COMCEL TRUST
Combined Financial Statements
For the year ended 31 December, 2015

22 April 2016

INDEX TO COMBINED FINANCIAL STATEMENTS

Audited Combined Financial Statements of Tigo Guatemala Companies for the Year Ended December 31, 2015

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

COMCEL TRUST - Combined Income Statement
For the year ended 31 December, 2015

To the Board of Directors of Comunicaciones Celulares, S.A

Report on the combined financial statements

We have audited the accompanying combined financial statements of the entities under the control of Millicom International II N.V. and Miffin Associates Corp. operating in Guatemala (" Tigo Guatemala companies") which comprise the combined statement of financial position as at December 31, 2015, the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity, the combined cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the combined financial statements

The Board of Directors of Comunicaciones Celulares, S.A. is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Management determines is necessary to enable the preparation and presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements give a true and fair view of the financial position of Tigo Guatemala Companies as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Ernst & Young
Société Anonyme
Cabinet de révision agréé

Olivier Lemaire

Luxembourg, 22 April 2016

Combined Income Statement for the year ended 31 December 2015

US$ '000	Notes	2015	2014 (i)
Revenue	5	1,302,889	1,245,597
Cost of sales	5	(257,264)	(235,972)
Gross profit	5	**1,045,625**	**1,009,625**
Operating expenses	5	(396,910)	(376,800)
Depreciation & Amortisation	5	(181,510)	(175,372)
Other operating income (expenses), net	5	(568)	(2,389)
Operating profit	5	**466,637**	**455,064**
Interest expense		(65,868)	(57,473)
Interest and other financial income		2,280	1,808
Foreign exchange gain (loss), net		(560)	11,784
Profit before taxes		**402,489**	**411,183**
Charge for taxes, net	7	(76,677)	(67,004)
Net profit for the period		**325,812**	**344,179**

(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 2014 for the year ended 31 December 2014 (see note 2).*

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

Combined Statement of Comprehensive Income for the year ended 31 December 2015

US$ '000	2015	2014
Net profit for the period	325,812	344,179
Other comprehensive income:		
Exchange differences on translation of operations to the US dollars reporting currency	(1,561)	17,168
Total comprehensive income for the period..................................	**324,251**	**361,347**

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

Combined Statement of Financial Position as at 31 December 2015

US$ '000	Notes	31 December 2015	31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	8	132,085	135,637
Property, plant and equipment, net	9	704,598	702,740
Deferred tax assets	7	4,723	7,067
Amounts due from related parties (non-current)	25	22	9,062
Other non-current assets		727	686
TOTAL NON-CURRENT ASSETS		**842,155**	**855,192**
CURRENT ASSETS			
Inventories	10	24,985	31,336
Trade receivables, net	11	46,671	38,637
Amounts due from non-controlling interests, associates and joint venture partners	25	634,210	458,171
Prepayments and accrued income	12	35,682	33,284
Supplier advances for capital expenditure	13	31,356	17,298
Current income tax assets	7	5,222	17,230
Other current assets		20,663	21,085
Restricted cash	14	3,315	2,339
Cash and cash equivalents	14	151,550	89,867
TOTAL CURRENT ASSETS		**953,654**	**709,247**
TOTAL ASSETS		**1,795,809**	**1,564,439**

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

Combined Statement of Financial Position as at 31 December 2015 (continued)

US$ '000	Notes	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	15	14,009	14,009
Equity contribution reserve		7,708	6,314
Other reserves		89,094	90,655
Retained profits		400,211	419,378
TOTAL EQUITY		**511,022**	**530,356**
LIABILITIES			
Non-current liabilities			
Amounts due to associates and joint venture partners	25	-	9,813
Other debt and financing	17	983,616	780,491
Provisions and other non-current liabilities	21	24,394	22,869
Deferred tax liabilities	7	2,437	716
Total non-current liabilities		**1,010,447**	**813,889**
Current liabilities			
Amounts due to related parties	25	18,394	8,111
Payables and accruals for capital expenditure	18	67,670	50,503
Trade payables	19	51,292	41,969
Accrued interest and other expenses	20	74,494	74,797
Current income tax liabilities	7	21,407	7,429
Provisions and other current liabilities	21	41,083	37,385
Total current liabilities		**274,340**	**220,194**
TOTAL LIABILITIES		**1,284,787**	**1,034,083**
TOTAL EQUITY AND LIABILITIES		**1,795,809**	**1,564,439**

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

Combined Statement of Cash Flows for the year ended 31 December 2015

US$ '000	Notes	31 December 2015	31 December 2014
Cash flows from operating activities			
Profit before taxes		**402,489**	**411,183**
Adjustments to reconcile to net cash:			
Interest expense		65,868	57,473
Interest and other financial income		(2,280)	(1,808)
Foreign exchange loss / (gain), net		560	(11,784)
Adjustments for non-cash items:			
Depreciation and amortization	8,9	181,510	175,372
Loss on disposal and impairment of assets		568	2,388
Share-based compensation	16	1,394	1,464
		650,109	**634,288**
(Increase)/Decrease in trade receivables, prepayments and other current assets		(4,014)	3,761
Decrease in inventories		6,286	1,170
Increase/(Decrease) in trade and other payables		6,989	(1,376)
Changes in working capital		**9,261**	**3,555**
Interest paid		(62,932)	(35,343)
Interest received		1,695	1,389
Taxes paid		(72,646)	(73,581)
Net cash provided by operating activities		**525,487**	**530,308**
Cash flows from investing activities:			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	4	(7,798)	(12,759)
Purchase of property, plant and equipment	9	(164,763)	(198,018)
Purchase of intangible assets	8	(6,709)	—
Proceeds from sale of property, plant and equipment		352	2,299
Proceeds from sale of intangibles		—	5,268
Net (increase)/decrease in restricted cash		(976)	427
Net cash used by investing activities		**(179,894)**	**(202,783)**
Cash flows from financing activities:			
Proceeds from other debt and financing	17	201,010	778,584
Repayment of debt and financing	17	—	(399,727)
Gross payment of dividends, advances and shareholders loans	25	(485,605)	(668,386)
Net cash used by financing activities		**(284,595)**	**(289,529)**
Exchange gains on cash and cash equivalents, net		685	1,782
Net increase in cash and cash equivalents		**61,683**	**39,778**
Cash and cash equivalents at the beginning of the year		89,867	50,089
Cash and cash equivalents at the end of the year		**151,550**	**89,867**

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

Combined Statements of Changes in Equity for the years ended 31 December 2015 and 31 December 2014

US$ '000	Share capital (000's)	Equity Contribution Reserve (i) (000's)	Other reserves (iii) (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**
Profit for the period…………………………………	—	—	—	*344,179*	*344,179*
Currency translation differences……………………	—	—	*17,168*	—	*17,168*
Total comprehensive income for the period………..	—	—	17,168	344,179	361,347
Dividends (ii)……………………………………….....	—	—	—	(369,555)	(369,555)
Share based compensation…………………………..	—	1,464	—	—	1,464
Balance on 31 December 2014	**14,009**	**6,314**	**90,655**	**419,378**	**530,356**
Profit for the period……..…………………………	—	—	—	325,812	325,812
Currency translation differences……………………	—	—	(1,561)	—	(1,561)
Total comprehensive income for the period………..	—	—	(1,561)	325,812	324,251
Dividends (ii) ……………………………………..	—	—	—	(344,979)	(344,979)
Share based compensation…………………………	—	1,394	—	—	1,394
Balance on 31 December 2015	***14,009***	***7,708***	***89,094***	***400,211***	***511,022***

(i) Share-based compensation – see note 16.
(ii) Dividends – see note 22.
(iii) Other reserves include legal reserves of $ 92 million and currency translation differences for $(3) million in 2015. (2014 $(2) million, 2013 $(20) million). Legal reserves are undistributable.

