



MILLICOM
THE DIGITAL LIFESTYLE

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine month periods
ended 30 September 2015

22 October 2015

Unaudited interim condensed consolidated income statement for the nine month period ended 30 September 2015

US\$ millions	Notes	Nine months ended 30 September 2015	Nine months ended 30 September 2014 ¹
Revenue	6	5,053.5	4,526.5
Cost of sales		(1,363.6)	(1,155.3)
Operating expenses		(2,003.3)	(1,865.4)
EBITDA²	6	1,686.6	1,505.8
Depreciation.....		(810.3)	(644.0)
Amortisation.....		(189.9)	(167.2)
Other operating income (expenses), net		(9.5)	5.1
Operating profit	6	676.9	699.7
Interest expense		(333.6)	(307.3)
Interest and other financial income.....		16.5	14.6
Revaluation of previously held interest.....		—	2,250.0
Other non-operating (expenses) income, net.....	7	(212.7)	202.8
Income (loss) from joint ventures and associates, net		(35.4)	25.6
Profit before taxes from continuing operations		111.7	2,885.5
Charge for taxes, net		(168.5)	(167.5)
Profit (loss) for the period from continuing operations		(56.8)	2,718.0
Profit (loss) for the period from discontinued operations, net of tax ³	4	—	20.6
Net (loss) profit for the period		(56.8)	2,738.6

Attributable to:			
The owners of the Company		(132.8)	2,594.6
Non-controlling interests		76.0	144.0

Earnings per common share for profit (loss) attributable to the owners of the Company:			
Basic (US\$)	8	(1.33)	25.95
Diluted (US\$)	8	(1.33)	25.94

¹ Presentation of the income statement from cost of sales up to operating profit has been amended compared to the income statement reported in 2014 for the period ended 30 September 2014. This was done in the purpose of showing EBITDA (as defined in note 2 below) on the face of the income statement, similarly to other external releases made by the Group. A reconciliation with the former presentation of the income statement for the nine months ended 30 September 2014 is provided in note 2.

² Earnings before interest, taxes, depreciation, amortisation, revaluation of previously held interest, other non-operating (expenses) income, income (loss) from joint ventures and associates and profit (loss) for the period from discontinued operations, net of tax. EBITDA is used internally by management to assess operating performance and allocate financial resources (see note 6. Segment information).

³ As a result of amendments to the Online investment agreements in 2014 the loss of path to control requires these businesses to be classified as discontinued operations under IFRS (see note 4). Since the loss of path to control, the Online investments are reported under the equity method.

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

Unaudited interim condensed consolidated income statement for the three month period ended 30 September 2015

US\$ millions	Notes	Three months ended 30 September 2015	Three months ended 30 September 2014 ¹
Revenue	6	1,640.7	1,674.5
Cost of sales		(435.1)	(448.9)
Operating expenses		(645.3)	(676.7)
EBITDA ²	6	560.3	548.9
Depreciation.....		(260.4)	(248.8)
Amortisation.....		(62.7)	(59.2)
Other operating income (expenses), net		(10.2)	(1.7)
Operating profit	6	227.0	239.2
Interest expense		(111.5)	(107.6)
Interest and other financial income.....		4.3	6.5
Revaluation of previously held interest.....			
Other non-operating (expenses) income, net.....	7	(46.3)	85.0
Income (loss) from joint ventures and associates, net		(10.8)	22.0
Profit (loss) before taxes from continuing operations		62.7	245.3
Charge for taxes, net		(38.5)	(30.0)
Profit (loss) for the period from continuing operations			
Profit (loss) for the period from discontinued operations, net of tax			
Net (loss) profit for the period		24.2	215.3

Attributable to:			
The owners of the Company		12.4	164.5
Non-controlling interests		11.8	50.6

Earnings per common share for profit (loss) attributable to the owners of the Company:			
Basic (US\$)	8	0.12	1.65
Diluted (US\$)	8	0.12	1.65

¹ Presentation of the income statement from cost of sales up to operating profit has been amended compared to the income statement reported in 2014 for the period ended 30 September 2014. This was done in the purpose of showing EBITDA (as defined in note 2 below) on the face of the income statement, similarly to other external releases made by the Group. A reconciliation with the former presentation of the income statement for the nine months ended 30 September 2014 is provided in note 2.

² Earnings before interest, taxes, depreciation, amortisation, revaluation of previously held interest, other non-operating (expenses) income, income (loss) from joint ventures and associates and profit (loss) for the period from discontinued operations, net of tax. EBITDA is used internally by management to assess operating performance and allocate financial resources (see note 6. Segment information).

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

Unaudited interim condensed consolidated statement of comprehensive income for the nine month period ended 30 September 2015

US\$ millions	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Net profit (loss) for the period	(56.8)	2,738.6
Other comprehensive income (to be reclassified to the income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(413.4)	(136.0)
Change in value of cash flow hedges	(5.7)	1.5
Other comprehensive income (not to be reclassified to the income statement in subsequent periods), net of tax:		
Remeasurements of post-employment benefit obligations	—	—
Total comprehensive income (loss) for the period	(475.9)	2,604.1

Attributable to:		
The owners of the Company	(451.6)	2,500.8
Non-controlling interests	(24.3)	103.3

Unaudited interim condensed consolidated statement of comprehensive income for the three month period ended 30 September 2015

US\$ millions	Three months ended 30 September 2015	Three months ended 30 September 2014
Net profit (loss) for the period	24.2	215.3
Other comprehensive income (to be reclassified to the income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	(220.7)	(106.2)
Change in value of cash flow hedges	(2.7)	(0.2)
Other comprehensive income (not to be reclassified to the income statement in subsequent periods), net of tax:		
Remeasurements of post-employment benefit obligations	—	—
Total comprehensive income (loss) for the period	(199.2)	108.9

