COMCEL TRUST

Unaudited Interim Condensed Combined Financial Statements

As at and for the three-month period ended 31 March 2017

26 May 2017

Unaudited interim condensed combined income statement for the three month period ended 31 March 2017

US$ '000	Notes	Three month ended 31 March 2017	Three month ended 31 March 2016 (i)
Revenue	4	318,830	319,103
Cost of sales	4	(57,513)	(61,690)
Gross profit	4	**261,317**	**257,413**
Operating expenses	4	(101,054)	(96,197)
Depreciation & Amortization	4	(51,929)	(44,009)
Other operating income (expenses), net	4	(1,092)	(349)
Operating profit	4	**107,242**	**116,858**
Interest expense		(19,412)	(19,151)
Interest and other financial income		1,250	381
Foreign exchange gain (loss), net		13,880	(1,190)
Profit before taxes		**102,960**	**96,898**
Charge for taxes, net		(17,782)	(17,097)
Net profit for the period		**85,178**	**79,801**

(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 2016 for the period ended 31 March 2016.

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

Unaudited interim condensed combined statement of comprehensive income for the three month period ended 31 March 2017

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 016
Net profit for the period…	85,178	79,801
Other comprehensive income, net of tax:		
Item that may be reclassified to the income statement in subsequent periods		
Exchange differences on translation of operations to the US dollars reporting currency	12,951	(5,598)
Total comprehensive income for the period	**98,129**	**74,203**

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

Unaudited interim condensed combined statement of financial position as at 31 March 2017

US$ '000	Notes	31 March 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	6	142,906	138,620
Property, plant and equipment, net	7	678,842	689,365
Deferred tax assets		8,689	8,479
Amounts due from related parties (non-current)	8	200,610	201,240
Other non-current assets		1,252	1,099
TOTAL NON-CURRENT ASSETS		**1,032,299**	**1,038,803**
CURRENT ASSETS			
Inventories		26,969	16,591
Trade receivables, net		44,430	44,659
Amounts from related parties	8	262,790	261,532
Prepayments and accrued income		32,564	31,489
Current income tax assets		7,716	8,048
Supplier advances for capital expenditure		21,556	24,368
Other current assets		22,859	15,825
Restricted cash		3,757	4,203
Cash and cash equivalents	9	334,479	283,525
TOTAL CURRENT ASSETS		**757,120**	**690,240**
TOTAL ASSETS		**1,789,419**	**1,729,043**

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

Unaudited interim condensed combined statement of financial position at 31 March 2017 (continued)

US$ '000	Notes	31 March 2017	31 December 2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		14,009	14,009
Equity contribution reserve		9,489	9,187
Other reserves		106,712	93,761
Retained profits		144,989	365,471
TOTAL EQUITY		**275,199**	**482,428**
LIABILITIES			
Non-current liabilities			
Other debt and financing	10	994,089	988,521
Provisions and other non-current liabilities		42,790	40,896
Deferred tax liabilities		4,104	4,061
Total non-current liabilities		**1,040,983**	**1,033,478**
Current liabilities			
Amounts due to related parties	8	293,101	13,837
Payables and accruals for capital expenditure		41,031	56,055
Trade payables		25,233	23,952
Accrued interest and other expenses		50,112	74,159
Current income tax liabilities		14,698	6,863
Provisions and other current liabilities		49,062	38,271
Total current liabilities		**473,237**	**213,137**
TOTAL LIABILITIES		**1,514,220**	**1,246,615**
TOTAL EQUITY AND LIABILITIES		**1,789,419**	**1,729,043**

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

Unaudited interim condensed combined statement of cash flows for the three month period ended 31 March 2017