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

Notes to the Combined Financial Statements for the year ended 31 December 2015

1. ORGANIZATION

The combined financial statements are composed of 10 companies (the "Combined Group" or "Tigo Guatemala Companies") as detailed in the table below:

Name of the company	Country	31 December 2015	31 December 2014
		% of ownership interest	% of ownership interest
Comunicaciones Celulares, S.A.	Guatemala	100	100
Comunicaciones Corporativas, S.A.	Guatemala	100	100
Servicios especializados en telecomunicaciones, S.A.	Guatemala	100	100
Distribuidora de comunicaciones de occidente, S.A. ..	Guatemala	100	100
Distribuidora central de comunicaciones, S.A.	Guatemala	100	100
Distribuidora de comunicaciones de oriente, S.A.	Guatemala	100	100
Distribuidora internacional de comunicaciones, S.A. .	Guatemala	100	100
Servicios Innovadores de Comunicación y Entretenimiento, S.A.…………………………………………………....	Guatemala	100	100
Navega.com, S.A..	Guatemala	100	100
Intertrust SPV (Cayman) Limited.	Cayman	100	100

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 16). 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.

With the proceeds of this bond, Comunicaciones Celulares, S.A. entered into a senior unsecured loan ("the Loan") with Credit Suisse AG, Cayman Islands Branch. The proceeds of the bond were used by the Comcel Trust to purchase a 100% participation interest in the Loan pursuant to a credit and guarantee. The Loan between the Comcel Trust, Credit Suisse and Comunicaciones Celulares, S.A. has been set up in a way such that, under IFRS, the Tigo Guatemala Companies have derecognized both its asset and liability towards Credit Suisse from the date of the agreement.

Our Combined Financial Statements only include subsidiaries of the Tigo Guatemala Companies located in Guatemala and therefore do not consolidate other subsidiaries outside Guatemala that are not material over which the Combined Group has control as of, and for, the periods presented. These subsidiaries represented less than 1% of the combined total revenue, less than 1% of the combined EBITDA, less than 1% of the combined total assets and less than 1% of the combined total liabilities of the Combined Group as of, and for the twelve month period ended 31 December 2015.

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.

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.

1. ORGANIZATION (Continued)

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.

The representatives to the Board of Directors ("Board") of Comunicaciones Celulares, S.A. and the other Tigo Guatemala companies have authorised for issue these combined financial statements on 22 April 2016.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The companies composing the Combined Group are all companies in the telecommunication sector which are all owned 55% by Millicom International II, N.V. and 45% by Miffin Associates Corp. Entities are fully combined from the date on which they are transferred to the Combined Group. They are de-combined from the date that relation ceases.

The combined financial statements of the Combined Group have been prepared on the basis of accounting policies, and presented in accordance with presentation and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("IFRS").

The combined financial statements are presented in US dollars and all values are rounded to the nearest thousand (US$ '000) except when otherwise indicated. The combined financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities that have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying IFRS. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in note 3.

2.2 Combination

The combined entities and the combined financial statements have the same calendar year closing and use consistent accounting policies for each year presented. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated. Companies linked to one another by combination are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

The acquisition method of accounting is used to account for acquisitions where there is a change in control (i.e. when the Combined Group owners obtain control over another entity or business). The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Combined Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognized directly in the income statement. All acquisition related costs are expensed. Figures from entities entering into the combination are added to the figures of the existing combination at the time of the entry into the Combined Group.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each of the Combined Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency reflects the economic substance of the underlying events and circumstances of these entities. Given the purposes of the Combined Group's combined financial statements, those are presented in U.S. dollars (the "presentation currency") while the functional currency of all entities is the Guatemalan Quetzal.

The following table presents relevant currency translation rates to the U.S. dollar as of 31 December 2015 and 2014 and average rates for 2015 and 2014.

Country	Currency	2015 Average rate	2015 Year-end rate	2014 Average rate	2014 Year-end rate
Guatemala	Quetzal	7.65	7.63	7.73	7.60

Transactions and balances

Transactions denominated in a currency other than the functional currency are translated into the functional currency using exchange rates prevailing on transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and on translation of monetary assets and liabilities denominated in currencies other than the functional currency at year-end exchange rates, are recognized in the combined income statement, except when deferred in equity as qualifying cash flow hedges.

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and end of the year.

Translation into presentation currency

The results and financial position of all Combined Group entities are translated into US dollar as follows:

i) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;

ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) All resulting exchange differences are recognized as a separate component of equity ("Other reserves").

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation (Continued)

When a combined entity is sold, exchange differences that were recorded in equity are recognized in the combined income statement as part of gain or loss on sale.

Goodwill and fair value adjustments arising on acquisition of a combined entity are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 Property, plant and equipment

Items of property, plant and equipment are stated at either historical cost or the lower of fair value and present value of the future minimum lease payments for items under finance leases, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items. The carrying amount of replaced parts is derecognized.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset and the remaining life of the license associated with the assets, unless the renewal of the license is contractually possible.

Estimated useful lives are:

Buildings.. 40 years or lease period, if shorter

Networks (including civil works)................................. 5 to 15 years

Other .... 2 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labor and other direct costs associated with property, plant and equipment being constructed by the Combined Group. Once the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and depreciation commenced.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Combined Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement in the financial period in which they are incurred. Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognized.

A liability for the present value of the cost to remove an asset on both owned and leased sites is recognized when a present obligation for the removal exists ("asset retirement obligations"). The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset when it is probable that such costs will result in future economic benefits for the Combined Group and the costs can be measured reliably.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the combined income statement in the year in which expenditure is incurred.

Intangible assets with finite useful lives are amortized over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the combined income statement in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition, over the Combined Group owners' share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired business at the date of the acquisition. If the fair value of identifiable assets, liabilities or contingent liabilities or the cost of the acquisition can only be determined provisionally, then the Combined Group initially accounts for goodwill using provisional values. Within twelve months of the acquisition date, the Combined Group then recognizes any adjustments to the provisional values once the fair value of the identifiable assets, liabilities and contingent liabilities and the cost of the acquisition have been finally determined. Adjustments to provisional fair values are made as if the adjusted fair values had been recognized from the acquisition date. Goodwill on acquisition of subsidiaries is included in "intangible assets, net". Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Combined Group's cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Combined Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Combined Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.5 Intangible assets (Continued)

Licenses

Licenses are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Licenses have a finite useful life and are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives.

The terms of licenses, which have been awarded for various periods, are subject to periodic review for, amongst other things, rate setting, frequency allocation and technical standards. Licenses are initially measured at cost and are amortized from the date the network is available for use on a straight-line basis over the license period. Licenses held, subject to certain conditions, are usually renewable and generally non-exclusive. When estimating useful lives of licenses, renewal periods are not included. Licenses were all renewed for 20 years on December 2012 and January 2013.

Trademarks and customer bases

Trademarks and customer bases are recognized as intangible assets only when acquired or gained in a business combination. Their cost represents fair value at the date of acquisition. Trademarks and customer bases have finite useful lives and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the trademarks and customer bases over their estimated useful lives.

The estimated useful lives for trademarks and customer bases are based on specific characteristics of the market in which they exist. Trademarks and customer bases are included in “Intangible assets, net”.

Estimated useful lives are:

Trademarks..	1 to 15 years
Customer bases	4 to 9 years

Indefeasible Rights of Use

Indefeasible rights of use (“IRU”) agreements are mainly composed of purchase and / or sale of specified infrastructure, purchase and / or sale of lit fibre capacity and exchange of network infrastructure or lit fibre capacity. These arrangements are either accounted for as leases, service contracts, or partly as leases and partly as service contracts. Determination of the appropriate classification depends on an assessment of the characteristics of the arrangements.

A network capacity contract is accounted for as a lease if, and when:

- The purchaser has an exclusive right to the capacity for a specified period and has the ability to resell (or sub-let) the capacity; and
- The capacity is physically limited and defined; and
- The purchaser bears all costs related to the capacity (directly or not) including costs of operation, administration and maintenance; and
- The purchaser bears the risk of obsolescence during the contract term.

If all of these criteria are not met, the IRU is treated as a service contract.

If the arrangement is, or contains a lease, the lease is accounted for as either an operating lease or a financial lease (see policy note Leases 2.15). A financial lease of an IRU of network infrastructure is accounted for as a tangible asset. A financial lease of an IRU on capacity is accounted for as an intangible asset.

