Cable Onda, S.A. and Subsidiaries
Interim Condensed Consolidated Financial Statements
For the three and nine-month periods ended September 30, 2019 and 2018

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Interim Condensed Consolidated Statements of Financial Position
At September 30, 2019 and December 31, 2018
(Figures stated in B/. balboas)

Notes		**September 30, 2019**	December 31, 2018
	ASSETS		
	Current assets		
4	Cash	**B/. 26,206,467**	B/. 6,485,666
5, 14	Accounts receivables, net	**64,191,194**	29,227,788
	Other accounts receivable	**18,646,066**	2,345,800
	Contract assets	**2,251,648**	-
6	Inventory	**25,117,531**	27,934,037
	Prepaid expenses	**10,139,619**	3,099,979
	Prepaid taxes	**2,667,019**	8,973,304
		149,037,544	78,066,574
	Non-current assets		
7	Severance fund	**5,906,194**	5,531,183
	Guarantee deposits and other assets	**2,501,073**	456,343
8	Intangible assets, net	**142,851,414**	20,121,317
	Goodwill	**542,066,101**	70,922,903
	Right of use assets	**81,171,454**	-
10	Property, furniture, equipment and leasehold improvements, net	**416,072,202**	318,210,521
		1,190,568,438	415,242,267
	TOTAL ASSETS	**B/.1,339,605,982**	B/. 493,308,841

The accompanying notes are an integral part of these consolidated financial statements

Notes		September 30, 2019	December 31, 2018
	LIABILITIES AND STOCKHOLDERS' EQUITY		
	Current liabilities		
11, 14	Accounts payable	**B/. 72,909,376**	B/. 54,780,519
	Lease liabilities	**10,346,993**	-
	Employee benefits	**8,552,068**	15,169,314
12	Current portion of long-term debt	**485,044,091**	39,000,000
	Contract liabilities	**4,751,207**	-
	Deferred income	**7,196,436**	7,342,014
	Accrued expenses and other liabilities	**40,327,312**	-
	Income tax payable	**13,434,499**	5,901
		642,561,982	116,297,748
	Non-current liabilities		
	Lease liabilities	**69,823,356**	-
12	Non-current portion of long-term debt	**231,480,000**	38,086,517
13	Other long-term liabilities, net	**183,712,365**	184,254,676
	Client deposits	**5,654,927**	7,079,486
9	Deferred income	**13,015,832**	18,830,601
	Deferred income tax	**26,259,208**	24,615,140
	Other long-term liabilities	**9,247,387**	
	Severance fund	**5,143,540**	6,313,672
		544,336,615	272,100,606
	Stockholders' equity		
	Issued capital 243,356 (December 2018- 243,356) common shares with no par value, issued and outstanding	**57,648,922**	57,648,922
	Retained earnings	**95,324,426**	40,449,317
		152,973,348	98,098,239
	Non-controlling interest	**(265,963)**	(267,238)
	Total stockholders' equity	**152,707,385**	97,831,001
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**B/.1,339,605,982**	B/. 493,308,841

The accompanying notes are an integral part of these consolidated financial statements

Cable Onda, S.A. and Subsidiaries
Interim Condensed Consolidated Statements of Income
For the three and nine-month periods ended September 30, 2019 and 2018
(Figures stated in B/. balboas)

Notes	**Revenue**	**July to September 2019**	**September 2019**	July to September 2018	September 2018
	TV subscriptions	**B/.38,719,645**	**B/. 114,430,596**	B/. 39,161,414	B/.116,550,208
	Data transmission, internet and data center	**45,841,583**	**135,851,218**	44,461,581	130,784,511
	Fixed-line services	**10,328,226**	**33,883,228**	12,636,171	37,715,859
	Mobile services revenue	**18,341,995**	**18,341,995**	-	-
	Sales of mobile equipment	**1,433,928**	**1,433,928**	-	-
	Projects and solutions	**3,057,269**	**8,347,889**	3,037,569	6,546,752
15	Other services and revenue	**2,067,492**	**5,572,206**	1,567,214	4,402,876
		119,790,138	**317,861,060**	100,863,949	296,000,206
	Costs and expenses				
19	Programming and operating costs	**20,599,229**	**67,004,374**	22,073,977	65,844,992
	Depreciation and amortization	**26,481,565**	**70,769,394**	19,889,349	55,597,861
	Personnel expenses	**15,917,173**	**43,261,390**	17,828,840	48,682,061
18	General, sales and administrative expenses	**14,936,360**	**50,933,571**	17,179,392	57,518,584
		77,934,327	**231,968,729**	76,971,558	227,643,498
	Operating income	**41,855,811**	**85,892,331**	23,892,391	68,356,708
	Financial expense	**6,591,879**	**(15,268,384)**	3,545,773	10,125,067
	Income before tax	**35,263,932**	**70,581,051**	20,346,618	58,231,641
16	Income tax	**(5,657,864)**	**(15,268,384)**	(7,793,989)	(15,096,305)
	Net income	**B/.29,606,068**	B/.**55,312,667**	**B/.**12,552,629	B/.43,135,336
	Attributable to:				
	Owners of the Company	**29,599,784**	**55,307,661**	12,609,448	43,219,249
	Non-controlling interest	**6,284**	**5,006**	(56,819)	(83,913)
	Net income	**B/. 29,606,068**	B/.**55,312,667**	B/.12,552,629	B/.43,135,336

