



MILLICOM
THE DIGITAL LIFESTYLE

Unaudited Interim Condensed Combined Financial Statements

As at and for the six-month period
ended 30 June 2015

20 August 2015

Unaudited interim combined income statement for the six month period ended 30 June 2015

US\$ '000	Notes	Six months ended 30 June 2015	Six months ended 30 June 2014
Revenue	4	639,590	613,089
Cost of sales		(192,365)	(181,271)
Gross profit		447,225	431,818
Sales and marketing		(104,160)	(100,894)
General and administrative expenses		(110,102)	(109,424)
Operating profit	4	232,963	221,500
Interest expense		(29,571)	(29,298)
Interest and other financial income		836	1,177
Foreign exchange gain (loss), net		1,269	547
Profit before taxes from continuing operations		205,497	193,926
Charge for taxes, net		(34,501)	(33,399)
Net profit for the period		170,996	160,527

The accompanying notes are an integral part of these unaudited interim condensed or combined financial statements.

Unaudited interim condensed combined statement of comprehensive income for the six month period ended 30 June 2015

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Net profit for the period	170,996	160,527
Other comprehensive income:		
Exchange differences on translation of operations to the US dollars reporting currency	(8,854)	6,548
Total comprehensive income for the period	162,142	167,075

The accompanying notes are an integral part of these unaudited interim condensed combined financial statements.

Unaudited interim condensed combined statement of financial position as at 30 June 2015

US\$ '000	Notes	30 June 2015	31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net.....	6	134,880	135,637
Property, plant and equipment, net	7	667,063	702,740
Deferred tax assets.....		7,041	7,067
Amounts due from related parties (non-current)	8	5,687	9,062
Other non-current assets		872	686
TOTAL NON-CURRENT ASSETS		815,543	855,192
CURRENT ASSETS			
Inventories		34,606	31,336
Trade receivables, net		41,132	38,637
Amounts due from non-controlling interests, associates and joint venture partners	8	352,069	458,171
Prepayments and accrued income		37,719	33,284
Current income tax assets		5,892	17,230
Supplier advances for capital expenditure		13,117	17,298
Other current assets		25,702	21,085
Restricted cash		2,773	2,339
Cash and cash equivalents		155,156	89,867
TOTAL CURRENT ASSETS.....		668,166	709,247
TOTAL ASSETS		1,483,709	1,564,439

The accompanying notes are an integral part of these unaudited interim condensed combined financial statements.

Unaudited interim condensed combined statement of financial position at 30 June 2015 (continued)

US\$ '000	Notes	30 June 2015	31 December 2014
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		14,009	14,009
Equity contribution reserve		7,046	6,314
Other reserves		81,801	90,655
Retained profits		252,602	419,378
TOTAL EQUITY		355,458	530,356
LIABILITIES			
Non-current liabilities			
Amounts due to associates and joint venture partners ...	8	6,511	9,813
Other debt and financing	9	890,184	780,491
Provisions and other non-current liabilities		23,855	22,869
Deferred tax liabilities		602	716
Total non-current liabilities		921,152	813,889
Current liabilities			
Payables and accruals for capital expenditure		41,046	50,503
Trade payables		28,134	41,969
Amounts due to associates and joint venture partners ...	8	9,933	8,111
Accrued interest and other expenses		75,813	74,797
Current income tax liabilities		5,943	7,429
Provisions and other current liabilities		46,230	37,385
Total current liabilities		207,099	220,194
TOTAL LIABILITIES		1,128,251	1,034,083
TOTAL EQUITY AND LIABILITIES		1,483,709	1,564,439

The accompanying notes are an integral part of these unaudited interim condensed combined financial statements.

Unaudited interim condensed combined statement of cash flows for the six month period ended 30 June 2015

US\$ '000	Notes	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash flows from operating activities			
Profit before taxes		205,497	193,926
Adjustments to reconcile to net cash:			
Interest expense		29,571	29,298
Interest and income		(836)	(1,177)
Foreign exchange loss / (gain), net.....		(1,269)	(547)
Adjustments for non-cash items:			
Depreciation and amortization.....	6,7	96,675	85,884
Loss on disposal and impairment of assets		334	1,937
Share-based compensation.....	5	732	762
		330,704	310,083
(Increase) in trade receivables, prepayments and other current assets.....		(7,970)	(7,807)
(Increase)/Decrease in inventories.....		(3,389)	2,674
Increase/(Decrease) in trade and other payables		(15,087)	10,168
Changes in working capital.....		(26,446)	5,035
Interest paid		(29,077)	(7,259)
Interest received		783	963
Taxes paid		(37,055)	(54,416)
Net cash provided by operating activities		238,909	254,406
Cash flows from investing activities:			
Purchase of intangible assets and licenses	6	(3,012)	(10,105)
Purchase of property, plant and equipment	7	(59,466)	(89,520)
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired		(302)	—
Proceeds from sale of property, plant and equipment.....		197	1,631
Net increase in restricted cash		(434)	(467)
Net cash used by investing activities		(63,017)	(98,461)
Cash flows from financing activities:			
Proceeds from other debt and financing.....		107,675	773,942
Repayment of debt and financing		—	(399,735)
Payment of dividends, advances and shareholders loans		(218,255)	(510,332)
Net cash from (used by) financing activities		(110,580)	(136,125)
Exchange gains (losses) on cash and cash equivalents, net		(23)	920
Net (decrease) increase in cash and cash equivalents		65,289	20,740
Cash and cash equivalents at the beginning of the year		89,867	50,089
Cash and cash equivalents at the end of the period / year		155,156	70,829

