 March 2012, the Company received assessments for 2006 and 2007 with excess demands of Syrian Pounds 196,220,554 and Syrian Pounds 154,448,301, respectively. The Company challenged this assessment on 23 April 2012. On 3 October 2012, the Company received a second assessment of the years 2006 and 2007 with the same excess demands as the first assessments of Syrian Pounds 196,220,554 and Syrian Pounds 154,448,301, respectively. The Company paid these amounts and filed two objections to the tax authorities on 24 October 2012, the result of which has not been announced as at the issuance date of these interim condensed financial statements. Accordingly, the excess amount of income tax that the Company may bear cannot be reliably estimated.

16 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

- On 18 August 2013, the Company received the first assessment of the year 2008 with an excess amount of Syrian Pounds 168,288,495. The Company filed an objection to the tax authorities on 17 September 2013. On 22 September 2014, the Company received a second assessment of the year 2008 with an excess demand of Syrian Pounds 168,288,495 similar to the first assessment. The Company paid this amount and filed an objection on the second assessment on 21 October 2014, the result of which has not been announced as at the issuance date of these interim condensed financial statements. Accordingly, the excess amount of income tax that the Company may bear cannot be reliably estimated.

- On 5 November 2014, the Company received the first assessment of the year 2009 with an excess demand of Syrian Pounds 190,066,920. The Company filed an objection to the tax authorities on 2 December 2014. On 1 October 2015 the Company received a second assessment of the year 2009 for Syrian Pounds 162,349,221. The Company paid this amount and filed an objection on 25 October 2015, the result of which has not been announced as at the issuance date of these interim condensed financial statements. Accordingly, the excess amount of income tax that the Company may bear cannot be reliably estimated.

- On 29 December 2015, the Company received a temporary assessment for the years 2010 and 2011 with excess demands of Syrian Pounds 143,830,082 and Syrian Pounds 250,750,434 , respectively. The Company filed an objection to the tax authorities on 14 January 2016, the result of which has not been announced. Accordingly, the excess amount of income tax that the Company may bear cannot be reliably estimated as at 31 March 2017. On 7 June 2016, the Company requested to initiate an experienced committee to study the objection submitted to the tax authorities related to the taxes of the years 2010 and 2011.

- The Company's tax returns remain subject to review by the tax authorities for the fiscal years 2012 and thereafter. The outcome of such review cannot be determined at this stage.

- On 1 March 2007, and in accordance with the Minister of Finance decision No. 628, an inspection of compliance with legislative decree no. 44 for 2005 related to stamp duties was conducted by the related authorities. As a result, the Company received claim no. 6870 on 4 June 2007 with an amount of Syrian Pounds 242,108,220 against stamp duties and the related penalties. On 2 July 2007, the Company paid an amount of Syrian Pounds 19,754,367 and filed a petition to reject the remaining amount. On 28 December 2015, the Company received an additional claim no. 3058 with an amount of Syrian Pounds 1,763,033,262 against stamp duties and the related penalties after re-examining the former assessment. The Company filed another petition on 5 January 2016, the result of which has not been announced up to the issuance date of these interim condensed financial statements. The Company's management, based on its independent tax advisor's opinion, is of the view that it is in compliance with legislative decree no. 44 and it will not bear any additional liability.

17 CAPITAL COMMITMENTS

As of 31 March 2017, the Company had capital commitments of Syrian Pounds 7,331,760,911 which includes: Syrian Pounds 1,197,052,920 related to information system development, Syrian Pounds 6,094,146,793 related to acquisition of network equipment and Syrian Pounds 40,561,198 related to other capital commitments (there were no capital commitments as at 31 December 2016).

18 OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business sectors based on their services and has five reportable segments as follows:

- Prepaid services	Prepaid airtime, sms, roaming and other services
- Postpaid services	Postpaid services, sms, roaming and other services
- 3 G services	Third generation wireless mobile internet services
- Roaming	Visitors roaming
- Other	Other items

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the interim condensed financial statements. The Company's financing (including finance costs and finance revenues) is managed at the corporate level and such costs and revenues not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Segment assets include all operating assets used by a segment and consist primarily of property and equipment, intangibles, inventories, accounts receivable, due from STC, due from SYTRA, other current assets and cash and bank balances. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of accounts payable and accrued expenses.
Basically, all of the sales and profit of the Company are earned in the Syrian Arab Republic from the above business segments.