The accompanying notes are an integral part of these consolidated financial statements

Cable Onda, S.A. and Subsidiaries
Interim Condensed Consolidated Statements of Changes in Stockholders' Equity
For the nine-month periods ended September 30, 2019 and 2018
(Figures stated in B/. balboas)

	Attributable to the Controlling Interest				
	Common shares	*Retained earnings*	*Total*	*Non-controlling interest*	*Total stockholders' equity*
January 1, 2018	B/. 45,703,113	B/. 69,997,845	B/. 115,700,958	B/. (64,451)	B/.115,636,507
Paid dividends	-	(30,000,000)	(30,000,000)	-	(30,000,000)
Merger adjustment	-	(2,497,151)	(2,497,151)	-	(2,497,151)
Additional adjustments	-	(23,445)	(23,445)	-	(23,445)
Net income (loss)	-	43,219,249	43,219,249	(83,913)	43,135,336
September 30, 2018	B/.45,703,113	B./80,696,498	B/. 126,399,611	(148,364)	B/.126,251,247
January 1, 2019	57,648,922	40,449,317	98,098,239	(267,238)	97,831,001
Net income	-	54,875,109	54,875,109	1,275	54,876,384
September 30, 2019	**B/. 57,648,922**	**B/. 95,324,426**	**B/. 152,973,348**	**B/. (265,963)**	**B/.152,707,385**

The accompanying notes are an integral part of these consolidated financial statements

Cable Onda, S.A. and Subsidiaries
Interim Condensed Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2019 and 2018
(Figures stated in B/. balboas)

Cash flows from operating activities

Notes		**September 30, 2019**	September 30, 2018
	Profit before income tax	**B/. 70,581,051**	B/. 58,231,641
	Adjustments for:		
10	Depreciation and amortization	**64,508,449**	55,597,861
	Depreciation on right of use assets	**6,260,945**	-
	Net loss on disposal of fixed assets	**-**	320
10	Other amortizations	**110,060**	3,439,468
	(Reversal of) Provision for seniority premium	**(170,359)**	1,279,846
	Allowance for doubtful accounts	**2,278,201**	3,542,094
	Interest	**15,311,280**	9,725,225
	Deferred income	**-**	787,487
		158,879,627	132,603,942
	Cash flows before changes in working capital		
	Accounts receivables	**(13,336,525)**	(5,054,201)
	Other accounts receivable	**(5,660,480)**	1,392,562
	Contract assets	**(117,645)**	-
	Inventory	**5,249,709**	(4,968,831)
	Prepaid expenses	**(5,917,316)**	(6,097,298)
	Guarantee deposits and other assets	**1,846,023**	117,621
	Accounts payable	**(31,609,858)**	7,465,231
	Employee benefits	**(6,617,246)**	902,824
	Contract liabilities	**4,751,207**	-
	Accrued expenses and other liabilities	**29,562,418**	-
	Client deposits	**(1,424,559)**	(54,259)
	Deferred income	**(11,171,912)**	-
	Other long-term liabilities	**1,401,278**	-
	Cash generated from operations	**125,834,721**	126,307,591
	Income tax paid	**(2,435,720)**	(13,569,529)
	Interest paid	**(13,697,869)**	(8,904,956)
	Seniority premium and severance paid	**(999,773)**	(156,891)
	Net cash flows provided by operating activities	**108,701,359**	103,676,215

The accompanying notes are an integral part of these consolidated financial statements

Cable Onda, S.A. and Subsidiaries
Interim Condensed Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2019 and 2018
(Figures stated in B/. balboas)

Notes		**September 30, 2019**	September 30, 2018
	Cash flows from investing activities		
	Contributions to severance fund, net	**(375,011)**	(484,292)
	Acquisition of intangible assets, net	**(11,898,599)**	(955,827)
	Acquisition of subsidiaries, net of cash acquired	**(584,572,563)**	(1,676,617)
	Disposal of tangible assets	**2,567,168**	
10	Acquisition of tangible assets	**(48,477,902)**	(68,867,363)
	Net cash flows used in investing activities	**(642,756,907)**	(71,984,099)
	Cash flows from financing activities		
	Issuance of new bonds and loans	**651,409,929**	23,700,000
	Repayment of bonds and loans	**(87,328,943)**	(10,290,000)
	Dividends paid	**-**	(30,000,000)
	Payment of lease liabilities	**(10,304,637)**	-
	Net cash flows (used in) provided by financing activities	**553,776,349**	(16,590,000)
	Net increase in cash	**19,720,801**	15,102,116
	Cash at beginning of year	**6,485,666**	6,432,921
	Cash at end of period	**B/. 26,206,467**	B/. 21,535,037

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

1. Corporate information

Cable Onda, S.A. ("Cable Onda" or the "Company") was incorporated under the laws of the Republic of Panama, beginning operations in April 1991. The Company's main offices are located at Boulevard Costa del Este, Edificio Mapfre, 4th floor.