The accompanying notes are an integral part of these unaudited interim condensed combined financial statements.

Unaudited interim condensed combined statements of changes in equity for the years ended 30 June 2015 and 31 December 2014

US\$ '000	Share capital (000's)	Equity Contribution Reserve (i) (000's)	Other reserves (ii) (000's)	Retained earnings (000's)	Total equity (000's)
Balance on 31 December 2013	14,009	4,850	73,487	444,754	537,100
<i>Profit for the period</i>	—	—	—	160,527	160,527
<i>Currency translation differences</i>	—	—	6,548	—	6,548
Total comprehensive income for the period.....	—	—	6,548	160,527	167,075
Dividends (iii).....	—	—	—	(369,555)	(369,555)
Share based compensation.....	—	763	—	—	763
Balance on 30 June 2014	14,009	5,613	80,035	235,726	335,383
<i>Profit for the period</i>	—	—	—	183,652	183,652
<i>Currency translation differences</i>	—	—	10,620	—	10,620
Total comprehensive income for the period.....	—	—	10,620	183,652	194,272
Dividends (iii).....	—	—	—	—	—
Share based compensation.....	—	701	—	—	701
Balance on 31 December 2014	14,009	6,314	90,655	419,378	530,356
<i>Profit (loss) for the period</i>	—	—	—	170,996	170,996
<i>Currency translation differences</i>	—	—	(8,854)	—	(8,854)
Total comprehensive income for the period.....	—	—	(8,854)	170,996	162,142
Share based compensation.....	—	732	—	—	732
Dividends (iii).....	—	—	—	(337,772)	(337,772)
Balance on 30 June 2015	14,009	7,046	81,801	252,602	355,458

- (i) *Equity Contribution Reserve made up only with share-based compensation expense.*
- (ii) *Other reserves mainly include legal reserves of \$ 92 million and negative currency translation differences of \$ 10 million at June 30, 2015. Legal reserves are undistributable.*
- (iii) *Dividends — see note 10.*

The accompanying notes are an integral part of these unaudited interim condensed combined financial statements.

Notes to the unaudited interim condensed combined statements

1. ORGANIZATION

The combined financial statements are composed of 9 companies (the “Combined Group” or “Tigo Guatemala Companies”) as detailed in the table below:

Name of the company	Country
Comunicaciones Celulares, S.A.	Guatemala
Comunicaciones Corporativas, S.A.	Guatemala
Servicios especializados en telecomunicaciones, S.A.	Guatemala
Distribuidora de comunicaciones de occidente, S.A.	Guatemala
Distribuidora central de comunicaciones, S.A. ..	Guatemala
Distribuidora de comunicaciones de oriente, S.A.	Guatemala
Distribuidora internacional de comunicaciones, S.A.	Guatemala
Servicios Innovadores de Comunicación y Entretenimiento, S.A.	Guatemala
Navega.com, S.A.	Guatemala

There were no changes in ownership of the Tigo Guatemala Companies in the periods presented.

Our Combined Financial Statements do not consolidate the subsidiaries over which Comcel and the other Note Guarantors exerted control as of, and for, the periods presented. The only such subsidiary is Newcom Ltd. Bermuda, which represented less than 1% of the combined total revenue, less than 1% of the combined Adjusted EBITDA, less than 1% of the combined total assets and less than 1% of the combined total liabilities of Comcel and the other Note Guarantors as of, and for the six month period ended June 30, 2015. We do not intend to consolidate these or any other subsidiaries that may exist from time to time in future combined financial statements of Comcel and the other Note Guarantors, including those prepared for purposes of “Description of the Notes—Covenants of the Note Guarantors—Provision of Financial Information.”

The Combined Group provides mobile and data telephony services, corporate solutions, fixed-line broadband, fixed-line telephone, cable TV and mobile financial services to retail and business customers in Guatemala. Two entities (Millicom Cable 206 N.V. and Newcom Bermuda) not material to the Combined Group have been excluded from this combination.