18 OPERATING SEGMENT INFORMATION (continued)

Three-month period ended 31 March (unaudited)	*Prepaid Services*		*Postpaid services*		*3 G*		*Visitor Roaming*		*Other services*		*Total*	
	2017	*2016*	***2017***	*2016*	***2017***	*2016*	***2017***	*2016*	***2017***	*2016*	***2017***	*2016*
	Syrian Pounds	*Syrian Pounds*	***Syrian Pounds***	*Syrian Pounds*	***Syrian Pounds***	*Syrian Pounds*	***Syrian Pounds***	*Syrian Pounds*	***Syrian Pounds***	*Syrian Pounds*	***Syrian Pounds***	*Syrian Pounds*
Gross revenues	**11,957,090,299**	9,503,569,871	**3,478,803,081**	2,344,195,678	**2,771,709,424**	1,578,897,935	**246,915,361**	292,732,030	**56,168,812**	67,493,970	**18,510,686,977**	13,786,889,484
Syrian Government/STC Share of revenues	**(3,636,501,066)**	(2,879,231,529)	**(1,091,279,011)**	(737,714,651)	**(876,296,063)**	(499,307,645)	**(77,034,165)**	(95,644,521)	**-**	-	**(5,681,110,305)**	(4,211,898,346)
Operating expenses	**(4,932,785,022)**	(3,594,090,986)	**(1,435,147,457)**	(886,535,551)	**(1,147,637,839)**	(597,112,760)	**(101,862,607)**	(110,706,352)	**(23,125,435)**	(25,525,090)	**(7,640,558,360)**	(5,213,970,739)
Gross operating profit	**3,387,804,211**	3,030,247,356	**952,376,613**	719,945,476	**747,775,522**	482,477,530	**68,018,589**	86,381,157	**33,043,377**	41,968,880	**5,189,018,312**	4,361,020,399
Administrative, marketing and selling expenses	**(2,054,816,549)**	(1,696,222,431)	**(597,829,569)**	(418,398,280)	**(476,316,081)**	(281,805,903)	**(42,432,210)**	(52,247,591)	**(9,652,566)**	(12,046,504)	**(3,181,046,975)**	(2,460,720,709)
Depreciation and amortization	**(303,562,986)**	(330,933,958)	**(88,318,799)**	(81,629,742)	**(70,367,319)**	(54,980,492)	**(6,268,612)**	(10,193,535)	**(1,425,997)**	(2,350,279)	**(469,943,713)**	(480,088,006)
Bank charges	**(822,848)**	(812,388)	**(239,400)**	(200,388)	**(190,740)**	(134,968)	**(16,992)**	(25,023)	**(3,865)**	(5,770)	**(1,273,845)**	(1,178,537)
Allowance for doubtful debts	**-**	-	**(2,306,333)**	(2,493,433)	**-**	-	**-**	-	**-**	-	**(2,306,333)**	(2,493,433)
Other expenses - net	**(19,434,249)**	(104,201,493)	**(5,654,212)**	(25,702,835)	**(4,504,950)**	(17,311,760)	**(401,320)**	(3,209,648)	**(91,292)**	(740,035)	**(30,086,023)**	(151,165,771)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**111,766,098**	186,239,226	**111,766,098**	186,239,226
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**(111,766,098)**	(186,205,127)	**(111,766,098)**	(186,205,127)
Realized (loss) gain on foreign exchange	**(206,652,339)**	105,106,796	**(60,123,556)**	25,926,141	**(47,902,978)**	17,462,165	**(4,267,396)**	3,237,533	**(970,756)**	746,465	**(319,917,025)**	152,479,100
Unrealized gain on foreign exchange	**129,892,364**	772,718,580	**37,790,963**	190,602,435	**30,109,657**	128,377,419	**2,682,293**	23,801,527	**610,174**	5,487,816	**201,085,451**	1,120,987,777
Income tax expense	**(132,132,728)**	(178,929,682)	**(33,085,792)**	(39,706,579)	**(24,586,118)**	(26,352,386)	**(2,416,220)**	(4,391,292)	**14,615,866**	25,416,118	**(177,604,992)**	(223,963,821)
Net profit for the period	**800,274,876**	1,596,972,780	**202,609,915**	368,342,795	**154,016,993**	247,731,605	**14,898,132**	43,353,128	**36,124,941**	58,510,790	**1,207,924,857**	2,314,911,098
	31 March 2017 Syrian Pounds (Unaudited)	*31 December 2016 Syrian Pounds (Audited)*	***31 March 2017 Syrian Pounds (Unaudited)***	*31 December 2016 Syrian Pounds (Audited)*	***31 March 2017 Syrian Pounds (Unaudited)***	*31 December 2016 Syrian Pounds (Audited)*	***31 March 2017 Syrian Pounds (Unaudited)***	*31 December 2016 Syrian Pounds (Audited)*	***31 March 2017 Syrian Pounds (Unaudited)***	*31 December 2016 Syrian Pounds (Audited)*	***31 March 2017 Syrian Pounds (Unaudited)***	*31 December 2016 Syrian Pounds (Audited)*
Total assets	**87,920,074,726**	90,095,196,342	**31,877,872,175**	30,554,548,400	**20,305,361,933**	17,203,075,442	**1,800,382,840**	2,510,485,730	**583,310,172**	537,034,956	**142,487,001,846**	140,900,340,870
Total liabilities	**84,207,853,075**	84,152,321,240	**26,069,927,081**	27,879,290,901	**18,922,845,025**	16,106,897,677	**1,685,725,445**	2,362,060,357	**383,472,290**	390,516,622	**131,269,822,916**	130,891,086,797
Capital expenditure	**820,913,518**	25,716,492,154	**238,837,075**	6,981,609,681	**190,291,591**	4,922,180,418	**16,951,963**	721,832,812	**3,856,268**	119,339,746	**1,270,850,415**	38,461,454,811