Cable Onda is primarily engaged in providing cable television service, mobile and data telephony services, high-tech telecommunication services that include the transmission, storage and hosting of data, information backup and retrieval, internet access, application and e-commerce services, cable modem and basic residential and corporate telephone service with both national and international long distance service. These services are under the supervision of the National Public Services Authorities of the Republic of Panama (ASEP).

On May 14, 2019, Mobilnet Panamá, S.A. was merged into Cable Onda.

On August 29, 2019 Cable Onda finalized the acquisition of 100% of the shares of Telefónica Moviles Panama S.A. ("Telefónica Panamá") and started consolidating it as from that date (See Note 3).

The interim condensed consolidated financial statements of Cable Onda, S.A. and Subsidiaries (the "Group") as of September 30, 2019 and for the nine month periods ended September 30, 2019 and 2018 were authorized for issuance by management on January 14, 2019.

2. Basis for Preparation of the Consolidated Financial Statements

2.1 Basis for consolidation

The interim condensed consolidated financial statements as of September 30, 2019 and December 31, 2018 and for the nine months ended September 30, 2019 and 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. In the opinion of management, these interim condensed consolidated financial statements reflect all adjustments that are necessary for a proper presentation of the results for interim periods. The Group's operations are not affected by significant seasonal or cyclical patterns.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2018.

2.2 New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

*New and amended IFRS standards**

On adoption, an additional lease liability of approximately $37 million has been recognized. The impact of the adoption of the leasing standard and the new accounting policies are further explained below. The application of this standard also affects the Group's depreciation, operating and financial costs, debt and other financing and leverage ratios. The change in presentation of operating lease expenses results in a corresponding increase in cash flows derived from operating activities and a decline in cash flows from financing activities.

Impact on the statement of financial position increase/(decrease) as of January 1, 2019*:

		As of January 1, 2019
Assets		
Right of use assets	**B/.**	**36,574,544**
Total assets	**B/.**	**36,574,544**
Liability		
Lease liability	**B./**	**5,386,937**
Non-current lease liability		31,187,607
Total Liability	**B/.**	**36,574,544**

- Impact of the implementation of IFRS 16 on the income statement (increase/(decrease) expenses) for the nine months ended September 30, 2019:

		For the nine months ended September 30, 2019
Depreciation expense	**B/.**	**17,623,219**
Finance expense		**3,795,329**
Lease expense		**(16,381,970)**
	B/.	**5,036,578**

- Other than IFRS 16, the following new or amended standards became applicable for the current reporting period and did not have any significant impact on the Group's accounting policies or disclosures and did not require retrospective adjustments.

    - Amendments to IFRS 9 "Financial instruments" on prepayment features with negative compensation.
    - IFRIC 23 "Uncertainty over Income Tax Treatments" clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments.
    - Amendments to IAS 19 "Employee benefits" on plan amendment, curtailment or settlement.
    - Annual improvements 2015-2017

The following changes to standards, which are not expected to materially affect the Group, will be effective from January 1, 2020:

- Amendments to the conceptual framework. The IASB has revised its conceptual framework. The Group does not expect these amendments to have a material impact on the consolidated financial statements.
- Amendments to IFRS 3 - definition of a business. This amendment revises the definition of a business. The Group does not expect these amendments to have a material impact on the financial statements.
- Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors'.

Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019.

The Group adopted the standard using the modified retrospective approach with the cumulative effect of applying the new standard recognized in retained profits as of January 1, 2019. Comparatives for the September 30, 2018 financial statements were not restated.

a) Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized in the statement of financial position immediately before the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 7.88%. Each lease commitment was individually discounted using a specific incremental borrowing rate, following a build-up approach including: risk-free rates, industry risk, country risk, credit risk at cash generating unit level, currency risk and commitment's maturity.

For leases previously classified as finance leases the Group recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Reconciliation of previously unrecognized operating lease commitments and initial lease liabilities:

		January 1, 2019*
(+)	Operating lease commitments	B/. 12,577,718
(+)	Contracts not considered as part of the commitments disclosed at December 31, 2018	39,821,370
(=)	Total operating lease commitments at December 31, 2018	52,399,088
(-)	Short-term lease commitments	831,728
(=)	Gross additional lease liabilities	51,567,360
(-)	Discounting	14,992,816
(=)	Lease liabilities recognized at January 1, 2019	B/. 36,574,544

The application of IFRS 16 also impacts classifications within the statement of cash flows. Its application had nevertheless no significant impact on the Group's retained profits.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

b) Leases accounting policy applied from January 1, 2019 are as follows:

The Group leases various lands, sites, towers, offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Through December 31, 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of income on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied can have a significant impact on the net present value of the lease liability recognized under IFRS 16.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Furthermore, the Group has taken the additional following decisions in adopting the standard:

- Non-lease components are capitalized (IFRS16.15)
- Intangible assets are out of IFRS 16 scope (IFRS16.4)

According to the new Standard, lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate if the lessee is reasonably certain not to exercise that option. The assessment of such options is performed at the commencement of a lease. As part of the assessment, the Group introduced the 'time horizon concept': the reasonable term under which the company expects to use a leased asset considering economic incentives, management decisions, business plans and the fast-paced industry the Group operates in. The assessment must be focused on the economic incentives for the Group to exercise (or not) an option to early terminate/extend a contract.