Estimated useful lives of finance leases of IRU’s of capacity are between 12 and 15 years, or shorter if the estimated useful life of the underlying cable is shorter.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.6 Impairment of non-financial assets

At each reporting date the Combined Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Combined Group makes an estimate of the asset's recoverable amount. The Combined Group determines the recoverable amount based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value less cost to sell is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset. The foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses of continuing operations are recognized in the combined income statement in expense categories consistent with the function of the impaired asset.

At each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.7 Loans and receivables

Loans and receivables (from related parties or from third parties) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortized cost using the effective interest method. Gain and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2.8 Inventories

Inventories (which mainly consist of mobile telephone handsets and related accessories) are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is recorded when there is objective evidence that the Combined Group will not be able to collect amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are indicators of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognized in the combined income statement within "Cost of sales".

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.10 Deposits

Time deposits

Cash deposits with banks with maturities of more than three months that generally earn interest at market rates are classified as time deposits.

Pledged deposits

Pledged deposits represent contracted cash deposits with banks that are held as security for debts at corporate or operational entity level. The Combined Group is unable to access these funds until either the relevant debt is repaid or alternative security is arranged with the lender.

2.11 Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash held with banks related to mobile financial services which is restricted in use due to local regulations is denoted as restricted cash.

2.12 Impairment of financial assets

The Combined Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognized in the combined income statement.

2.13 Equity contribution

Common shares are classified as equity. Equity contribution presented in the combined financial statements is the sum of the equity contribution from the parents of the combined entities as presented and described under Note 1.

2.14 Borrowings

Borrowings are initially recognized at fair value, net of directly attributable transaction costs. After initial recognition borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognized in the combined income statement over the period of the borrowing.

Borrowings (including accrued or capitalized interest) are classified as current liabilities unless the Combined Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.15 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and involves an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset.

Finance leases

Finance leases, which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Where a finance lease results from a sale and leaseback transaction, any excess of sales proceeds over the carrying amount of the assets is deferred and amortized over the lease term.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.15 Leases (Continued)

Finance leases (Continued

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets, or the lease term if there is no reasonable certainty that the Combined Group will obtain ownership by the end of the lease term.

Operating leases

Operating leases are all other leases that are not finance leases. Operating lease payments are recognized as expenses in the combined income statement on a straight-line basis over the lease term.

2.16 Provisions

Provisions are recognized when the Combined Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Combined Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognized as interest expenses.

2.17 Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method where the effect of the passage of time is material.

2.18 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of value added tax, rebates and discounts and after eliminating intra-group sales.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Combined Group and the revenue can be reliably measured. The Combined Group operates the following revenue streams:

- Recurring revenue from telecom services consist of monthly subscription fees, airtime usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value added services. Recurring revenues are recognized on an accrual basis, i.e. as the related services are rendered.
- Unbilled revenue for airtime usage and subscription fees resulting from services provided from the billing cycle date to the end of each month are estimated and recorded.
- Subscription products and services are deferred and amortized over the estimated life of the customer relationship. Related costs are also deferred, to the extent of the revenues deferred, and amortized over the estimated life of the customer relationship. The estimated life of the customer relationship is calculated based on historical disconnection percentage for the same type of customer.
- Where customers purchase a specified amount of airtime in advance, revenue is recognized as airtime credit is used. Unused airtime credit is carried in the statement of financial position as deferred revenue within “other current liabilities”.
- Revenue from content services such as video messaging, ringtones, games etc., are recognized net of payments to the providers under certain conditions including if the providers are responsible for the content and determining the price paid by the customer. For such services the Combined Group is considered to be acting in substance as an agent. Other revenue is recognized gross.
- Revenue from the sale of handsets and accessories are recognized when the significant risks and rewards of ownership of handsets and accessories have been passed to the buyer.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition (Continued)

- Revenue arrangements with multiple service deliverables ("Bundled Offers") such as various services sold together are divided into separate units of accounting if the deliverables in the arrangement meet certain criteria. The arrangement consideration is then allocated among the separate units of accounting based on their relative fair values or on the residual method. Revenue is then recognized separately for each unit of accounting.
- Revenue from sale of capacity is recognized when the capacity has been delivered to the customers, based on the amount expected to be received from customers.
- Revenue from provision of mobile financial services is recognized once the primary service has been provided to the customer.
- Revenue from cable subscription, which do not vary according to usage, are recognized straight line evenly over the service period. Revenue from separate fees paid by cable subscribers for individual movies or special programs is recognized when the service is rendered. Revenue generated from sale of advertising carried on the transmission facilities is recognized in the period in which commercials or programs are broadcast. If the advertising arrangement is completed in phases, then revenue is recognized as each phase is completed.

2.19 Cost of sales

The primary cost of sales incurred by the Combined Group in relation to the provision of telecommunication services relate to interconnection costs, roaming costs, rental of leased lines, costs of handsets and other accessories sold, and royalties. Cost of sales is recorded on an accrual basis.

Cost of sales also includes depreciation and any impairment of network equipment and trade receivables.

All services provided by Millicom and Miffin group companies are charged back to the Combined Group on an arm's length basis.

2.20 Customer acquisition costs

Specific customer acquisition costs, including dealer commissions and handset subsidies, are recorded as sales and marketing expenses when the customer is activated.

2.21 Employee benefits

Share based compensation

Share awards are granted to management and key employees of the Combined Group. Awards are settled in shares of MIC.

The cost of share-based compensation is based on the fair value (market value) of the shares on grant date and, is recognized, together with a corresponding increase in equity contribution reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date). The cumulative expense recognized for share-based compensation at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Combined Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied. Where the terms of a share-based compensation are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.22 Taxation

Current tax

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred income tax is provided using the liability method and calculated from temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax assets relate to deductible temporary differences from initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize the deferred income tax asset. Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent it is probable that future taxable profit will enable the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realized or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the combined income statement. Deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment reporting

The operations of Tigo Guatemala Companies are managed as part of the integrated management structure of the ultimate holding companies of the shareholders such that no dedicated management reporting information is presented for Tigo Guatemala Companies to a chief decision maker at this group level. Internal reporting to Shareholders' CODM are based on the Combined Group taken as a whole (as defined in Note 1).

Accordingly, the Combined Group has only one segment and no other segment reporting is applicable.

2.24 Changes in accounting policies

In 2014 the Combined Group had changed the determination of the cost of inventories from the first-in, first-out (FIFO) method to the weighted average method. The impact of this change was not significant for the Combined Group.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

New and amended standards adopted by the Combined Group

The following IFRS standards and amendments to standards have been adopted by the Combined Group for the first time for the financial year beginning on 1 January 2015. These have not had a material impact on the Combined Group.

- IFRIC 21, 'Levies' , which provides guidance on when to recognize a levy imposed by a government;
- Defined Benefit Plans : Employee Contributions (amendments to IAS 19);
- Annual Improvements projects (2010-2012 Cycle and 2011-2013) 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.

New standards and interpretations not yet adopted by the Combined Group

The following IFRS standards, amendments and interpretations issued are not effective for the financial year beginning 1 January 2015 and have not been early adopted by the Combined Group.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Combined Group does not expect a significant impact from the adoption of these amendments and intend to adopt this amendment to IFRS 10 no later than the compulsory adoption date of 1 January 2016 (subject to endorsement by the EU).

- 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. The Combined Group has considered the changes brought by IAS 1 amendments and does not expect significant further impact to its financial reporting. The Combined Group will apply this amendment on 1 January 2016.

