

UCom LLC

**Summary Financial Statements
for 2017**

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Independent Auditors' Report on the Summary Financial Statements

To the Shareholders of UCom LLC

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2017, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the related note, are derived from the audited financial statements of UCom LLC ("the Company") for the year ended 31 December 2017.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 2 August 2018.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".


 Tigran Gasparyan
 Director

KPMG Armenia

KPMG Armenia cjsc
 2 August 2018



'000 AMD	31 December 2017	31 December 2016
Assets		
Property and equipment	46,431,089	43,579,294
Intangible assets and goodwill	41,933,027	42,989,650
Prepaid income tax	706,054	404,418
Prepayments and other assets	1,305,108	765,330
VAT receivable	2,535,549	2,435,095
Non-current assets	92,910,827	90,173,787
Inventories	1,169,078	948,036
Trade receivables	12,495,653	7,183,104
VAT receivables	775,428	2,931,272
Prepayments and other assets	1,417,013	1,018,204
Cash and cash equivalents	4,903,741	4,438,934
Current assets	20,760,913	16,519,550
Total assets	113,671,740	106,693,337
Equity		
Charter capital	22,397	16,959
Accumulated losses	(12,991,784)	(9,029,475)
Additional paid-in capital	33,531,696	17,226,885
Total equity	20,562,309	8,214,369
Non-current liabilities		
Loans and borrowings	47,280,825	58,016,768
Provisions	1,417,798	1,715,147
VAT payable	2,535,549	2,435,095
Trade and other payables	13,069,163	14,770,235
Deferred revenue and prepayments received	6,199,349	1,264,324
Non-current liabilities	70,502,684	78,201,569
Current liabilities		
Loans and borrowings	8,000,157	3,444,918
Trade and other payables	13,369,109	15,843,519
Deferred revenue and prepayments received	1,237,481	988,962
Current liabilities	22,606,747	20,277,399
Total liabilities	93,109,431	98,478,968
Total equity and liabilities	113,671,740	106,693,337

The summary statement of financial position is to be read in conjunction with the note to, and forming part of, the summary financial statements.

UCom LLC
Summary Statement of Profit or Loss and Other Comprehensive Income for 2017

'000 AMD	2017	2016
Revenue	37,146,209	34,999,236
Other income	1,663,994	1,461,981
Depreciation and amortisation expense	(11,468,109)	(11,486,541)
Personnel expenses	(5,844,550)	(5,552,673)
Other expenses	(19,903,769)	(19,644,134)
Results from operating activities	1,593,775	(222,131)
Finance income	2,660	291,797
Finance costs	(6,578,915)	(7,113,969)
Net finance costs	(6,576,255)	(6,822,172)
Loss before income tax	(4,982,480)	(7,044,303)
Income tax benefit	1,020,171	2,457,690
Loss and total comprehensive loss for the year	(3,962,309)	(4,586,613)

The summary financial statements as set out on pages 4 to 8 were approved by management on 2 August 2018 and were signed on its behalf by:

Hayk Yesayan
 Director



Karen Mnatsakanyan
 Chief Financial Officer

	Attributable to equity holders of the Company			
	Charter capital	Additional paid-in capital	Accumulated losses	Total equity
'000 AMD				
Balance at 1 January 2016	16,959	7,143,157	(4,442,862)	2,717,254
Loss and total comprehensive loss for the year	-	-	(4,586,613)	(4,586,613)
Transactions with owners of the Company				
Forgiveness of borrowing received from related party net of tax of AMD 1,838,361 thousand	-	7,353,443	-	7,353,443
Initial discount on low interest loans and borrowings received from shareholder net of deferred tax of AMD 682,571 thousand	-	2,730,285	-	2,730,285
Balance at 31 December 2016	16,959	17,226,885	(9,029,475)	8,214,369
Balance at 1 January 2017	16,959	17,226,885	(9,029,475)	8,214,369
Loss and total comprehensive loss for the year	-	-	(3,962,309)	(3,962,309)
Transactions with owners of the Company				
Increase of charter capital	5,438	-	-	5,438
Additional contributions by the shareholders	-	12,224,126	-	12,224,126
Forgiveness of borrowing received from related party net of tax of AMD 1,034,148 thousand	-	4,136,590	-	4,136,590
Initial discount on low interest loans and borrowings received from shareholder net of deferred tax of AMD 215,903 thousand	-	863,612	-	863,612
Effect of early repayment of borrowing from shareholder net of deferred tax of AMD 229,879 thousand	-	(919,517)	-	(919,517)
Balance at 31 December 2017	22,397	33,531,696	(12,991,784)	20,562,309

The summary statement of changes in equity is to be read in conjunction with the note to, and forming part of, the summary financial statements.

'000 AMD	2017	2016
Cash flows from operating activities		
Cash received from customers, inclusive of VAT	44,128,779	40,212,839
Cash paid to suppliers, inclusive of VAT	(21,976,716)	(19,833,901)
Cash paid to employees, inclusive of taxes	(5,279,532)	(5,621,259)
Payment for income tax	-	(62,000)
Payments of taxes other than on income	(1,936,946)	(1,280,985)
Interest paid	(4,114,623)	(3,983,798)
Net cash from operating activities	10,820,962	9,430,896
Cash flows from investing activities		
Borrowings given	(10,600)	(67,180)
Repayments of borrowings given	11,079	73,107
Interest received	2,660	6,708
Acquisition of property and equipment	(12,059,988)	(12,029,349)
Proceeds from sales of property, plant and equipment	63	918,538
Acquisition of intangible assets	(7,005,723)	(5,278,025)
Net cash used in investing activities	(19,062,509)	(16,376,201)
Cash flows from financing activities		
Increase of charter capital	5,438	-
Additional contributions by the shareholders	12,224,126	-
Proceeds from loans and borrowings	10,707,184	16,934,857
Repayments of loans and borrowings	(14,126,116)	(6,844,738)
Net cash from financing activities	8,810,632	10,090,119
Net increase in cash and cash equivalents	569,085	3,144,814
Cash and cash equivalents at 1 January	4,438,934	1,285,954
Effect of exchange rate fluctuations on cash and cash equivalents	(104,278)	8,166
Cash and cash equivalents at 31 December	4,903,741	4,438,934

During the year ended 31 December 2017 the Company purchased property and equipment of AMD 1,059,563 thousand which were financed through letters of credit from banks.

The summary statement of cash flows is to be read in conjunction with the note to, and forming part of, the summary financial statements.

1 Basis of preparation

These summary financial statements are derived from the audited financial statements of UCom LLC (“the Company”) for the year ended 31 December 2017 prepared in accordance with International Reporting Financial Statements issued on 2 August 2018. These summary financial statements include only the summary statement of financial position as at 31 December 2017 and the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, which are derived, without modification, from pages 5-8 of the audited financial statements. These summary financial statements do not contain the disclosures in the notes to the audited financial statements. The financial statements of the Company can be obtained from the Company’s registered office (19 Teryan Street, Yerevan 0010, Republic of Armenia).