The Group has decided to work on the basis the lessor will generally accept a renewal/not early terminate a contract, as there is an economic incentive to maintain the contractual relationship.

The Group considered the specialized nature of most of its assets under lease, the low likelihood the lessor can find a third party to substitute the Group as a lessee and past practice to conclude that, the lease term can go beyond the notice period when there is more than an insignificant penalty for the lessor not to renew the lease. This analysis requires judgment and has a significant impact on the lease liability recognized under IFRS 16.

Under IFRS 16, the accounting of sale and leaseback transactions has changed as the underlying sale transaction needs to be firstly analyzed using the guidance of IFRS 15. The seller/lessee recognizes a right-of-use asset in the amount of the proportional original carrying amount that relates to the right of use retained. Accordingly, only the proportional amount of gain or loss from the sale must be recognized. The impact from sale and leaseback transactions was not material for the Group as of the date of initial application.

***** *Adoption amounts do not include Telefónica Panamá IFRS 16 impacts since the acquisition was completed after January 1, 2019 (see note 3)*

3. Business Combination Telefónica Panamá

On August 29, 2019, Cable Onda acquired 100% of the share capital of Telefónica Panamá, S.A. (44,687,308 shares) for $593.6 million from Telefónica Centroamérica Inversiones, S.L.("Telefónica Centroamérica"), which is owned, directly and indirectly by Telefónica S.A. ("Telefónica Panamá Acquisition"). The Telefónica Panamá Acquisition was part of Millicom's broader acquisition of certain assets of Telefónica Centroamérica, which is a leading telecommunications platform with a presence in five Central American countries (Guatemala, Nicaragua, Costa Rica, El Salvador and Panama) and approximately 12.7 million subscribers. The consummation of the Telefónica Panamá Acquisition was approved by the appropriate regulator "Autoridad de Protección al Consumidor y Defensa de la Competencia (ACODECO) on August 29, 2019, when Cable Onda acquired the entire share capital of Telefónica Panamá, S.A.

As of September 30, 2019, the valuation related to the Telefónica Panamá Acquisition is not final, and the purchase price allocation is preliminary and subject to revision, which is expected to occur within twelve months of the acquisition date. The preliminary purchase price allocation for Telefónica Panamá is as follows:

Preliminary Purchase Price Allocation

Cash paid to sellers	**B/.593,633,040**
Cash and cash equivalents	9,060,477
Accounts receivable - customers, net	18,900,129
Receivables to related parties	5,004,953
Contract assets	2,134,003
Other accounts receivable	10,457,786
Inventory	2,433,203
Prepaid expenses (short-term)	1,122,324
Investments in shares of related parties	16,000
Other non-current assets	3,874,753
Deferred tax assets	1,911,045
Intangible assets	110,941,558
Right of use assets	44,273,183
Property, furniture, equipment and leasehold improvements, net	116,459,396
Goodwill	**471,650,742**
Accounts payable	47,654,252
Short-term payable loans	18,319,170
Short term lease liability	5,114,732
Deferred income	5,211,565
Other accrued expenses	10,764,894
Income tax payable	9,544,950
Loans payable	57,037,418
Long term lease liability	42,201,038
Other long-term liabilities	7,846,109
Deferred income tax payable	912,382
Net assets acquired	**B/.593,633,040**

3. Business Combination Telefónica Panamá (continued)

Goodwill is calculated as the excess of the total purchase consideration over the fair value of the underlying net assets. None of the acquired goodwill is expected to be deductible for tax purposes. Telefónica Panamá amortizable intangible assets are comprised mainly of computer applications, and administrative concessions.

The amount of revenues and net income of Telefónica Panamá included in Cable Onda condensed consolidated statement of income since the date of acquisition were $20 million and $8 million, respectively, for the nine months ended September 30, 2019.

The unaudited pro forma revenue and net income of Cable Onda, prepared utilizing the historical financial statements of Telefónica Panamá, giving effect to Telefónica Panamá acquisition as if the acquisition discussed above occurred on January 1, 2019, are as follows:

		Nine Months Ended September 30, 2019
Revenue	B/.	469,729,655
Net Income	B/.	62,980,579

The pro forma financial information as presented above is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal year 2019.

4. Cash

	September 30, 2019	December 31, 2018
Cash on hand	**B/. 115,993**	B/. 57,260
Banco General	**17,044,689**	5,692,721
Banco Panamá	**45,544**	31,697
Global Bank	**271,544**	72,171
Savings fund	**60,231**	48,664
Citibank	**5,191,671**	7,285
Banesco	**378,323**	48,497
Banistmo	**216,630**	169,174
The Bank of Nova Scotia	**229,224**	29,138
Banvivienda	-	7,350
Banconal	**332,006**	106,816
Bac Panamá	**192,748**	214,893
HSBC Bank	**201,569**	-
Telfisa	**944,856**	-
Bac International Bank	**891,840**	-
St. Georges Bank	**84,599**	-
JP Morgan	**5,000**	-
	B/.26,206,467	B/. 6,485,666

5. Accounts receivables, Net

	September 30, 2019	December 31, 2018
Cable, telephone and other services	**B/. 68,197,544**	B/. 31,164,425
Operators	**617,953**	1,287,858
	68,815,497	32,452,283
Less: allowance for doubtful accounts	**(4,624,303)**	(3,224,495)
Accounts receivable, net	**B/. 64,191,194**	B/. 29,227,788

6. Inventory

Following is a breakdown of inventory:

	September 30, 2019	December 31, 2018
Materials and equipment, net of provision for obsolescence	**B/. 22,319,894**	B/. 27,743,748
Mobile, landline terminals and other accessories	**2,059,911**	-
Inventory in transit	**738,726**	190,289
	B/. 25,117,531	**B/. 27,934,037**

7. Severance fund

The fund generated interest income for the nine months ended September 30, 2019 of B/. 283,101 (2018 – 456,615). Said interest is classified under other services and income in the interim condensed consolidated statements of income.