- 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', (with consequential amendments to IFRS 1) regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates, IAS 34, 'Interim financial reporting' regarding disclosure of information. Those amendments are not expected to have a significant impact for the Combined Group. Effective date of adoption is 1 January 2016.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was originally issued in November 2009 and October 2010 and subsequently amended in July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value, and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. A final standard on hedging (excluding macro-hedging) has been issued in November 2013 which aligns hedge accounting more closely with risk management and allows to continue hedge accounting under IAS 39. The Combined Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the compulsory adoption date of 1 January 2018 for classification, measurement and recognition provisions (subject to endorsement by the EU) and the transition date for prospective application of hedge accounting provisions (subject to endorsement by the EU) is not yet determined.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.24 Changes in accounting policies (Continued)

- IFRS 15, 'Revenue from Contracts with Customers', which establishes a five-step model related to revenue from customers. Under IFRS 15, revenue is recognized at amounts that reflect the consideration that an entity expects to be entitled in exchange for transferring products or services to a customer. The Combined Group is currently assessing IFRS 15's full impact and intends to adopt IFRS 15 no later than the compulsory adoption date of 1 January 2018 (subject to endorsement by the EU).

- IFRS 16 'Leases' was issued on 13 January 2016. It replaces IAS 17 Leases. The major change introduced by the new Standard is that leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee - the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements. The new Standard is effective 1 January 2019 (subject to endorsement by the EU). Early application is permitted (as long as the recently issued revenue Standard, IFRS 15 'Revenue from Contracts with Customers' is also applied).). The Combined Group is yet to assess IFRS 16's full impact, however initial analysis suggests that the applicable of this Standard will affect net debt and leverage ratios of the Combined Group as all lease commitments will be brought onto the balance sheet.

- IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses" issued by the IASB in January 2016 and effective 1 January 2017 (subject to endorsement by the EU).

- 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.

There are no other IFRS's or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Combined Group.

In addition to the above changes and amendments, the following changes in accounting policies have been adopted by the Combined Group on a voluntary basis for the financial year beginning on 1 January 2015:

The Combined Group voluntarily changed the presentation of the income statement from function to nature of costs compared to the income statement for the year ended 31 December 2014. A reconciliation to the former presentation of the income statement for the year 31 December 2014 is shown below.

	Year ended 31 December 2014		
US$ millions	**Former presentation**	**Reclassifications**	**New presentation**
Revenue	1,245,597	—	1,245,597
Cost of Sales	(372,349)	136,377	(235,972)
Gross profit	**873,248**	**136,377**	**1,009,625**
Sales and Marketing	(202,475)	202,475	—
General and Administrative expenses	(215,709)	215,709	—
Operating expenses	—	(376,800)	(376,800)
Depreciation & Amortisation	—	(175,372)	(175,372)
Other operating income (expenses), net	—	(2,389)	(2,389)
Operating profit	**455,064**	**—**	**455,064**

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments

Management judgment is applied in application of IFRS accounting policies and accounting treatment in preparation of these consolidated financial statements. In particular a significant level of judgment is applied regarding the following items:

- Contingent liabilities – the determination of whether or not a provision should be recorded for any potential liabilities.
- Leases – determination of whether the substance of leases meets the IFRS criteria for recognition as finance or operating leases or services contracts, or elements of each.
- Acquisition – allocation of excess of purchase price between newly identified assets and goodwill, measurement of property, plant and equipment and intangible assets and assessment of useful lives.
- Scope of entities combined – the combined financial statements only include subsidiaries of the Tigo Guatemala Companies located in Guatemala and therefore do not consolidate other subsidiaries outside Guatemala that are not material over which the Combined Group that are not material over which the Combined Group has control as of, and for, the periods presented.

Estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of inherent uncertainties in this evaluation process, actual results may be different from originally estimated amounts. These estimates are subject to change as new information becomes available and may significantly affect future operating results.

Significant estimates have been applied in respect of the following items:

- Accounting for property, plant and equipment, and intangible assets in determining fair values at acquisition dates, particularly in the case of sales and leaseback transactions, and assets acquired in business combinations.
- Estimating useful lives of property, plant and equipment and intangible assets.
- Estimation of provisions, particularly related to bad debt, legal, tax risks and asset retirement obligations.
- Impairment testing.
- Accounting for share based payments.
- Fair value of financial assets and liabilities.

For our critical accounting estimates reference is made to the relevant individual notes to these combined financial statements, more specifically note 7—Taxes, note 8—Intangible assets, note 9—Property, plant and equipment, note 11—Trade receivables, note 24—Commitments and contingencies.

4. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

In 2015 and 2014, the Combined Entities made small acquisitions of cable businesses for a total consideration of respectively $ 8 million (Aetna, Artemis, Aruba and Dalia) and $ 13 million (Aria, Atenas, Beta and Eos).

In 2015 of $ 8 million the combined entities booked US$ 4 million and US$ 3 million as goodwill and customer list, respectively, and the remaining $ 1 million corresponds to PP&E.

5. ANALYSIS OF OPERATING PROFIT

The gross profit and operating profit of the Combined Group can be summarized as follows:

US$ '000	2015	2014
Revenue………..	1,302,889	1,245,597
Cost of rendering telecommunication services......................................	(257,264)	(235,972)
Depreciation and amortization (see notes 8 and 9)	(181,510)	(175,372)
Dealer commissions……………………………………………………......	(88,797)	(90,301)
Employee related costs (see note 6)………..	(59,399)	(48,771)
Sites and network maintenance..	(64,876)	(66,689)
Advertising and promotion..	(26,255)	(24,930)
Phone subsidies…………………..	(53,280)	(46,220)
External services………..	(30,958)	(33,148)
Operating lease expense (see note 24)	(40,707)	(37,257)
Other fees and costs……..	(5,774)	(5,256)
(Loss) gain on disposal and impairment of assets, net	(568)	(2,388)
Other expenses………………………………………………………….......	(26,864)	(24,229)
Operating profit	**466,637**	**455,064**

6. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following:

US$ '000	2015	2014
Wages and salaries…………..	(51,604)	(42,461)
Social security……………..	(3,273)	(2,723)
Share based compensation (see note 16)	(1,394)	(1,464)
Other employee related costs………………………………………….....	(3,128)	(2,123)
Total (see note 5)………………………..	**(59,399)**	**(48,771)**

The average number of permanent employees during the years ended 31 December 2015 and 2014 was as follows:

US$ '000	2015	2014
Total average number of permanent employees ……………….............	**1,943**	**1,695**

7. TAXES

Guatemalan companies are subject to all taxes applicable to Guatemalan limited liability companies. The effective tax rate is 19% (2014: 16%).

The reconciliation between the weighted average statutory tax rate and the effective average tax rate is as follows:

US$ '000	2015 %	2014 %
Statutory tax rate (based on income)	25	28
Tax based on revenue	(6)	(12)
Effective tax rate	**19**	**16**

The tax on revenue is of 7% in 2015 and 2014.

The charge for income taxes is shown in the following table and recognizes that revenue and expense items may affect the financial statements and tax returns in different periods (temporary differences):

US$ '000	2015	2014
Current income tax charge	(72,647)	(72,099)
Net deferred income tax benefit (expense)	(4,030)	5,095
Charge for taxes	**(76,677)**	**(67,004)**

The tax effects of significant items excluding the exchange movements and comprising the Combined Group's net deferred income tax asset and liability as of 31 December 2015 and 2014 are as follows:

	Combined Balance Sheet		Combined Income Statement	
US$ '000	2015	2014	2015	2014
Temporary differences between book and tax basis of intangible assets and property, plant and equipment	2,286	6,351	(4,030)	5,095
Deferred tax benefit (expense)			**(4,030)**	**5,095**
Deferred tax assets, net	**2,286**	**6,351**		
Reflected in the statements of financial position as:				
Deferred tax assets	4,723	7,067		
Deferred tax liabilities	(2,437)	(716)		

Deferred income tax assets and liabilities reflect temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The majority of deferred tax balances represent long term items. There are no carried forward tax losses within the combined entities.

7. TAXES (Continued)

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

Current income tax assets at 31 December of each year comprise:

US$ '000	2015	2014
Current income tax assets	5,222	17,230
Total	**5,222**	**17,230**

The decrease in current income tax assets mainly results from the use of the tax paid in advance relating to the dividends 2014.

Current income tax liabilities at 31 December of each year comprise:

US$ '000	2015	2014
Current income tax liabilities	21,407	7,429
Total	**21,407**	**7,429**

The increase in current income tax liabilities relates to the withholding tax provision on the 2015 dividends resulting from the tax ruling obtained from the "*Superintendencia de Administracion Tributaria*" (SAT) which is applicable as from the current year.