All Tigo Guatemala Companies have registered offices located at Km 9.5 Carretera a El Salvador, Plaza Tigo Sta. Catarina Pinula, Guatemala. They are owned jointly by Millicom Group (“MIC Group”), whose ultimate holding company is Millicom International Cellular S.A. (“MIC”) and by Miffin Associates Corp together the “Combined Group owners”.

The Combined Group shareholders are Millicom Group and Miffin which own respectively 55% and 45% interests in each of the Tigo Guatemala Companies. Those entities form one single business in substance as all of the entities have one single common management. The Combined Group is governed by a shareholders’ agreement.

On January 16, 2014 Millicom and its local partner in Guatemala, Miffin, reached an agreement that gives Millicom control of the Tigo Guatemala Companies. Miffin has granted Millicom, for consideration of \$ 15 million and a minimum term of two years, an unconditional call option for its 45% stake in Tigo Guatemala Companies. In return, Millicom has granted Miffin a put option for the same duration, exercisable in the event Millicom sells its 55% interest in Tigo Guatemala Companies or undergoes a change of control. Following this event Millicom control is exclusive. This agreement has no impact on these combined financial statements.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

These interim condensed combined financial statements of the Group are unaudited. They are presented in US dollars and have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ as adopted by the European Union. In the opinion of management, these unaudited condensed interim combined financial statements reflect all adjustments that are necessary for a proper presentation of the results for interim periods. Millicom’s operations are not affected by significant seasonal or cyclical patterns

These unaudited condensed interim combined financial statements should be read in conjunction with the combined financial statements for the year ended 31 December 2014. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2014 combined financial statements, as disclosed in note 2 of those financial statements. The following changes to standards effective for annual periods starting after 1 July 2014 did not have a significant impact on Millicom:

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

- IFRIC 21, 'Levies', which provides guidance on when to recognise a levy imposed by a government;
- Defined Benefit Plans (amendments to IAS 19);
- Annual Improvements projects impacting IFRS 2, Share based payment; IFRS 3; Business Combinations, IFRS 8, Operating Segments; IFRS 13, Fair Value Measurement; IAS 16, Property, plant and equipment; IAS 24, Related party disclosures; and IAS 38, Intangible Assets.

3. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the six month period ended June 30, 2015, one small company was acquired (Dalia). This acquisition was not material for the Combined Group.

4. ANALYSIS OF OPERATING PROFIT

The Combined Group's operating income and expenses analyzed by nature of expense is as follows:

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Revenue.....	639,590	613,090
Cost of rendering telecommunication services.....	(93,522)	(117,113)
Depreciation and amortization.....	(96,675)	(85,884)
Dealer commissions.....	(43,396)	(45,234)
Employee related costs.....	(24,642)	(23,989)
Sites and network maintenance.....	(50,514)	(32,433)
Advertising and promotion.....	(12,556)	(12,285)
Phone subsidies.....	(26,278)	(22,891)
External services.....	(19,079)	(16,990)
Operating lease expense.....	(23,467)	(18,813)
Other fees and costs.....	(2,652)	(2,734)
(Loss) gain on disposal and impairment of assets, net.....	(334)	(1,937)
Other expenses.....	(13,512)	(11,287)
Operating profit	232,963	221,500

5. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following:

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Wages and salaries.....	(25,721)	(21,340)
Social security.....	(1,498)	(1,270)
Share based compensation.....	(732)	(763)
Other employee related costs (i).....	3,309	(616)
Total.....	(24,642)	(23,989)

(i) There are no defined benefit pension plans.

6. INTANGIBLE ASSETS

The Combined Group used cash for the purchase of intangible assets and licenses as follows:

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Additions.....	266	7,627
Decrease in payables for intangible assets.....	2,745	2,478
Cash used for the purchase of intangible assets and licenses.....	3,012	10,105

6. INTANGIBLE ASSETS (Continued)

The charge for depreciation on intangible assets and license renewals for the six month period ended June 30, 2015 was \$5 million (June 30, 2014: \$8 million).

During the six month period ended June 30, 2015 and 2014, Tigo Guatemala companies did not dispose of any intangible assets.

7. PROPERTY, PLANT AND EQUIPMENT

The Combined Group used cash for the purchase of property, plant and equipment as follows:

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Additions	57,077	76,582
(Decrease) increase in suppliers advances	(4,135)	9,119
Decrease in payables for property, plant and equipment.....	6,524	3,819
Cash used for the purchase of property, plant and equipment.....	59,466	89,520

The charge for depreciation on property, plant and equipment for the six month period ended June 30, 2015 was \$92 million (June 30, 2014: \$78 million).

During the six month period ended June 30, 2015, Tigo Guatemala Companies disposed of property, plant and equipment and received \$197 thousand (June 30, 2014: \$2 million).

8. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the six month period ended 30 June 2015:

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Expenses		
Purchase of goods and services (MIC)	1,337	1,154
Purchases of goods and services (Miffin).....	55,646	60,572
Purchases of goods and services (Other RP)	4,108	6,260
Total	61,091	67,986

US\$ '000	Six months ended 30 June 2015	Six months ended 30 June 2014
Income / gains		
Sale of goods and services (MIC)	2	—
Sale of goods and services (Miffin)	112,548	103,173
Sale of goods and services (Other RP)	1,040	1,270
Total	113,590	104,443

As at 30 June 2015 the Company had the following balances with related parties:

US\$ '000	At 30 June 2015	At 31 December 2014
Liabilities		
MIO S.A	8,000	8,000
Miffin Associates Corp	5,741	7,375
Other	2,703	2,549
Total	16,444	17,924

8. RELATED PARTY TRANSACTIONS (Continued)

US\$ '000	At 30 June 2015	At 31 December 2014
Assets		
MIO S.A	196,644	249,577
Miffin Associates Corp	160,441	209,522
Navega Nicaragua	—	2,906
Other	671	5,228
Total	357,756	467,233

9. DEBT AND FINANCING

Analysis of debt and other financing by maturity

The total amount of debt and financing is repayable as follows:

US\$ '000	As at 30 June 2015	As at December 31, 2014
Due within:		
After five years	890,184	780,491
Total debt	890,184	780,491

As at June 30, 2015 and December 31, 2014, none of the shareholders had issued any guarantees to secure the obligations of the Combined Group's operations.

On January 30, 2014, Tigo Guatemala Companies issued an \$800 million 6.875% fixed interest rate bond repayable in 10 years, to refinance the Combined Group and to repay in 2014 each individual financing facility existing as at December 31, 2013. The bond was issued at 98.233% of the principal and has an effective interest rate of 7.168%.

In June 2015, Tigo Guatemala Companies obtained a Credit Loan in local currency with two major banks; Banco Industrial in the amount of GTQ 600 million (\$78 million) and Banco G&T contract was signed for an amount of GTQ 1 billion (\$122 million) with a partial drawdown of \$30 million (the remaining balance has been received during July 2015). The effective combined interest rate is of 7.16% with monthly installments, a 10 year term and principal payment at maturity.

Pledged assets

As at June 30, 2015 and December 31, 2014, the assets pledged by the Combined Group's operations for these debts and financings are nil.

10. DIVIDENDS

The ability of the Combined Group to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from the combined entities. By June 30, 2015, the entities of the Combined Group had declared a dividend related to 2014 of \$338 million (2014: \$370 million). Dividends are typically paid over two fiscal years.

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Tigo Guatemala Companies are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As of June 30, 2015, and December 31, 2014, the total amount of claims against the Combined Group's operations was not significant. As at June 30, 2015, and December 31, 2014, \$1 million have been provided for these claims in the combined statement of financial position. Management is of the opinion that while it is impossible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Combined Group's financial position and operations.

11. COMMITMENTS AND CONTINGENCIES (Continued)

Capital commitments

As of June 30, 2015, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for \$48 million (December 31, 2014: \$40 million), from a number of suppliers.

12. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at 30 June 2015 and 31 December 2014:

US\$ '000	Carrying Value		Fair Value	
	30 June 2015 (unaudited)	31 December 2014 (audited)	30 June 2015 (unaudited)	31 December 2014 (audited)
FINANCIAL ASSETS				
<i>Loans and receivables</i>				
Other non-current assets	872	686	872	686
Trade receivables, net	41,131	38,637	41,131	38,637
Amounts due from related parties	357,756	467,233	357,756	467,233
Prepayments and accrued income	37,719	33,284	37,719	33,284
Other current assets	38,819	38,383	38,819	38,383
Restricted cash	2,773	2,339	2,773	2,339
Cash and cash equivalents	155,156	89,867	155,156	89,867
Total	634,226	670,429	634,226	670,429
Current	627,667	660,681	627,667	660,681
Non-current	6,559	9,748	6,559	9,748
FINANCIAL LIABILITIES				
Other debt and financing	890,184	780,491	781,002	664,983
Trade payables	28,134	41,969	28,134	41,969
Payables and accruals for capital expenditure	41,046	50,503	41,046	50,503
Amounts due to related parties	9,933	8,111	9,933	8,111
Accrued interest and other expenses	75,813	74,797	75,813	74,797
Other liabilities	5,718	6,528	5,718	6,528
Total	1,050,828	962,399	941,646	846,891
Current	160,644	181,908	160,644	181,908
Non-current	890,184	780,491	781,002	664,983

13. SUBSEQUENT EVENTS

There are no subsequent events affecting the Combined Group.