8. Intangible assets, net

Following is a summary of intangible assets, net:

	September 30, 2019	December 31, 2018
Indefinite useful life	**B/. 16,669,520**	B/. 16,699,519
Finite useful life	**126,151,894**	3,421,798
	B/. 142,851,414	B/. 20,121,317

9. Deferred income

Following are the components of deferred income at September 30 and December 31:

	September 30, 2019	December 31, 2018
Current portion		
Early cash collections from monthly payments (a)	**B/. 7,196,436**	B/. 7,342,014
Non-current portion		
Adaptation projects (b)	**B/. 11,271,529**	B/. 10,445,359
Installation cost	**2,733,158**	2,346,744
Deferred revenue (c)	**988,855**	6,038,498
	B/. 13,015,832	B/. 18,830,601

a) Deferred income corresponding to early collection from monthly payments from clients, which are classified as business, residential and corporate.
b) Adaptation and relocation of wiring and telephony, which includes changes, burying of cables in areas where network changes are made. Once concluded, works are amortized over 180 months.
c) These are obligations arising from large-scale contracts, which are executed in phases as per the terms and conditions of said contracts.

10. Property, furniture, equipment and leasehold improvements, net September 30, 2019

	Total
At January 1, 2019, net of depreciation and accumulated amortization	**B/. 318,210,521**
Additions from Telefonica Acquisition	**116,459,396**
Capitalized additions	**48,477,902**
Disposal, net	**(2,567,168)**
Impairment	**-**
Depreciaction and amortization	**(64,508,449)**
At September 30, net of accumulated depreciation and amortization	**B/. 416,072,202**
At January 1, 2019	
At cost	**B/. 1,177,327,958**
Accumulated depreciation and amortization	**(752,385,506)**
Net value	**B/. 424,942,452**
At September 30, net of accumulated depreciation and amortization	
At cost	**B/. 1,266,777,704**
Accumulated depreciation and amortization	**(850,705,502)**
Accumulated impairment	
Net value	**B/. 416,072,202**

10. Property, furniture, equipment and leasehold improvements, net (continued) December 31, 2018

		Total
At January 1, 2018, net of depreciation and accumulated amortization	**B/.**	**287,371,800**
Capitalized additions		**95,187,341**
Merged company's assets		**12,931,471**
Disposal, net		**(320)**
Depreciation and amortization		**(77,279,771)**
At December 31, net of accumulated depreciation and amortization	**B/.**	**318,210,521**
At January, 2018		
At cost	**B/.**	**724,717,538**
Accumulated depreciation and amortization		**(437,345,738)**
Net value	**B/.**	**287,371,800**
At December 31, 2018	**B/.**	**832,836,030**
At cost		
Accumulated depreciation and amortization		**(514 625 509)**
Net value	**B/.**	**318,210,521**

11. Employee benefits payable

Following is a breakdown of employee benefits:

		September 30, 2019		December 31, 2018
Employee benefits	**B/.**	**4,416,231**	B/.	8,355,341
Labor reserves		**4,135,837**		6,813,973
	B/.	**8,552,068**	B/.	15,169,314

12. Accounts Payable

At September 30, 2019, the accounts payable balance amounts to B/.72,909,376 (2018 - B/.54,780,519). The terms for payment of accounts payable to commercial suppliers are extended up to 120 days, as from the date of issuance of the respective notes or invoice, are not subject to discount for prompt payment and do not generate interest and are recoverable in the functional currency of the interim condensed consolidated financial statements.

13. Notes payable

Notes payable expire as follows:

	Interest rate	Expiration	**September 30, 2019**	December 31, 2018
Scotiabank	3.98%-4.38%	2019	**B/. 114,257,574**	B/. 24,000,000
Banistmo	4.59%-5.06%	2019	**57,180,000**	15,000,000
Banco Nacional	4.00%	2020	**99,300,000**	24,300,000
Citibank NA	4.08%	2019	**12,000,000**	-
Intercompany (note 14)			**420,000,000**	-
Banco General, S. A.	5.54%	2020	**13,786,517**	13,786,517
			716,524,091	77,086,517
Less current portion			**485,044,091**	(39,000,000)
			B/. 231,480,000	B/. 38,086,517

14. Other long-term liabilities

On August 4, 2015, the Company issued corporate bonds, due in 2025 and bearing a 5.75% interest rate, which replaced the private issue of corporate bonds due 2010.

At September 30, 2019, the Group is in compliance with the financial conditions established in the agreement for the purchase-sale of bonds.

