# COMCEL TRUST

## Unaudited Interim Condensed Combined Financial Statements

**As at and for the nine-months period ended 30 September 2016**

November 29th , 2016

# Unaudited interim condensed combined income statement for the nine months period ended 30 September 2016

| US$ '000 | Notes | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 (i) |
|---|---|---|---|
| Revenue | 4 | 951,310 | 963,216 |
| Cost of sales | 4 | (190,862) | (174,563) |
| **Gross profit** | 4 | **760,448** | **788,653** |
| Operating expenses | 4 | (294,517) | (293,511) |
| Depreciation & Amortization | 4 | (137,137) | (138,964) |
| Other operating income (expenses), net | 4 | (1,854) | (389) |
| **Operating profit** | 4 | **326,940** | **355,789** |
| Interest expense | | (57,796) | (47,907) |
| Interest and other financial income | | 1,276 | 1,292 |
| Foreign exchange gain (loss), net | | 4,627 | (1,369) |
| **Profit before taxes from continuing operations** | | **275,047** | **307,805** |
| Charge for taxes, net | | (52,032) | (52,165) |
| **Net profit for the period** | | **223,015** | **255,640** |

*(i) Presentation of the combined income statement from cost of sales to operating profit has been amended compared to the combined income statement reported in 2015 for the period ended 30 September 2015.*

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

# Unaudited interim condensed combined statement of comprehensive income for the nine months period ended 30 September 2016

| US$ '000 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| Net profit for the period | 223,015 | 255,640 |
| ***Other comprehensive income:*** | | |
| Exchange differences on translation of operations to the US dollars reporting currency | 4,977 | (11,435) |
| **Total comprehensive income for the period** | **227,992** | **244,205** |

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 September 2016

| US$ '000 | Notes | 30 September 2016 | 31 December 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets, net | 6 | 131,562 | 132,085 |
| Property, plant and equipment, net | 7 | 714,775 | 704,598 |
| Deferred tax assets | | 4,802 | 4,723 |
| Amounts due from related parties (non-current) | 8 | 10 | 22 |
| Other non-current assets | | 1,984 | 727 |
| **TOTAL NON-CURRENT ASSETS** | | **853,133** | **842,155** |
| | | | |
| **CURRENT ASSETS** | | | |
| Inventories | | 16,646 | 24,985 |
| Trade receivables, net | | 41,874 | 46,671 |
| Amounts due from non-controlling interests, associates and joint venture partners | 8 | 22,825 | 634,210 |
| Prepayments and accrued income | | 31,410 | 35,682 |
| Current income tax assets | | 6,669 | 31,356 |
| Supplier advances for capital expenditure | | 15,738 | 5,222 |
| Other current assets | | 15,962 | 20,663 |
| Restricted cash | | 3,703 | 3,315 |
| Cash and cash equivalents | 9 | 645,081 | 151,550 |
| **TOTAL CURRENT ASSETS** | | **799,908** | **953,654** |
| **TOTAL ASSETS** | | **1,653,041** | **1,795,809** |

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 September 2016 (continued)

| US$ '000 | Notes | 30 September 2016 | 31 December 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital and premium | | 14,009 | 14,009 |
| Equity contribution reserve | | 8,754 | 7,708 |
| Other reserves | | 94,071 | 89,094 |
| Retained profits | | 307,419 | 400,211 |
| **TOTAL EQUITY** | | **424,253** | **511,022** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Other debt and financing | 10 | 987,993 | 983,616 |
| Provisions and other non-current liabilities | | 43,017 | 24,394 |
| Deferred tax liabilities | | 2,282 | 2,437 |
| **Total non-current liabilities** | | **1,033,292** | **1,010,447** |
| | | | |
| **Current liabilities** | | | |
| Payables and accruals for capital expenditure | | 48,167 | 67,670 |
| Trade payables | | 25,181 | 51,292 |
| Amounts due to associates and joint venture partners | 8 | 16,324 | 18,394 |
| Accrued interest and other expenses | | 62,912 | 74,494 |
| Current income tax liabilities | | 6,049 | 21,407 |
| Provisions and other current liabilities | | 36,863 | 41,083 |
| **Total current liabilities** | | **195,496** | **274,340** |
| **TOTAL LIABILITIES** | | **1,228,788** | **1,284,787** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,653,041** | **1,795,809** |