8. INTANGIBLE ASSETS

Movements in intangible assets in 2015 were as follows:

US$ '000	Goodwill	Licenses	Customer lists	Other (i)	Total
Opening balance, net	**53,547**	**21,847**	**46,746**	**13,497**	**135,637**
Acquisition of business (see note 4)	3,877	—	2,995	—	6,872
Additions	—	9	—	1,249	1,258
Amortization charge	—	(1,240)	(8,058)	(2,591)	(11,889)
Transfers from PP&E	—	21	—	878	899
Exchange rate movements	(355)	(106)	(201)	(30)	(692)
Closing balance, net	**57,069**	**20,531**	**41,482**	**13,003**	**132,085**
As at 31 December 2015					
Cost	57,069	55,182	103,282	26,778	242,311
Accumulated amortization	—	(34,651)	(61,800)	(13,775)	(110,226)
Net	**57,069**	**20,531**	**41,482**	**13,003**	**132,085**

(i) Other caption mainly relates to IRUs.

8. INTANGIBLE ASSETS (Continued)

Movements in intangible assets in 2014 were as follows:

US$ '000	Goodwill	Licenses	Customer lists	Other (i)	Total
Opening balance, net	**50,130**	**22,375**	**48,117**	**20,297**	**140,919**
Acquisition of business (see note 4) (ii)	1,140	—	8,378	—	9,518
Amortization charge	—	(1,226)	(10,873)	(2,494)	(14,593)
Disposals	—	—	—	(5,268)	(5,268)
Exchange rate movements	2,277	698	1,124	962	5,061
Closing balance, net	**53,547**	**21,847**	**46,746**	**13,497**	**135,637**
As at 31 December 2014					
Cost	53,547	55,153	100,716	25,440	234,856
Accumulated amortization	—	(33,306)	(53,970)	(11,943)	(99,219)
Net	**53,547**	**21,847**	**46,746**	**13,497**	**135,637**

(i) Other caption mainly relates to IRUs.
(ii) Restated for the final PPA adjustment relating to previous period acquisitions (Beta and Lambda for US$ 6.1 million recognised as part of the customer list

The following table provides details of cash used for the purchase of intangible assets:

US$ '000	2015	2014
Additions	1,258	—
Change in capex accruals and payables	5,451	—
Cash used for the purchase of intangible assets	**6,709**	—

Impairment test of goodwill

As at 31 December 2015 and 2014, management tested goodwill for impairment. The Combined Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill is allocated.

The recoverable amount of a cash-generating unit ("CGU") or group of CGUs is determined based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital, capital expenditure and license renewal cost) are extracted from financial budgets approved by management and the Board of MIC Group covering a period of five years. The planning horizon reflects industry practice in the countries where the Combined Group operates. Cash flows beyond this period are extrapolated using a perpetual growth rate of 2% (2014: 2%). The Combined Group has determined that the decision-making process as well as the level of detail of available information require that the Combined Group is the only CGU. The recoverable amounts have been determined for the cash generating units based on discount rate of 10.9% for the year ended 31 December 2015 (2014: 10.8%). Based on the results of the impairment test performed, management concluded that no impairment losses should be recorded on goodwill for the years ended 31 December 2015 and 2014.

Sensitivity analysis was performed on key assumptions within the impairment tests, including long-term growth rates, discount rates and operating profits. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

9. PROPERTY, PLANT AND EQUIPMENT

Movements in tangible assets in 2015 were as follows:

US$ '000	Network equipment	Land and Buildings	Construction in Progress	Other (i)	Total
Opening balance, net	**606,145**	**12,357**	**43,979**	**40,259**	**702,740**
Additions	66,761	1,863	93,791	11,039	173,454
Net disposals	(541)	—	(290)	(88)	(919)
Depreciation charge	(147,504)	(3,729)	—	(18,388)	(169,621)
Asset retirement obligations	2,391	—	—	—	2,391
Transfers to intangible assets	—	—	(899)	—	(899)
Transfers between PP&E	52,243	2,349	(50,137)	(4,455)	—
Exchange rate movements	(2,983)	(66)	1,186	(685)	(2,548)
Closing balance 31 December 2015	**576,512**	**12,774**	**87,630**	**27,682**	**704,598**
Cost or valuation	1,461,224	27,740	87,630	88,815	1,665,409
Accumulated depreciation	(884,712)	(14,966)	—	(61,133)	(960,811)
Net	**576,512**	**12,774**	**87,630**	**27,682**	**704,598**

(i) The caption "Other" mainly includes office equipment and motor vehicles.

In relation to the customer agreement which has been impaired as disclosed in note 11, the Combined Group has invested equipment having a net book value of $ 37.7 million as of 31 December 2015 to be able to render the services in relation to this contract. There is therefore a risk that such fixed assets may be impaired in the future, if the contract is not fulfilled and if the assets cannot be redeployed.

Movements in tangible assets in 2014 were as follows:

US$ '000	Network equipment	Land and Buildings	Construction in Progress	Other (i)	Total
Opening balance, net	**545,434**	**12,658**	**48,110**	**29,852**	**636,054**
Acquisition of business (see note 4)	—	—	3,240	—	3,240
Additions	93,092	2,965	97,606	10,290	203,953
Net disposals	(3,703)	—	(707)	(154)	(4,564)
Depreciation charge	(134,125)	(3,620)	—	(23,034)	(160,779)
Asset retirement obligations	4,870	—	—	—	4,870
Transfers	82,784	(29)	(105,790)	23,035	—
Exchange rate movements	17,793	383	1,520	270	19,966
Closing balance 31 December 2014	**606,145**	**12,357**	**43,979**	**40,259**	**702,740**
Cost or valuation	1,326,974	23,600	43,979	110,288	1,504,841
Accumulated depreciation	(720,829)	(11,243)	—	(70,029)	(802,101)
Net	**606,145**	**12,357**	**43,979**	**40,259**	**702,740**

(i) The caption "Other" mainly includes office equipment and motor vehicles.

The following table provides details of cash used for the purchase of property, plant and equipment:

US$ '000	2015	2014
Additions	173,454	203,953
Change in suppliers advances	14,111	(3,854)
Change in capex accruals and payables	(22,802)	(2,081)
Cash used for the purchase of property, plant and equipment	**164,763**	**198,018**

Borrowing costs capitalized during the years ended 31 December 2015 and 2014 were not significant.

10. INVENTORIES

Inventories (net of impairment for obsolescence amounting to $ 2.4 million at 31 December 2015 and $ 2 million at 31 December 2014) at 31 December of each year comprise:

US$ '000	2015	2014
Telephones and equipment	23,020	26,220
Sim cards	1,237	216
Other	728	4,900
Total	**24,985**	**31,336**

11. TRADE RECEIVABLES, NET

US$ '000	2015	2014
Gross trade receivables	79,521	48,650
Less: provisions for impairment of receivables	(32,850)	(10,013)
Trade receivables, net	**46,671**	**38,637**

The increase in gross trade receivables relates to Comunicaciones Celulares, S.A. entered into five year contracts, on April 10 2014, 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 2015, these contracts generated $ 25.7 million of accounts receivable (2014 nil). As at 31 December 2015 no payment has been received for this service due to government budget restrictions. A provision for impairment of these receivables has been made for an amount of $ 17.4 million.

The nominal value less impairment of trade receivables approximates their fair values (see note 26). As at 31 December 2015, and 2014, the ageing analysis of trade receivables is as follows:

US$ '000	Neither past due nor impaired	Past due (net of impairments)			Total
		<30 days	30–90 days	>90 days	
2015					
Telecom operators	4,293	—	—	—	4,293
Own customers	14,348	8,725	2,287	208	25,568
Others	13,696	1,922	1,048	144	16,810
Total	**32,337**	**10,647**	**3,335**	**352**	**46,671**
2014					
Telecom operators	4,861	—	—	—	4,861
Own customers	13,008	2,471	1,866	—	17,345
Others	16,431	—	—	—	16,431
Total	**34,300**	**2,471**	**1,866**	**—**	**38,637**

12. PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income at 31 December of each year comprise:

US$ '000	2015	2014
Prepayments	5,616	5,451
Accrued income	30,066	27,833
Total	**35,682**	**33,284**

The increase in accrued income mainly relates to interconnect, B2B contracts, Tigo Media and roaming income.