Following is a breakdown of bonds:

		September 30, 2019		December 31, 2018
Bonds	**B/.**	**185,000,000**	B/.	185,000,000
Financial costs		**(1,287,635)**		(745,324)
	B/.	**183,712,365**	B/.	184,254,676

15. Balances and transactions with related parties

		September 30, 2019		December 31, 2018
Interim Condensed Consolidated Statement of Financial Position				
Assets				
Accounts receivable	**B/.**	**121,783**	B/.	256,812
Corporación Medcom, S.A.				
	B/.	**121,783**	B/.	256,812
Liabilities				
Accounts payable				
Corporación Medcom, S.A.	**B/.**	**2,902,259**	B/.	1,514,907

		September 30, 2019	September 31, 2018
Short-term notes payable			
Millicom International Cellular S.A.	**B/**	**420,000,000**	-

		September 30, 2019		September 30, 2018
Interim Condensed Consolidated Statement of income				
Advertising revenue				
Corporación Medcom, S.A.	**B/.**	**375,000**	B/.	500,000
Lease expense				
Corporación Medcom, S.A.		**85,889**		117,682
Costa del Este Infraestructura, Inc		**622,133**		813,083
Cable Capitol, Inc.		**708,152**		753,493
Metrovisión Bienes Raíces, S.A.		**104,360**		140,758
	B/.	**1,520,534**	B/.	1,825,016

Cable Onda, S. A. signed an agreement with Corporación Medcom, S.A. for the rental of Advertising Space for B/.500,000 per year, for all of the advertising space available on Cable Onda, S. A. channels

No guarantees have been granted or received for accounts receivable from or payable to related parties. For the nine months ended September 30, 2019 and 2018, the Group has set up no allowance for doubtful accounts owed by related parties. This evaluation is conducted at the end of each financial period through testing of the related party's financial position and of the market in which it operates.

Accounts receivable and payable to related parties are presented within accounts receivable and accounts payables, respectively, since they are the product of the services provided or received by the Group.

		September 30, 2019		December 31, 2018
Compensation to key executives	**B/.**	**2,685,403**	B/.	2,393,740

16. Other services and revenue

	For the nine months ended September 30,			
		2019		2018
Installations	**B/.**	**26,191**	B/.	845,108
Other income		**5,087,116**		2,685,160
Advertising		**375,000**		404,588
Additional services		**83,898**		468,020
	B/.	**5,572,206**	B/.	4,402,876

17. Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	For the nine months ended September 30			
		2019		2018
Income total tax	**B/.**	**15,268,384**	B/.	15,096,305

18. Employee benefits

Employee benefits form part of general expenses, sales and administrative expenses for the period, as shown in the following breakdown:

	For the nine months ended September 30			
		2019		2018
Salaries, commissions and other	**B/.**	**26,205,415**	B/.	25,752,857
Travel and representation expenses		**2,403,328**		2,610,680
Bonuses		**3,168,940**		3,470,938
Vacation		**2,718,981**		2,651,563
Employee performance bonuses		**3,103,994**		3,827,676
Social security and employer education insurance		**4,611,550**		4,569,850
Professional risk		**654,501**		669,869
Other expenses		**394,682**		5,128,626
	B/.	**43,261,391**	B/.	48,682,061

19. General, sales and administrative expenses

General, sales and administrative expenses are as follows:

	For the nine months ended September 30			
		2019		2018
Rent	**B/.**	**2,151,005**	B/.	8,439,757
Amortization		**110,060**		120,110
Bad debts		**2,278,201**		3,526,584
Electricity		**4,771,958**		4,814,316
Office expenses		**765,954**		1,138,082
Service expenses		**4,888,437**		5,132,449
Professional services fees		**20,143,472**		19,864,995
Taxes, other than income tax		**4,650,272**		4,135,511
Marketing and advertising		**3,618,493**		3,795,283
Internal repairs and maintenance		**2,399,875**		2,245,510
Client repairs and maintenance		**2,269,586**		3,020,869
General and other expenses		**2,663,665**		1,101,802
Insurance and bonds		**222,593**		183,316
	B/.	**50,933,571**	B/.	57,518,584

20. Programming and operating costs

	For the nine months ended September 30			
		2019		2018
Data transmission costs	**B/.**	**4,736,024**	B/.	6,040,076
Internet cost		**973,768**		1,056,110
Project cost		**8,694,370**		7,317,377
Programmer costs		**40,488,961**		38,848,168
Telephone costs		**11,200,658**		8,858,767
Other cost of sales		**910,593**		3,724,494
	B/.	**67,004,374**	B/.	65,844,992

21. Commitments and contingencies

Commitments

Leases with purchase option

The Group (the lessee) signed a lease-to-own arrangement with Cable Capitol, Inc. (the lessor), a related party, for the rental of Cable Onda, S.A. headquarters building.

Some of the most important clauses in said contract are:

- The term of the agreement is 20 years, extendable, as from signing of the lease agreement in January 2005 and has an addendum signed on April 30, 2018, modifying its term to 28 years (8-year extension).
- The monthly lease payment was established based on a percentage of the cost of the project, estimated at approximately B/.59,460 per month.
- Maintenance and conservation of the property, individually below B/.30,000, is payable by the lessee
- The lessee can exercise the first purchase option as from the tenth year of the term and the preferential right of purchase in the event the lessor offers to sell it to a third party or if a third party offers to buy it.