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 nine months period ended 30 September 2016

| US$ '000 | Notes | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit before taxes** | | **275,047** | **307,805** |
| **Adjustments to reconcile to net cash:** | | | |
| Interest expense | | 57,796 | 47,907 |
| Interest and income | | (1,276) | (1,292) |
| Foreign exchange (gain) / loss, net | | (4,626) | 1,369 |
| **Adjustments for non-cash items:** | | | |
| Depreciation and amortization | 6,7 | 137,137 | 138,964 |
| Loss on disposal and impairment of assets | | 1,854 | 389 |
| Share-based compensation | 5 | 1,046 | 1,098 |
| | | **466,978** | **496,240** |
| Decrease (increase) in trade receivables, prepayments and other current assets | | 6,717 | (16,067) |
| Decrease (Increase) in inventories | | 8,769 | (53) |
| Decrease in trade and other payables | | (30,402) | (4,858) |
| **Changes in working capital** | | **(14,916)** | **(20,978)** |
| Interest paid | | (65,955) | (59,305) |
| Interest received | | 1,506 | 1,229 |
| Taxes paid | | (43,960) | (55,055) |
| **Net cash provided by operating activities** | | **343,653** | **362,131** |
| **Cash flows from investing activities:** | | | |
| Purchase of intangible assets and licenses | 6 | (15,526) | (7,266) |
| Purchase of property, plant and equipment | 7 | (109,179) | (104,311) |
| Acquisition of subsidiaries, joint ventures and associates, net of cash acquired | | (454) | (744) |
| Proceeds from sale of property, plant and equipment | | 69 | 350 |
| Net decrease / (increase) in restricted cash | | (317) | (99) |
| **Net cash used by investing activities** | | **(125,407)** | **(112,070)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from other debt and financing | | — | 200,093 |
| Proceeds from shareholders loans repayments | | 317,709 | — |
| Payment of dividends, advances and shareholders loans | | (33,326) | (405,605) |
| **Net cash provided (used) by financing activities** | | **284,383** | **(205,512)** |
| Exchange losses on cash and cash equivalents, net | | (9,098) | 377 |
| **Net increase in cash and cash equivalents** | | **493,531** | **44,926** |
| Cash and cash equivalents at the beginning of the year | | 151,550 | 89,867 |
| **Cash and cash equivalents at the end of the period / year** | | **645,081** | **134,793** |

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 September 2016 and 31 December 2015

| 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 2014** | **14,009** | **6,314** | **90,655** | **419,378** | **530,356** |
| *Profit for the period……………………………………* | — | — | — | *255,640* | *255,640* |
| *Currency translation differences……………………...* | — | — | *(11,435)* | — | *(11,435)* |
| Total comprehensive income for the period……….. | — | — | (11,435) | 255,640 | 244,205 |
| Dividends (iii)………………………………………... | — | — | — | *(337,772)* | *(337,772)* |
| Share based compensation………………………….. | | 1,098 | — | — | *1,098* |
| **Balance on 30 September 2015** | **14,009** | **7,412** | **79,220** | **337,246** | **437,887** |
| *Profit for the period……………………………………* | — | — | — | *62,965* | *62,965* |
| *Currency translation differences……………………..* | — | — | *9,874* | — | *9,874* |
| Total comprehensive income for the period……….. | — | — | 9,874 | 62,965 | 72,839 |
| Dividends (iii)………………………………………... | — | — | — | — | — |
| Share based compensation………………………….. | — | 296 | — | — | 296 |
| **Balance on 31 December 2015** | **14,009** | **7,708** | **89,094** | **400,211** | **511,022** |
| *Profit for the period……………………..* | — | — | — | *223,015* | *223,015* |
| *Currency translation differences……………………..* | — | — | *4,977* | — | *4,977* |
| Total comprehensive income for the period……….. | — | — | 4,977 | 223,015 | 227,992 |
| Share based compensation………………………….. | — | 1,046 | — | — | 1,046 |
| Dividends (iii)…………………………………….. | — | — | — | (315,807) | (315,807) |
| **Balance on 30 September 2016** | **14,009** | **8,754** | **94,071** | **307,419** | **424,253** |