13. SUPPLIER ADVANCES FOR CAPITAL EXPENDITURE

Supplier advances for capital expenditure at 31 December of each year comprise:

US$ '000	2015	2014
Supplier advances for capital expenditure (tangible)...............................	31,356	17,298
Total	**31,356**	**17,298**

The increase in supplier advances for capital expenditure mainly relates to network modernization together with LTE and 3G coverage sites and capacity expansion.

14. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprised:

US$ '000	2015	2014
Cash and cash equivalents in U.S. dollars...	82,117	50,855
Cash and cash equivalents in other currencies.......................................	69,433	39,012
Total cash and cash equivalents..	**151,550**	**89,867**

Cash balances are diversified among domestic banks in Guatemala.

Restricted cash comprised:

US$ '000	2015	2014
Restricted cash in GTQ..	3,315	2,339
Total restricted cash..	**3,315**	**2,339**

Restricted cash mainly refers to cash within the mobile financial services business, which is restricted in accordance with local regulations.

15. EQUITY CONTRIBUTION

As at years ended 31 December 2015 and 2014 the issued share capital of the combined entities consists of:

	2015		2014	
Company names	**Shares**	**Par value (GTQ)**	**Shares**	**Par value (GTQ)**
Comunicaciones Celulares, S.A....................................	500	50,000	500	50,000
Comunicaciones Corporativas, S.A.	20	500	20	500
Servicios Especializados en Telecomunicaciones, S.A...	100	100	100	100
Distribuidora de Comunicaciones de Occidente, S.A......	20	500	20	500
Distribuidora Central de Comunicaciones, S.A.	20	500	20	500
Distribuidora de Comunicaciones de Oriente, S.A.	20,020	500	20,020	500
Distribuidora Internacional de Comunicaciones, S.A.	20	500	20	500
Servicios Innovadores de Comunicación y Entretenimiento, S.A.	20	500	20	500
Navega.com, S.A.	200,017	100	200,017	100

The above-mentioned shares have been fully issued and fully paid.

16. SHARE BASED COMPENSATION

(a) Long-Term Incentive Plans

Long term incentive awards consist of three-year deferred share awards and performance share awards plans. All shares issued are MIC shares (one of the ultimate shareholders of the Tigo Guatemala Companies), the cost of which is recorded as equity contribution reserve and the fair value of equity-settled shares granted is estimated at the date of grant using the market price of MIC shares on that date. There are two types of plan applicable for the Combined Group, a deferred share plan and a future performance share plan (*replaced by the Performance Share Plan as from 2015)*.

For the deferred awards plan, participants are granted shares based on past performance, with 16.5% of the shares vesting on 1 January of each of year 1 and 2, and the remaining 67% on 1 January of year 3. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date

For the future performance share plan, participants earn the right to receive shares on the third anniversary of the grant date. The right and the number of shares that vest are conditional 50% based on Return on Capital Investment (ROIC) and 50% based on EPS and upon the participant remaining employed with Millicom at the vesting date. The cost of this long-term incentive plan is not conditional on market conditions.

Under the performance share plan (new 2015, replacing the future performance share plan), shares granted will vest at the end of the three year period, subject to performance conditions, 62.5% based on Absolute Total Shareholder Return ("TSR") and 37.5% based on actual vs budgeted EBITDA – CAPEX- Change in Working Capital ("Free Cash Flow"). As the TSR measure is a market condition, the fair value of the shares in the performance share plan requires adjustment for future market based conditions

For this, a specific valuation has been performed at grant date based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions.

The free cash flows ("FCF") condition is a non-market measure which has been considered together with the leaving estimate and based initially on a 100% fulfilment expectation. The reference share price for 2015 Performance Share Plan is the same share price as the share price as the Deferred Share Plan.

The Combined Group has accounted for shared based compensation for the management and key employees of the companies included in the Combined Group.

A summary of the shares vested under the relevant plans at 31 December 2015 and 2014 is as follows:

US$ '000	Shares vested as of December 2015	Shares vested as of December 2014
Plans		
2011 Deferred Plan	—	10,116
2011 Performance Plan	—	2,771
2012 Deferred Plan	10,229	3,503
2012 Performance Plan	1,008	—
2013 Deferred Plan	4,985	4,105
2014 Deferred Plan	2,551	—
Total	**18,773**	**20,495**

16. SHARE BASED COMPENSATION (Continued)

(b) Total share-based compensation expense

The number of share awards ultimately expected to vest under the current long term incentive plans is as follows:

US$ '000	Performance shares 2015	Deferred share awards 2015	Performance shares 2014	Deferred share awards 2014	Performance shares 2013	Deferred share awards 2013
Shares granted	23,253	1,538	1,130	15,457	1,228	15,099
Revision for actual and expected forfeitures	(1,172)	—	—	(554)	—	(483)
Shares vested	—	—	—	(2,551)	—	(4,985)
Share awards expected to vest	**22,081**	**1,538**	**1,130**	**12,352**	**1,228**	**9,631**

Total share-based compensation expense for the years ended 31 December 2015 and 2014 was as follows:

US$ '000	2015	2014
2012 LTIPs	—	208
2013 LTIPs	272	466
2014 LTIPs	363	790
2015 LTIPs	759	—
Total	**1,394**	**1,464**

17. OTHER DEBT AND FINANCING

Borrowings due after more than one year:

US$ '000	2015	2014
Other debt and financing:		
Bank financing	201,010	—
Bond financing	782,606	780,491
Total non-current other debt and financing	**983,616**	**780,491**
Less: portion payable within one year	—	—
Total other debt and financing due after more than one year	**983,616**	**780,491**

No borrowing due within one year.

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

US$ '000	2015	2014
After five years	983,616	780,491
Total debt	**983,616**	**780,491**

17. OTHER DEBT AND FINANCING (Continued)

Significant individual financing facilities are described below:

Comunicaciones Celulares, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding US$'000 2015	Amount outstanding US$'000 2014
Banco Industrial, S. A.	2025	GTQ	(fixed) 7.20%	22,840	—
Senior Notes	2024	USD	(fixed) 6.875%	782,606	780,491

Servicios Especializados en Telecomunicaciones, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding US$'000 2015	Amount outstanding US$'000 2014
Banco Industrial, S. A.	2025	GTQ	(fixed) 7.20%	55,749	—

Servicios Innovadores de Comunicación y Entretenimiento, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding US$'000 2015	Amount outstanding US$'000 2014
Banco G&T Continental, S. A.	2025	GTQ	(fixed) 7.125%	122,421	—

Total	**983,616**	**780,491**

The loans above-listed are all unsecured.

In January 2014, Intertrust SPV (Cayman) Limited, acting as trustee of the Comcel Trust, a trust established and consolidated by Comunicaciones Celulares S.A. for the purposes of the transaction, issued a bond (proceeds of $779 million after deduction of the various costs paid up front and relating to this issuance) to refinance existing local and MIC S.A. corporate debt. The bond was issued at 98.233% of the principal and has an effective interest rate of 7.168%. The bond is guaranteed by Comunicaciones Celulares S.A. and listed on the Luxembourg Stock Exchange. Simultaneously with, and using the proceeds from, the bond, Comunicaciones Celulares S.A. entered into an $800 million senior unsecured loan ("the Loan") with Credit Suisse AG, Cayman Islands Branch. The proceeds of the bond were used by Intertrust SPV to purchase a 100% participation interest in the Loan pursuant to a credit and guarantee.

The Loan agreements between Intertrust, Credit Suisse and Comunicaciones Celulares S.A. remove any risk to Credit Suisse connected to the loan, and as such the Combined Group have derecognized both its asset and liability towards Credit Suisse from the date of the agreement.