US$ '000	Notes	Three month ended 31 March 2017	Three month ended 31 March 2016
Cash flows from operating activities			
Profit before taxes		**102,960**	**96,898**
Adjustments to reconcile to net cash:			
Interest expense		19,412	19,151
Interest and income		(1,250)	(381)
Foreign exchange (gain) / loss, net		(13,880)	1,190
Adjustments for non-cash items:			
Depreciation and amortization	6,7	51,929	44,009
Loss on disposal and impairment of assets		790	42
Share-based compensation	5	302	349
		160,263	**161,258**
Increase in trade receivables, prepayments and other current assets		(5,857)	(3,568)
(Increase)/decrease in Inventories		(9,770)	234
Decrease in trade and other payables		(463)	(12,916)
Changes in working capital		**(16,090)**	**(16,250)**
Interest paid		(31,187)	(31,048)
Interest received		1,250	419
Taxes paid		(18,346)	(18,318)
Net cash provided by operating activities		**95,890**	**96,061**
Cash flows from investing activities:			
Purchase of intangible assets and licenses	6	(10,762)	(9,589)
Purchase of property, plant and equipment	7	(28,429)	(42,441)
Proceeds from sale of property, plant and equipment		214	16
Increase in restricted cash		(702)	(2,071)
Net cash used by investing activities		**(39,679)**	**(54,085)**
Cash flows from financing activities:			
Payment of dividends, advances and shareholders loans		—	(15,000)
Net cash used by financing activities		**—**	**(15,000)**
Exchange losses on cash and cash equivalents, net		(5,257)	602
Net increase in cash and cash equivalents		**50,954**	**27,578**
Cash and cash equivalents at the beginning of the year		283,525	151,550
Cash and cash equivalents at the end of the period / year		**334,479**	**179,128**

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

Unaudited interim condensed combined statements of changes in equity for the years ended 31 March 2017 and 31 December 2016

US$ '000	Share capital (000's)	Equity Contribution Reserve (i) (000's)	Other reserves (ii) (000's)	Retained earnings (000's)	Total equity (000's)
Balance on 31 December 2015	**14,009**	**7,708**	**89,094**	**400,211**	**511,022**
Profit for the period	—	—	—	*79,801*	*79,801*
Currency translation differences	—	—	*(5,598)*	—	*(5,598)*
Total comprehensive income for the period	—	—	(5,598)	79,801	74,203
Dividends (iii)	—	—	—	—	—
Share based compensation	—	349	—	—	349
Balance on 31 March 2016	**14,009**	**8,057**	**83,496**	**480,012**	**585,574**
Profit for the period	—	—	—	*201,266*	*201,266*
Currency translation differences	—	—	*10,265*	—	*10,265*
Total comprehensive income for the period	—	—	10,265	201,266	211,531
Dividends (iii)	—	—	—	(315,807)	(315,807)
Share based compensation	—	1,130	—	—	1,130
Balance on 31 December 2016	**14,009**	**9,187**	**93,761**	**365,471**	**482,428**
Profit for the period	—	—	—	*85,178*	*85,178*
Currency translation differences	—	—	*12,951*	—	*12,951*
Total comprehensive income for the period	—	—	12,951	85,178	98,129
Share based compensation	—	302	—	—	302
Dividends (iii)	—	—	—	(305,660)	(305,660)
Balance on 31 March 2017	**14,009**	**9,489**	**106,712**	**144,989**	**275,199**

(i) Equity Contribution Reserve made up only with share-based compensation expense.
(ii) Other reserves mainly include legal reserves of $ 94 million and currency translation differences at 31 March 2017. Legal reserves are undistributable.
(iii) Dividends — see note 11.

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

Notes to the unaudited interim condensed combined statements

1. ORGANIZATION

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

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

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

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

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

Our Combined Financial Statements do not consolidate the subsidiaries over which Comcel and the other Note Guarantors exerted control as of, and for, the periods presented. The only such subsidiary is Newcom Ltd. Bermuda, which represented less than 1% of the combined total revenue, less than 1% of the combined Adjusted EBITDA, less than 1% of the combined total assets and less than 1% of the combined total liabilities of Comcel and the other Note Guarantors as of, and for the three month period ended 31 March 2017. We do not intend to consolidate these or any other subsidiaries that may exist from time to time in future combined financial statements of Comcel and the other Note Guarantors, including those prepared for purposes of "Description of the Notes—Covenants of the Note Guarantors—Provision of Financial Information."

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

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

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

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

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

These unaudited condensed interim combined financial statements should be read in conjunction with the combined financial statements for the year ended 31 December 2016. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2016 combined financial statements, as disclosed in note 2 of those financial statements. The following changes to standards effective for annual periods starting after 1 January 2017 did not have a significant impact on the Combined Group:

- IAS Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports;
- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses.