*(i)* *Equity Contribution Reserve made up only with share-based compensation expense.*
*(ii)* *Other reserves mainly include legal reserves of $ 94 million and currency translation differences at 30 September 2016. Legal reserves are undistributable.*
*(iii)* *Dividends — see note 11.*

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 |
| Intertrust SPV (Cayman) Limited. | Cayman |

Intertrust SPV (Cayman) Limited, acting as trustee of the Comcel Trust, is a trust established and consolidated by Comunicaciones Celulares, S.A. for the purposes of the bond issued (refer to note 10). The Comcel Trust is not a separate legal entity under Cayman Islands law. Intertrust SPV (Cayman) Limited as Trustee carries out the purposes for which the Comcel Trust was established. All references herein to the Comcel Trust shall be construed as references to Intertrust SPV (Cayman) Limited acting as Trustee under the Declaration of Trust.

In January 2014, the Comcel Trust issued a bond of US$800 million which is guaranteed by Comunicaciones Celulares, S.A. and is listed on the Luxembourg Stock Exchange. In accordance with IFRS, the Comcel Trust is consolidated within the combined Tigo Guatemala Companies.

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 nine months period ended 30 September 2016. 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.

Until January 2014, the Tigo Guatemala Companies were under the joint control of Millicom and Miffin. Effective 16 January 2014 Millicom and Miffin, have reached an agreement giving Millicom control of the Tigo Guatemala Companies. Miffin had 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. This agreement that expired on 31 December 2015 had no impact on the 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 2015. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2015 combined financial statements, as disclosed in note 2 of those financial statements. The following changes to standards effective for annual periods starting after 1 January 2016 did not have a significant impact on Millicom:

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports;

- Annual improvements 2014. These set of amendments impacts 4 standards: IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures', IAS 19, 'Employee benefits' regarding discount rates, IAS 34, 'Interim financial reporting' regarding disclosure of information;

- Amendments to IAS 38 and IAS 16 clarification of acceptable methods of depreciation and amortization issued by the IASB in July 2014 and applicable as of 1 January 2016;

- Amendments to IFRS 11 accounting for acquisitions of interests in joint operations issued by the IASB in May 2014 and applicable as of 1 January 2016.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'.

## 3. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the three month period ended 30 September 2016, one small company was acquired (Antillas). This acquisition was not material for the Combined Group.

## 4. ANALYSIS OF OPERATING PROFIT

The Combined Group's operating income and expenses are as follows:

| US$ '000 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| Revenue……..…………… ......................................................................... | 951,310 | 963,216 |
| Cost of rendering telecommunication services (i) .................................. | (190,862) | (174,563) |
| Depreciation and amortization .............................................................. | (137,137) | (138,964) |
| Dealer commissions…………………………………………………...…. | (62,487) | (65,944) |
| Employee related costs……….. ........................................................... | (43,191) | (36,961) |
| Sites and network maintenance ........................................................... | (42,833) | (49,918) |
| Advertising and promotion ..................................................................... | (19,544) | (19,836) |
| Phone subsidies………………….. ......................................................... | (42,225) | (38,120) |
| External services……….. ....................................................................... | (25,436) | (29,250) |
| Operating lease expense ........................................................................ | (32,845) | (30,269) |
| Other fees and costs………................................................................... | (6,690) | (4,118) |
| Loss on disposal and impairment of assets, net .................................. | (1,854) | (389) |
| Other expenses……………………………………………………….…...... | (19,266) | (19,095) |
| **Operating profit** | **326,940** | **355,789** |