Financing from local and international facilities were paid in full on February 2014 ($400 million). This early repayment combined with the $800 million senior unsecured loan generating $55 million of interest on an annual basis explain the interest expense in 2014 ($ 57mn). During 2015, additionally, Tigo Guatemala Companies obtained loans from Guatemalan local banks as disclosed below increasing the interest expense in 2015 ($66mn).

17. OTHER DEBT AND FINANCING (Continued)

In June 2015, Tigo Guatemala Companies set up 10 years maturity loan in local currency with two local banks; Banco Industrial for GTQ 600 million ($78 million) and Banco G&T for GTQ 1 billion ($122 million). The effective combined interest rate of the loans is 7.16%. Interest is paid in monthly installments while the loan is repayable in one bullet with a 10 years maturity and with an option of early repayment after 5 years without any penalties.

Fair value of financial liabilities

Borrowings are recorded at amortized cost. The fair value of borrowings as at 31 December 2015 and 2014 is as follows:

US$ '000	2015	2014
Other debt and financing…………………………………………………....	707,675	823,418

The fair value of the bond is determined based on market prices (level 1). The fair value of the other borrowings is calculated by discounting the expected future cash flows at market interest rates (level 2). The carrying value of the other financial liabilities is assumed to approximate their fair values (see note 26).

Guarantees

As at 31 December 2015 and 2014, there was no guarantee in place.

Pledged assets

As at 31 December 2015 and 2014, there were no pledged assets.

18. PAYABLES AND ACCRUALS FOR CAPITAL EXPENDITURE

Payables and accruals for capital expenditure at 31 December of each year comprise:

US$ '000	2015	2014
Payables – Tangible assets	13,532	13,944
Payables – Intangible assets..	11,617	11,202
Accrued expenses – Tangible Assets..	38,733	15,614
Accrued expenses – Intangible Assets	3,788	9,743
Total	**67,670**	**50,503**

19. TRADE PAYABLES

Trade payables at 31 December of each year comprise:

US$ '000	2015	2014
Mobile operators..	18,163	16,896
Others	33,129	25,073
Total	**51,292**	**41,969**

The "others" caption mainly relates to suppliers of phones and equipment together with some professional services.

20. ACCRUED INTEREST AND ACCRUED EXPENSES

Accrued interest and accrued expenses at 31 December of each year comprise:

US$ '000	2015	2014
Accrued expenses	52,494	52,644
Accrued interest	22,000	22,153
Total	**74,494**	**74,797**

The "accrued expenses" caption relates to various accruals (including advertising costs, maintenance of network and cost of interconnection).

21. NON-CURRENT AND CURRENT PROVISIONS AND OTHER LIABILITIES

Provisions and other non-current liabilities at 31 December of each year comprise:

US$ '000	2015	2014
Non-current litigation provisions (see note 24)	7	7
Long-term portion of asset retirement obligations	24,387	22,862
Total	**24,394**	**22,869**

Provisions and other current liabilities at 31 December of each year comprise:

US$ '000	2015	2014
Deferred revenue	31,057	29,424
Customer deposits	479	93
Current litigation provisions (see note 24)	308	165
Current provisions	1,262	1,268
Customer and distributor restricted cash balances	3,306	2,684
Other	4,671	3,751
Total	**41,083**	**37,385**

22. 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. In 2015, the entities of the Combined Group declared dividends of $345 million (2014: $370 million).

23. NON-CASH INVESTING AND FINANCING ACTIVITIES

The following table gives details of non-cash investing and financing activities as at 31 December of each year.

US$ '000	2015	2014
Investing activities		
Change in asset retirement obligations (see note 9)	(2,391)	(4,870)

24. COMMITMENTS AND CONTINGENCIES

Operational environment

The Combined Group operates in Guatemala, where the regulatory, political, technological and economic environments are evolving. As a result, there are uncertainties that may affect future operations, the ability to conduct business, foreign exchange transactions and debt repayments and which may impact upon agreements with other parties. In the normal course of business, the Combined Group faces uncertainties regarding taxation, interconnect rate, license renewal and tariff arrangements, which can have a significant impact on the long-term economic viability of operations.

Litigation and legal risks

The Tigo Guatemala Companies are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As of 31 December 2015 and 2014, the total amount of claims against the Combined Group's operations was not significant. As at 31 December 2015 and 2014, respectively $315 thousand and $172 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. 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 October 21, 2015, Millicom press release), rather than by Comcel.

Lease commitments

Finance Leases:

There are no commitments under finance leases as the payment of capacity IRU's occurs at commencement or soon after commencement of the IRU contracts.

Operating Leases:

The Combined Group has the following annual operating lease commitments as of December 31:

US$ '000	2015	2014
Operating lease commitments		
Within: one year	33,098	38,500
Between: one to five years	194,287	168,706
After: five years	34,177	36,250
Total	**261,562**	**243,456**

Operating leases comprise mainly lease agreements relating to land and buildings. The operating lease terms and conditions reflect normal market conditions. Total operating lease expense was $41 million in 2015 (2014: $37 million - see note 5).

Capital commitments

As of 31 December 2015 the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for $58 million (2014: $40 million), from a number of suppliers.

25. RELATED PARTY TRANSACTIONS AND BALANCES

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 December 31, 2015 we have accounts receivable from MIO S.A for $339.3 million as "Letra de Cambio" due April 30th 2016 (shareholders approved that payment will be required on May 15th 2016).

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

Miffin Associates Corp

As of December 31, 2015 we have accounts receivable from Miffin Associates Corp. $277.1 million as "Letra de Cambio" due April 30th 2016 (shareholders approved that payment will be required on May 15th 2016).

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 31 December 2015 and 2014, Kinnevik owned approximately 38% of MIC. During 2015 and 2014 the Combined Group purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

Amount due from related parties (non-current portion)

US$ '000	2015	2014
MIC S.A.	21	-
MIO S.A.	-	4,400
Navega Nicaragua	-	2,906
Others	1	1,756
Total	**22**	**9,062**

Amount due from and advanced to related parties (current portion)

US$ '000	2015	2014
MIO S.A (i)	353,087	245,177
Miffin Associates Corp (i)	280,168	209,522
MIC S.A	276	254
Others	679	3,218
Total	**634,210**	**458,171**

(i) These amounts correspond to advances (MIO S.A. and Miffin Associates Corp).

25. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Debt and financing to related parties (non-current portion)

US$ '000	2015	2014
MIO S.A.	—	8,000
Others	—	1,813
Total	**—**	**9,813**

Amount due to related parties (current portion)

US$ '000	2015	2014
Miffin Associates Corp	7,722	7,375
Millicom Spain S.L.	3,951	—
Cable Honduras	2,013	—
MIC S.A.	1,822	—
Others	2,886	736
Total	**18,394**	**8,111**

The following significant transactions were conducted with related parties:

US$ '000	2015	2014
Revenue (i)	252,989	215,380
Cost of sales and operating expenses (ii)	(132,165)	(161,194)

(i) *Mainly comprising airtime revenue, corporate transmissions and other revenue with Nexcel SA, MIC operations in El Salvador and in Honduras.*

(ii) *Mainly composed by handset acquisition, network maintenance, site rental costs, transmission costs, airtime costs and other direct costs with Celution Corporation, Lark Capital Group, Industrias Masscardy SA, Laz Azaleas SA, with MIC operations in El Salvador and in Honduras and with Millicom Spain.*

26. FINANCIAL RISK MANAGEMENT

Terms, conditions and risk management policies

Exposure to interest rate, foreign currency, non-repatriation, liquidity and credit risks arise in the normal course of the Combined Group's business. Financial risk management is performed at MIC Group level, where each of these risks are analyzed individually on a MIC Group consolidated level as well as on an interconnected basis. The MIC Group defines and implements strategies to manage the economic impact on the MIC Group's performance in line with its financial risk management policy. MIC Group's risk management strategies may include the use of derivatives. MIC Group's policy is prohibiting the use of such derivatives in the context of speculative trading as presented in its financial statements.

26. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

Interest rate risk generally arises on borrowings. Borrowings issued at floating rates expose the Combined Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Combined Group to fair value interest rate risk. Since the bond and bank loans issuance (see note 17), the Combined Group's exposure to risk of changes in market interest rates relates to fair value interest rate risk only.