There are no other changes to standards effective for annual periods starting on 1 January 2017.

3. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the three month period ended March 31, 2017, the Combined Group has not made any acquisitions of new companies.

4. BREAKDOWN OF OPERATING PROFIT

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

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 2016
Revenue……..……………	318,830	319,103
Cost of rendering telecommunication services…………………………….	(57,513)	(61,690)
Gross profit (i)…………………………	**261,317**	**257,413**
Depreciation and amortization..	(51,929)	(44,009)
Dealer commissions…………………………………………………......	(20,915)	(21,220)
Employee related costs (see note 5)………..	(15,797)	(12,846)
Sites and network maintenance	(24,260)	(23,333)
Advertising and promotion	(7,535)	(6,487)
Phone subsidies…………………..	(14,571)	(12,852)
External services………..	(7,288)	(8,406)
Operating lease expense..	(1,907)	(1,812)
Other fees and costs………...	(2,285)	(2,191)
Loss on disposal and impairment of assets, net	(790)	(42)
Other expenses………………………………………………………........	(6,798)	(7,357)
Operating profit	**107,242**	**116,858**

(i) In 2014, the Company entered into five years contracts with the Guatemala Government to provide video surveillance to the Civil National Police. The service included camera lease, connectivity, storage of images, monitoring centres and software with analytics. During 2016, these contracts generated $16 million of accounts receivable. Still no payment has been received under this contract. No revenue had been recognized since 1 July 2016 considering that the accounting criteria regarding probability of cash flowing to the Group is no longer met. Service had been stopped in the course of 2016. Accordingly, all outstanding amounts receivable under the contract of $42 million had been impaired in 2015 and 2016.

5. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following:

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 2016
Wages and salaries	(15,763)	(14,539)
Social security	(908)	(922)
Share based compensation	(302)	(349)
Capitalized employee related costs	2,147	2,725
Other employee related costs (i)	(971)	239
Total	**(15,797)**	**(12,846)**

(i) There are no defined benefit pension plans.

6. INTANGIBLE ASSETS

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

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 2016
Additions	4,556	1,485
Decrease in payables for intangible assets	6,206	8,104
Cash used for the purchase of intangible assets and licenses	**10,762**	**9,589**

The charge for depreciation on intangible assets and license renewals for the three month period ended March 31, 2017 was $4 million (March 31, 2016: $2 million).

During the three month period ended March 31, 2017 and 2016, Tigo Guatemala companies did not dispose of any intangible assets.

7. PROPERTY, PLANT AND EQUIPMENT

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

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 2016
Additions	21,539	43,092
(Decrease) in suppliers advances	(2,913)	(13,299)
Decrease in payables for property, plant and equipment	9,803	12,648
Cash used for the purchase of property, plant and equipment	**28,429**	**42,441**

The charge for depreciation on property, plant and equipment for the three month period ended March 31, 2017 was $48 million (March 31, 2016: $42 million).

During the three month period ended March 31, 2017, Tigo Guatemala Companies disposed of property, plant and equipment and received $214 thousand (March 31, 2016: $16 thousand).

8. RELATED PARTY TRANSACTIONS

Millicom Group subsidiaries

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

In the normal course of business, the Combined Group receives business support and financing from various Millicom Group entities including MIC the ultimate holding company Millicom International 2 NV ("MIC 2NV") 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.

The receivable balance with MIC 2NV at 31 March 2017 represent shareholder loans that are due in 2017 and 2018.

Miffin Associates Corp

The receivable balance with Miffin at 31 March 2017 represent shareholder loans than are due in 2017 and 2018.

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

Kinnevik

Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper industries and financial services. As of 31 March 2017 and 2016, Kinnevik owned approximately 38% of MIC. During 2017 and 2016 the Combined Group purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

The following transactions were conducted with related parties during the three month period ended 31 March 2017:

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 2016
Expenses		
Purchases of goods and services (Miffin)	49,952	35,079
Purchase of goods and services (MIC)	732	790
Purchases of goods and services (Other)	1,469	1,334
Total	**52,153**	**37,203**

US$ '000	Three month ended 31 March 2017	Three month ended 31 March 2016
Income / gains		
Sale of goods and services (Miffin)	65,000	64,065
Sale of goods and services (MIC)	—	8
Sale of goods and services (Other)	446	897
Total	**65,446**	**64,970**