19 SHARE-BASED PAYMENT PLAN

Share Appreciation Rights

Senior management including executive management of the Company are granted share appreciation rights (SARs), which can only be settled in cash, under a scheme initiated and managed by the ultimate parent "MTN Group Limited". The scheme is designed to retain and recognise the contributions of executive directors and eligible staff and to provide additional incentives to contribute to the Company's continuing growth.

The rights are granted in the form of notional share options. The fair value of the SARs is measured at each reporting date with reference to the published share prices of the parent company for the globally aligned notional share options "GAN" and the Company's enterprise value measured by EBITDA multiple for the locally aligned notional share options "LAN" since MTN Syria is an unquoted entity.

These SARs vest when specified conditions are met primarily relating to the age, minimum service period and grade of the entitled staff. The vesting periods under the schemes are as follows: 0%, 20%, 40%, 70% and 100% on the anniversary of the first, second, third, fourth, and fifth years respectively, after the grant date. On 1 April 2014 the vesting conditions were amended after this date to be 100% after a period of three years. The strike price is determined as the closing market price for MTN Group Limited shares on the day prior to the date of allocation for the GAN options and the price per share calculated using EBITDA multiple on 1 April of the preceding financial year for LAN options.

If the options or appreciation rights remain unexercised after a period of 10 years from the date of grant and 5 years for the options granted on and after 1 April 2014, they lapse. Furthermore, rights are forfeited if the employee leaves the Company before they vest.

The carrying amount of the liability relating to the SARs at 31 March 2017 is Syrian Pounds 775,589,435 (31 December 2016: Syrian Pounds 776,145,000) and is detailed as follows:

	31 March 2017 (Unaudited) Syrian Pounds	*31 December 2016 (Audited) Syrian Pounds*
Balance at the beginning of the period / year	**776,145,000**	390,471,582
Charge for the period / year	**-**	53,620,260
Exchange difference	**(555,565)**	332,053,158
Balance at the end of the period / year	**775,589,435**	776,145,000

There has been no modification or cancellation to the plan during the year ended 31 December 2016 or the period ended 31 March 2017.

Details of the share options (locally aligned options and globally aligned options) outstanding at period-end are as follows*:*

	31 March 2017 (Unaudited) Number of options	*31 December 2016 (Audited) Number of options*
Number of options at the beginning of the period / year	**231,170**	177,720
Offered during the period / year	**-**	89,360
Forfeited during the period / year	**-**	(7,100)
Exercised during the period / year	**(500)**	(28,810)
Number of options at end of the period / year	**230,670**	231,170

As at 31 March 2017, the price of the GAN option is Syrian Pounds 5,210 (31 December 2016: Syrian Pounds 4,754) as published in Johannesburg Stock Exchange and the fair value of the LAN option based on the EBITDA multiple, is Syrian Pounds 5,850 (31 December 2016: Syrian Pounds 5,850). The remaining contractual life of the underlying SARs is between 3-10 years.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The Company's financial liabilities comprise accounts payable and balances due to related parties. The Company has various financial assets such as accounts receivable and cash and bank deposits, which arise directly from its operations.

The fair values of financial assets and liabilities are not materially different from their carrying values.

None of the Company's financial assets or financial liabilities have been remeasured to fair value.

21 COMPARATIVE FIGURES

Some of the corresponding figures for 2016 have been reclassified in order to conform to the presentation for the current period. Such reclassifications do not affect previously reported profit or shareholders' equity.

The table below summarizes the reclassified amounts:

Statement of Financial position

Presentation as at 31 December 2015	Presentation as at 31 December 2016	Amount Syrian Pounds	Description
Unrealized retained gains from foreign exchange	Realized retained gains from foreign exchange	2,712,512,985	Dividends distributed for unrealized retained gains from foreign exchange

22 SUBSEQUENT EVENTS

On 2 May 2017, the shareholders' general assembly declared distribution of profits for the year 2016 totaling Syrian Pounds 7,759,254,073. The total number of shares was 15,000,000 shares and the dividends per share was Syrian Pounds 517.28.