The table below summarizes, as at 31 December 2015, the Combined Group's fixed rate debt and floating rate debt:

	Amounts due within						
US$ '000, except percentages	**1 year**	**1-2 year**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Fixed rate	—	—	—	—	—	983,616	983,616
Weighted average nominal interest rate	—	—	—	—	—	6.932%	6.932%
Floating rate	—	—	—	—	—	—	—
Weighted average nominal interest rate	—	—	—	—	—	—	—
Total	—	—	—	—	—	983,616	983,616
Weighted average nominal interest rate	—	—	—	—	—	6.932%	6.932%

The table below summarizes, as at 31 December 2014, the Combined Group's fixed rate debt and floating rate debt:

	Amounts due within						
US$ '000, except percentages	**1 year**	**1-2 year**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Fixed rate	—	—	—	—	—	780,491	780,491
Weighted average nominal interest rate	—	—	—	—	—	6.875%	6.875%
Floating rate	—	—	—	—	—	—	—
Weighted average nominal interest rate	—	—	—	—	—	—	—
Total	—	—	—	—	—	780,491	780,491
Weighted average nominal interest rate	—	—	—	—	—	6.875%	6.875%

A one hundred basis point fall or rise in market interest rates of all third party borrowings at 31 December 2015, would increase or reduce profit before tax for the year by approximately $10 million (2014: $8 million).

Foreign currency risk

The Combined Group operates in Guatemala and is exposed to foreign exchange risk arising from the currency exposure in Guatemala Quetzal. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

Foreign currency risk management is performed at MIC Group level. The MIC Group seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies. In some cases, the Combined Group may borrow in US dollars where it is either commercially more advantageous for subsidiaries to incur debt obligations in US dollars or where US dollar denominated borrowing is the only funding source available to a subsidiary. In these circumstances, the MIC Group accepts the remaining currency risk associated with financing its subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the MIC Group operates.

26. FINANCIAL RISK MANAGEMENT (Continued)

At 31 December 2015, if the US$ had weakened/strengthened by 10% against the Quetzal and all other variables held constant, then profit before tax would have increased/decreased by $45 million and $37 million respectively (2014: $46 million and $37 million respectively). This increase/decrease in profit before tax would have mainly been as a result of the revaluation of the debts from US dollar to Quetzal.

Credit and Counterparty risk

Financial instruments that potentially subject the Combined Group to credit risk are primarily cash and cash equivalents, letters of credit, trade receivables, amounts due from shareholders, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Combined Group's cash and cash equivalents and letters of credit are with reputable financial institutions.

Combined Group management does not believe there are significant risks of non-performance by these counterparties. Combined Group management has taken steps to diversify its banking partners and is managing the allocation of deposits across banks so that the Combined Group's counterparty risk with a given bank stays within limits which have been set based on each bank credit rating to avoid any significant exposure to a specific party.

A large portion of turnover comprises prepaid airtime. For customers for whom telecom services are not prepaid, each combined entity follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors.

Accounts receivable are mainly derived from balances due from other telecom operators or Business to Business customers. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licenses are normally only issued to credit worthy companies. Credit checks are being performed for Business to Business customers. The Combined Group maintains a provision for impairment of trade receivables based upon expected collectability of all trade receivables.

As the Combined Group has a number of dispersed customers, there is no significant concentration of credit risk with respect to trade receivables.

Liquidity risk

Liquidity risk management is performed at the MIC Group level. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The MIC Group has incurred significant indebtedness but also has significant cash balances. The MIC Group evaluates its ability to meet its obligations on an ongoing basis using a recurring liquidity planning tool. This tool considers the operating net cash flows generated from its operations and the future cash needs for borrowing, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Combined Group borrowings are concentrated to one Bond issuance and two bank loans (note 17). Combined Group management believes that there is sufficient liquidity available to meet ongoing liquidity needs.

The tables below summarize the maturity profile of the Combined Group's net financial liabilities at 31 December:

26. FINANCIAL RISK MANAGEMENT (Continued)

Year ended 31 December 2015

US$ '000	Less than 1 year	1 to 5 years	>5 years	Total
Other debt and financing (see note 17)	—	—	(983,616)	(983,616)
Cash and cash equivalents, and restricted cash	154,865	—	—	154,865
Net debt	**154,865**	—	**(983,616)**	**(828,751)**
Future interest commitments	(69,381)	(277,524)	(256,742)	(603,647)
Trade payables (excluding accruals)	(76,441)	—	—	(76,441)
Other financial liabilities (including accruals)	(135,409)	—	—	(135,409)
Trade receivables	46,671	—	—	46,671
Other financial assets (i)	686,229	—	—	686,229
Net financial asset (liability)	**606,534**	**(277,524)**	**(1,240,358)**	**(911,348)**

(i) Mainly relates to amounts due from related parties (see note 25).

Year ended 31 December 2014

US$ '000	Less than 1 year	1 to 5 years	>5 years	Total
Other debt and financing (see note 17)	—	—	(780,491)	(780,491)
Cash and cash equivalents, and restricted cash	92,206	—	—	92,206
Net debt	**92,206**	**—**	**(780,491)**	**(688,285)**
Future interest commitments	(55,000)	(275,000)	(192,500)	(522,500)
Trade payables (excluding accruals)	(67,115)	—	—	(67,115)
Other financial liabilities (including accruals)	(108,265)	—	—	(108,265)
Trade receivables	38,637	—	—	38,637
Other financial assets (i)	496,554	686	—	497,240
Net financial asset (liability)	**397,017**	**(274,314)**	**(972,991)**	**(850,288)**

(i) Mainly relates to amounts due from related parties (see note 25).

Capital management

Capital management is performed at the MIC Group and Miffin Associates Corp. levels. The primary objective of MIC Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The MIC Group and Miffin Associates Corp. manage their capital structure and make adjustments to it, in light of changes in economic conditions.

27. FINANCIAL INSTRUMENTS

The fair value of the Combined Group's financial instruments is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value measurement hierarchy

IFRS 7 requires for financial instruments that are measured in the Statement of Financial Position at fair value, the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3—Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

27. FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2015, the Combined Group does not own any financial instruments that are measured at fair value.

The fair value of all financial assets and all financial liabilities except debt and financing approximate their carrying value largely due to the short-term maturities of these instruments. The fair value of the bonds have been determined based on their market price (level 1). The fair values of other debt and financing have been estimated by the Combined Group management based on discounted future cash flows at market interest rates (level 2).

The following table shows the carrying and fair values of financial instruments as at 31 December:

	Carrying value		Fair value	
US$ '000	**2015**	**2014**	**2015**	**2014**
FINANCIAL ASSETS				
Loans and receivables				
Other non-current assets	727	686	727	686
Trade receivables, net	46,671	38,637	46,671	38,637
Amounts due from related parties	634,232	467,233	634,232	467,233
Prepayments and accrued income	35,682	33,284	35,682	33,284
Other current assets	52,019	38,383	52,019	38,383
Restricted cash	3,315	2,339	3,315	2,339
Cash and cash equivalents	151,550	89,867	151,550	89,867
Total	**924,196**	**670,429**	**924,196**	**670,429**
Current	923,447	660,681	923,447	660,681
Non-current	749	9,748	749	9,748
FINANCIAL LIABILITIES				
Other debt and financing (see note 17)	983,616	780,491	707,675	823,418
Trade payables	51,292	41,969	51,292	41,969
Payables and accruals for capital expenditure	67,670	50,503	67,670	50,503
Amounts due to related parties	18,394	8,111	18,394	8,111
Accrued interest and other expenses	74,494	74,797	74,494	74,797
Other liabilities	8,454	6,528	8,454	6,528
Total	**1,203,920**	**962,399**	**927,979**	**1,005,326**
Current	220,304	181,908	220,304	181,908
Non-current	983,616	780,491	707,675	823,418

28. SUBSEQUENT EVENT

There is no subsequent event since 31 December 2015 and up to the date of those financial statements.

****