21. Commitments and contingencies (continued)

The Group (lessee) signed a lease agreement with Metrovisión Bienes Raíces, S. A. (lessor), a related party, for the Cable Onda, S. A. office in Chiriquí. Some of the most important clauses in said contract are:

- The term of the agreement is 20 years, extendable, as from signing of the lease agreement in July 2005 and has an addendum signed on April 30, 2018, modifying the term to 28 years.
- Monthly rent payments are established based on the use of the property and improvements thereto.

The Group (lessee) signed a lease agreement with Cable Capítol Inc. (lessor), a related party, for the Cable Onda, S. A. office in Divisa. Some of the most important clauses in said contract are:

- The term of the agreement is 20 years, extendable, as from signing of the lease agreement in July 2005 and has an addendum signed on April 30, 2018, modifying the term to 28 years.
- Monthly rent payments are established based on use of the property and telecommunications equipment leased, and have been estimated at approximately B/.6,479.

Regulatory environment

The Company commercially exploits the telephone service under Concession Contract No.30-A of February 5, 1996 signed with the State. This concession contract was renewed for an additional 20 years, through Contract No.01-OAL-2014 of March 27, 2014. This concession includes the right to set the price of all of the services provided by the Company and the “caller pays” billing modality (CCP).

As of September 30, 2019 and December 31, 2018, the Company has a compliance bond agreement entered into with MAPFRE Panamá, S. A. in the amount of US$2,500,000 payable to the Ministry of Government and the Comptroller General of the Republic of Panama, to guarantee compliance with the concession contract to operate and use the mobile cellular service.

Mobile cellular service is regulated by the Regulatory Authority, in accordance with the provisions established in Executive Decree No.21 of January 12, 1996, and is rendered in competition, together with Cable & Wireless Panamá, S. A., Digicel (Panama), S. A., and Claro Panamá, S. A.

21. Commitments and contingencies (continued)

Other

Cable Onda, S. A. signed an agreement with for the assignment of marketing rights with Corporación Medcom, S. A., whereby marketing rights are assigned to advertising space on the paid television channels transmitted by Cable Onda, S. A. The duration of the agreement is for 10 years and the corresponding amount is B/.598,000 the first year and B/.500,000 for subsequent years.

Cable Onda, S. A. and Corporación Medcom Panamá, S. A. agreed to sign a number of agreements for the purpose of providing data, internet, paid television, telephony, pre-subscription services, for national and/or international long-distance service pertaining to all the lines of its account to Cable Onda, S. A., contracts for transmission of the Cable Onda Sports and ECO TV television channels, contract for the sale of video content on demand and video on demand subscription.

Cable Onda, S. A. and Corporación Medcom Panamá, S. A. agreed to sign an agreement for leasing of space in a number of telecommunications towers located in different areas of the country.

Cable Onda, S. A. and Costa del Este Infrastructure, Inc. agreed to sign an agreement for the use of ducts in the Costa del Este area.

In consortium with other companies, Cable Onda, S. A. signed contract No. 10071970-08-21 with the Social Security Fund for a total B/.86,373,650 to conduct supply, installation, configuration and maintenance work for an integrated diagnostic imaging information system. In addition, a request was made for outfitting and licenses for all Social Security Fund execution units at the national level, aside from the supply, installation and putting into operation of radiological equipment and corrective and preventive maintenance of the imaging units. This contract took effect on January 21, 2014 for a 60-month term. On September 6, 2016, an addendum was signed, increasing the contract amount to B/. 107,868,803; however, the other terms and conditions remain unchanged. Through note DENSYPS-N-024-2019 dated January 17, 2019, signed by the Social Security Fund Director, negotiations were started with regard to the terms and conditions in addendum N°2 (Economic and time wise to contract N°. 10071970-08-21 of the Teleradiology Project).

Cable Onda, S. A. guarantees compliance with the obligation contracted with the Social Security Fund through a compliance bond that represents 25% of the total amount of the contract, plus civil liability bonds for approximately B/.7 million.

Contingencies

Cable Onda, S. A. is a party in a civil lawsuit filed against it along with a jointly liable third party for B/.2,000,000 (which means that it is only liable for B/.1,000,000). The ruling was handed down against the plaintiff; however, the sentence was appealed and the process was turned over to the Superior Court, and is expected to be rejected, as the plaintiff failed to substantiate it. Moreover, an ordinary lawsuit was filed for the purpose of establishing jurisdictions and annulment of the agreement for the sale of portfolio by Astrovisión Cable TV to Cable Onda, S. A. The plaintiff and Astrovisión reached an extra judicial agreement and the parties abandoned the process. The parties are still awaiting the judge's acceptance the request to withdrawal the lawsuit and for the case to be closed at no risk to Cable Onda, S.A.

21. Commitments and contingencies (continued)

Ordinary Civil Proceeding brought by Teletarjetas, S. A. against Telefónica Móviles Panamá, S. A.— Teletarjetas, S. A. filed a civil lawsuit against The Company for breach of contract and demands payment of alleged damages of up to US$8,448,974, plus court-awarded attorney fees, expenses and interest related to the proceedings. The court ordered the reinstatement of US$300,000, plus interest payable to the plaintiff, corresponding to execution of said compliance bond and declared the bad faith of the defendant, with the consequent application of court-awarded attorney fees.