As at 31 March 2017 the Company had the following balances with related parties:

US$ '000	As at 31 March 2017	As at 31 December 2016
Assets		
Millicom International II NV	251,049	250,738
Miffin Associates Corp	208,906	208,651
El Salvador Cellular	1,146	990
Cable Nicaragua	548	426
Cable Honduras	83	598
MIC S.A.	145	65
Others	1,523	1,304
Total	**463,400**	**462,772**

8. RELATED PARTY TRANSACTIONS (Continued)

US$ '000	As at 31 March 2017	As at 31 December 2016
Liabilities		
Millicom International II NV	154,434	—
Miffin Associates Corp	132,756	6,079
Millicom Cable Costa Rica	2,744	2,423
Millicom Spain S. L.	904	3,298
MIC S.A.	337	482
Cable Honduras	179	120
Others	1,747	1,435
Total	**293,101**	**13,837**

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised:

US$ '000	As at 30 March 2017	As at 31 December 2016
Cash and cash equivalents in U.S. dollars	230,264	209,850
Cash and cash equivalents in GTQ	104,215	73,675
Total cash and cash equivalents	**334,479**	**283,525**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the combined statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Restricted cash comprised:

US$ '000	As at 30 March 2017	As at 31 December 2016
Restricted cash in GTQ	3,757	4,203
Total restricted cash	**3,757**	**4,203**

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

10. DEBT AND FINANCING

Analysis of debt and other financing by maturity

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

US$ '000	As at 30 March 2017	As at 31 December 2016
Due within:		
After five years	994,089	988,521
Total debt	**994,089**	**988,521**

10. DEBT AND FINANCING (continued)

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

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

As at 31 March 2017 and 31 December 2016, none of the shareholders had issued any guarantees to secure the obligations of the Combined Group's operations.

Pledged assets

As at 31 March 2017 and 31 December 2016, the assets pledged by the Combined Group's operations for these debts and financings are nil.

11. DIVIDENDS

The ability of the Combined Group to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from the combined entities. By 31 March 2017, the entities of the Combined Group had declared a dividend related to 2016 of $306 million (2015: $316 million).

12. COMMITMENTS AND CONTINGENCIES

Litigation & 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 March 2017, and 31 December 2016, the total amount of claims against the Combined Group's operations was not significant. As at 31 March 2017 $529 thousand, and 31 December 2016, $542 thousand have been provided for these claims in the combined statement of financial position. Management is of the opinion that while it is impossible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Combined Group's financial position and operations.

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

Millicom continues to cooperate with law enforcement authorities in the United States. On 4 May 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation has been discontinued on jurisdictional grounds. As at 31 March 2017, Management is currently not able to assess the potential impact on these combined financial statements. This matter is being overseen by a Special Committee of the Millicom Board of Directors (as disclosed on the 21 October 2015, Millicom press release), rather than by Comcel.

Capital commitments

As of 31 March 2017, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for $39 million (31 December 2016: $37 million), from a number of suppliers.

Tax claims

On February 15, 2017, tax authorities notified Navega.com, S.A. of an adjustment amounting to approximately $17 million to the income tax for the fiscal years 2013 through 2015 (including principal, penalties and interests). According to the Guatemalan income tax law, goodwill amortization is deductible for income tax purposes. However, tax authorities considered that the goodwill originated in acquisitions made by Navega.com S.A. and its predecessor Asertel, S.A. do not meet the definition of goodwill for tax purposes and proceeded to annul the amortization deducted by Navega.com, S.A.

The Company, along with its tax advisors, has concluded that it is not probable that an outflow of resources embodying economic benefits will be required to settle them, especially considering that the Company has enough arguments to support its position. Consequently no provision was deemed necessary in this respect.

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at 31 March 2017 and 31 December 2016:

	Carrying Value		Fair Value	
US$ '000	31 March 2017 (unaudited)	31 December 2016 (audited)	31 March 2017 (unaudited)	31 December 2016 (audited)
FINANCIAL LIABILITIES				
Other debt and financing	994,089	988,521	744,571	838,274

14. SUBSEQUENT EVENTS

There is no subsequent event since 31 March 2017 and up to the date of those financial statements.

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