## 4. ANALYSIS OF OPERATING PROFIT (Continue)

*(i) In 2014, the Company entered into five years contracts with the Guatemala Government to provide video surveillance to the Civil National Police. The service includes camera lease, connectivity, storage of images, monitoring centers and software with analytics. During 2016, these contracts generated $ 16 million of accounts receivable (2015: $26 million). As at 30 September 2016, no payment has been received under this contract due to government budget restrictions. Management have closely monitored the collectability of amounts owed under these contracts since inception, and as a result of discussions with the Guatemalan government about payment, have, since 1 July 2016 considered that the accounting criteria regarding probability of cash flowing to the Group are no longer met. Accordingly, all outstanding amounts receivable under the contract of $42 million have been impaired ($26 million during 2015 and $16 million during 2016), and no revenue has been recognised from the contracts from 1 July 2016.*

## 5. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following:

| US$ '000 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| Wages and salaries……………… ...................................................... | (36,999) | (31,453) |
| Social security……………….......................................................... | (2,778) | (2,271) |
| Share based compensation ................................................................ | (1,046) | (1,098) |
| Other employee related costs (i)……………………………………......... | (2,368) | (2,139) |
| **Total** .............................................................................................. | **(43,191)** | **(36,961)** |

*(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 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| Additions ............................................................................................ | 8,760 | 555 |
| Decrease in payables for intangible assets ........................................... | 6,766 | 6,711 |
| **Cash used for the purchase of intangible assets and licenses**........ | **15,526** | **7,266** |

The charge for depreciation on intangible assets and license renewals for the nine months period ended 30 September 2016 was $7 million (30 September 2015: $7 million).

During the nine months period ended 30 September 2016 and 2015, 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 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| Additions ............................................................................................ | 112,202 | 104,798 |
| (Decrease) in suppliers advances ........................................................ | (15,615) | 28 |
| Decrease payables for property, plant and equipment........................... | 12,592 | (515) |
| **Cash used for the purchase of property, plant and equipment**........ | **109,179** | **104,311** |

The charge for depreciation on property, plant and equipment for the nine months period ended 30 September 2016 was $130 million (30 September 2015: $132 million).

During the nine months period ended 30 September 2016, Tigo Guatemala Companies disposed of property, plant and equipment and received $69 thousand (30 September 2015: $350 thousand).

## 8. RELATED PARTY TRANSACTIONS

### *Millicom Group subsidiaries*

The Combined Group conducts transactions with one of its shareholders MIC, which in turn is partly owned by its principal shareholder investment AB Kinnevik ("Kinnevik").

In the normal course of business, the Combined Group receives business support and financing from various Millicom Group entities including MIC the ultimate holding company and Millicom International Operations S.A. ("MIO S.A.").

The Combined Group also recharges to other Millicom Group entities certain services performed on their behalf.

As of 30 September 2016, the balance of accounts receivable from Millicom International II NV amounts to $8.25 million as "Letra de Cambio" due April 30th 2017. The decrease of this balance compared to 31 December 2015 is mainly resulting from the repayment of a shareholder loan of $174.8 million during the second quarter of 2016 together with the dividend declared for $ 164.3 million.

Transactions with related parties are made on an arm's length basis.

### *Miffin Associates Corp*

As of 30 September 2016, the balance of accounts receivable from Miffin Associates Corp. amounts to $6.75 million as "Letra de Cambio" due April 30th 2017. The decrease in this balance compared to 31 December 2015 is mainly resulting from the repayment of a shareholder loan of $142.7 million during the second quarter of 2016 together with the dividend declared for $ 134.4 million.

Transactions with Miffin shareholders represent recurring commercial operations such as purchase of handsets, lease of buildings and towers and sale of airtime.

Transactions with such parties are made on an arm's length basis.