On March 20, 2012, The Company filed an appeal and counterclaim against Teletarjetas, S. A. of US$819,552 corresponding to principal and interest calculated up to February 29, 2012 and which were due up to the moment payment of the obligation in question became due, as well as the court-awarded attorney fees and legal expenses. No sentence has yet been handed down with respect to these second instance proceedings. Management and the Company's external legal advisors do not consider an adverse result is probable for the Company in this regard.

22. Objectives and policies on management of financial risks

The Group's activities are exposed to a number of financial risks and those activities include the analysis, evaluation, acceptance and management of a certain degree of risk or a combination of risks. Risk taking is basic in the business, and operational risks are an inevitable consequence of being in the business. The Group's goal, therefore, is to achieve a proper balance between the risk and the return, and minimize potential adverse effects on the Group's financial realization.

The Group's risk management policies are designed to identify and analyze these risks, to establish proper limits and controls for the risk, and to monitor the risks and compliance with the updated limits. The Group regularly reviews its risk policies to ensure they reflect market changes and best practices.

Financial risk management

The Group's main financial obligations are public issuance of corporate bonds for B/.185 million, intercompany financing and credit facilities. The purpose of these financial obligations is to obtain the funds necessary for the Group to operate.

The main financial assets used by the Group are accounts receivable and cash.

These positions generate the following financial risks:

a) *Interest rate risk*

As of September 30, 2019, 100% of the financing obtained by the Group is fixed rate to maturity of the respective loans.

22. Objectives and policies on management of financial risks (continued)

b) Credit risk

The Group has formally established credit procedures requiring strict compliance. The credit policy and decisions on the approval of new loans are taken by the Senior Management Committee, which evaluates the risk pertaining to credit activities and approves the credit policies. The Collections Department follows up and monitors the decisions of the Senior Management Committee.

The incidence of doubtful accounts and of late-payment on accounts receivable has been historically maintained at acceptable levels, as a result of which, there is a low counterparty risk.

c) Liquidity risk

The Group monitors the risk of running out of funds to face its obligations through preparation of projected future cash flows.

Projected cash flows are prepared weekly for the upcoming four weeks and monthly for the months

remaining to the end each annual period. This allows for determining the Group's capability to face its commitments and its cash needs.

In said cash flows, both operating activities and investment activities are considered for the purpose of adequately covering needs with short or long-term funds according to the origin of the need.

23. Fair value of financial instruments

Fair value estimations are conducted at the date of the consolidated financial statements, based on the relevant market and other information related to the financial instruments. Those estimations reflect no prize or discount that could result from holding the financial instruments as available for sale, due to the fact that none of them is held for that purpose.

The nature of these estimations is objective and involves uncertain aspects and management's judgment, as a result of which, the amounts thereof cannot be determined with absolute accuracy. Consequently, changes, if any, in the assumptions on which the estimations are based could differ from the final results.

Following are the assumptions used by the Group Management to establish the fair market value of the financial instruments:

a. The values of cash and cash equivalents, commercial accounts receivable, other accounts payable and loans payable in the short-term close resemble their fair market value, as they are financial instruments maturing in the short term.

23. Fair value of financial instruments (continued)

Following is a comparison between the book values and fair values of the financial instruments shown in the Group's consolidated financial statements, according to their classification.

	Book value		Fair value	
	September 30, 2019	December 31, 2018	**September 30, 2019**	December 31, 2018
Financial assets				
Cash	**B/. 26,206,467**	B/. 6,485,666	**B/. 26,206,467**	B/. 6,485,666
Other accounts receivable	**18,464,066**	2,345,800	**18,464,066**	2,345,800
Accounts receivable	**B/. 64,191,194**	B/. 29,277,788	**B/. 64,191,194**	B/. 29,277,788
Financial liabilities				
Accounts payable	B/. 72,909,376	B/. 54,780,519	**B/. 72,909,376**	B/. 54,780,519
Lease liabilities	80,170,349	-	**80,170,349**	-
Notes and other long-term liabilities	**B/. 900,236,456**	B/. 261,341,193	**B/. 915,490,091**	B/. 261,341,193

Capital management

The main purpose of capital management is to ensure that the Group maintains sound credit ratings and healthy financial capital ratios in support of its business and to maximize profits.

Cable Onda, S. A. manages its capital structure and on a timely basis, requests adjustments to said capital from its stockholders, taking into account the economic environment in which the Group operates. In order to maintain or adjust its capital structure, the Group can request changes to dividends from its stockholders, as well as capital refunds agreed and if necessary, increases in capital contributions. No significant changes were made to said policies during 2018 and the first quarter of 2019.

The Group monitors its capital using, as the prevailing financial ratio, the ratio arrived at by dividing total net liabilities (current liabilities plus non-current liabilities less cash) by total stockholders' equity. As of September 30, 2019, said financial ratio was 7.62 (2018 4.0).

24. Events subsequent to the date of the statement of financial position

On November 1, 2019 Cable Onda completed a bond debt offering under the Rule 144A and Regulation S, of $600 million aggregate principal amount of 4.500% Senior Notes due 2030.