### *Kinnevik*

Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper industries and financial services. As of 30 September 2016 and 2015, Kinnevik owned approximately 38% of MIC. During 2016 and 2015 the Combined Group purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

The following transactions were conducted with related parties during the nine months period ended 30 September 2016:

| US$ '000 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| **Expenses** | | |
| Purchase of goods and services (MIC) | 2,324 | 2,198 |
| Purchases of goods and services (Miffin) | 162,085 | 95,865 |
| Purchases of goods and services (Other) | 3,856 | 3,535 |
| **Total** | **168,265** | **101,598** |

| US$ '000 | Nine months ended 30 September 2016 | Nine months ended 30 September 2015 |
|---|---|---|
| **Income / gains** | | |
| Sale of goods and services (MIC) | 26 | 3 |
| Sale of goods and services (Miffin) | 190,051 | 180,355 |
| Sale of goods and services (Other) | 2,579 | 2,719 |
| **Total** | **192,656** | **183,077** |

## 8. RELATED PARTY TRANSACTIONS (Continued)

As at 30 September 2016 the Company had the following balances with related parties:

| US$ '000 | As at 30 September 2016 | As at 31 December 2015 |
|---|---|---|
| **Liabilities** | | |
| MIC S.A | 1,235 | 1,822 |
| Miffin Associates Corp | 7,737 | 7,722 |
| Cable Honduras | 1,014 | 2,013 |
| Millicom Spain S.L. | 3,374 | 3,951 |
| Other | 2,964 | 2,886 |
| **Total** | **16,324** | **18,394** |

| US$ '000 | As at 30 September 2016 | As at 31 December 2015 |
|---|---|---|
| **Assets** | | |
| Millicom International II NV | 8,250 | — |
| MIO S.A | — | 353,087 |
| Miffin Associates Corp | 10,247 | 280,168 |
| Other | 4,338 | 977 |
| **Total** | **22,835** | **634,232** |

## 9. CASH AND CASH EQUIVALENTS

As at 30 September 2016, the cash & cash equivalents position benefits from the proceeds of shareholder loans repayments as explained in note 8.

## 10. 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 September 2016 | As at 31 December 2015 |
|---|---|---|
| Due within: | | |
| After five years | 987,993 | 983,616 |
| **Total debt** | **987,993** | **983,616** |

On 30 January 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 31 December 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. The effective combined interest rate is of 7.16% with monthly installments, a 10 year term and principal payment at maturity.

As at 30 September 2016 and 31 December 2015, none of the shareholders had issued any guarantees to secure the obligations of the Combined Group's operations.

### *Pledged assets*

As at 30 September 2016 and 31 December 2015, the assets pledged by the Combined Group's operations for these debts and financings are nil.

## 11. 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 30 September 2016, the entities of the Combined Group had declared a dividend related for 2015 of $316 million (2014: $345 million).

## 12. 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 30 September 2016, and 31 December 2015, the total amount of claims against the Combined Group's operations was not significant. As at 30 September 2016 $575 thousand, and 31 December 2015, $308 thousand 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.

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Tigo Guatemala Companies.

Millicom continues to cooperate with law enforcement authorities in the United States. On 4 May 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation has been discontinued on jurisdictional grounds. As at 30 September 2016, Management is currently not able to assess the potential impact on these combined financial statements. This matter is being overseen by a Special Committee of the Millicom Board of Directors (as disclosed on the 21 October 2015, Millicom press release), rather than by Comcel.

### *Capital commitments*

As of 30 September 2016, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for $27 million (31 December 2015: $58 million), from a number of suppliers.

## 13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at 30 September 2016 and 31 December 2015:

| | Carrying Value | | Fair Value | |
|---|---|---|---|---|
| US$ '000 | 30 September 2016 (unaudited) | 31 December 2015 (audited) | 30 September 2016 (unaudited) | 31 December 2015 (audited) |
| **FINANCIAL LIABILITIES** | | | | |
| Other debt and financing ............................. | 987,993 | 983,616 | 951,444 | 837,338 |

## 14. SUBSEQUENT EVENTS

There is no subsequent event since 30 September 2016 and up to the date of those financial statements.

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