Attributable to:		
The owners of the Company	(242.7)	100.1
Non-controlling interests	43.5	8.8

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

Unaudited interim condensed consolidated statement of financial position as at 30 September 2015

US\$ millions	Notes	30 September 2015	31 December 2014 ¹
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net.....	10	5,175.2	5,515.4
Property, plant and equipment, net	9	4,112.4	4,750.3
Investments in associates		147.5	185.3
Investments in joint ventures		53.2	89.1
Deferred tax assets		248.9	293.7
Call option assets	14	—	74.8
Amount due from non-controlling interests, associates and joint ventures		27.3	24.4
Derivative financial instruments.....	14	24.7	—
Other non-current assets.....		80.6	90.0
TOTAL NON-CURRENT ASSETS		9,869.8	11,023.0
CURRENT ASSETS			
Inventories		133.0	147.9
Trade receivables, net		474.5	492.3
Amounts due from non-controlling interests, associates and joint ventures	13	367.4	325.4
Prepayments and accrued income.....		267.3	274.4
Current income tax assets.....		133.7	150.4
Supplier advances for capital expenditure		59.8	63.5
Call option assets	14	15.4	—
Other current assets		133.1	91.7
Restricted cash		125.6	128.2
Cash and cash equivalents		724.4	694.4
TOTAL CURRENT ASSETS.....		2,434.2	2,368.2
Assets held for sale	4	13.5	26.9
TOTAL ASSETS		12,317.5	13,418.1

¹ The consolidated statement of financial position for the year ended 31 December 2014 has been restated to reflect the final adjustment of the purchase accounting of UNE (note 3).

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

Unaudited interim condensed consolidated statement of financial position at 30 September 2015 (continued)

US\$ millions	Notes	30 September 2015	31 December 2014 ¹
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium.....		638.8	639.4
Treasury shares.....		(143.4)	(159.9)
Put option reserve.....	14	(2,512.5)	(2,512.5)
Other reserves.....		(705.1)	(389.2)
Retained profits.....		4,449.6	2,118.1
Profit (loss) for the period / year attributable to equity holders.....		(132.8)	2,642.7
Equity attributable to owners of the Company.....		1,594.6	2,338.6
Non-controlling interests.....		1,209.8	1,390.7
TOTAL EQUITY.....		2,804.4	3,729.3
LIABILITIES			
Non-current liabilities			
Debt and financing.....	11	4,930.8	4,564.8
Derivative financial instruments.....	14	65.6	43.2
Amounts due to non-controlling interests, associates and joint ventures.....	13	—	30.3
Provisions and other non-current liabilities.....		264.2	298.0
Deferred tax liabilities.....		137.2	183.5
Total non-current liabilities.....		5,397.8	5,119.8
Current liabilities			
Debt and financing.....	11	191.4	357.8
Put option liabilities.....	14	2,178.5	2,260.0
Payables and accruals for capital expenditure.....		286.5	370.6
Other trade payables.....		267.6	386.3
Amounts due to non-controlling interests, associates and joint ventures.....	13	16.4	26.3
Accrued interest and other expenses.....		542.9	500.4
Current income tax liabilities.....		164.8	142.6
Provisions and other current liabilities.....		467.2	523.2
Total current liabilities.....		4,115.3	4,567.2
Liabilities directly associated with assets held for sale.....		—	1.6
TOTAL LIABILITIES.....		9,513.1	9,688.8
TOTAL EQUITY AND LIABILITIES.....		12,317.5	13,418.1

¹ The consolidated statement of financial position for the year ended 31 December 2014 has been restated to reflect the final adjustment of the purchase accounting of UNE (note 3).

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

Unaudited interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2015

US\$ millions	Notes	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Cash flows from operating activities			
Profit (loss) before taxes from continuing operations		111.7	2,885.5
Profit (loss) for the period from discontinued operations.....	4	—	20.6
Profit (loss) before taxes		111.7	2,906.1
Adjustments to reconcile to net cash:			
Interest expense		333.6	307.3
Interest and other financial income		(16.5)	(14.6)
Revaluation of previously held interest		—	(2,250.0)
Other non-operating expenses (income), net		212.7	(226.3)
(Gain) loss from associates and joint ventures, net.....		35.4	(25.6)
Adjustments for non-cash items:			
Depreciation and amortization		1,000.2	812.3
Other non-cash items.....		27.1	15.1
Changes in working capital.....		(119.5)	88.3
Interest received (paid), net		(267.5)	(218.9)
Taxes paid		(190.0)	(260.4)
Net cash provided by operating activities		1,131.2	1,133.2
Cash flows from investing activities:			
Purchase of intangible assets and licenses	10	(107.3)	(183.8)
Purchase of property, plant and equipment	9	(721.8)	(766.6)
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	(51.2)	(962.8)
Disposal of subsidiaries, joint ventures and associates	5	3.6	119.7
Dividend received from associate		6.4	—
Other cash from (used by) other investing activities.....		1.1	846.6
Net cash used by investing activities		(869.2)	(946.9)
Cash flows from financing activities:			
Proceeds from 6.875% Guatemala bond		—	778.6
Proceeds from 6% MIC SA bond	11	497.0	—
Proceeds from other debt and financing		1,082.3	397.5
Acquisition of non-controlling interests	3	(39.0)	—
Repayment of debt and financing		(1,242.0)	(1,003.4)
Advances for and dividends to non-controlling interests.....		(180.3)	(264.0)
Dividends paid to owners of the Company.....		(264.4)	(264.0)
Other cash flows from (used in) financing activities		(12.1)	(82)
Net cash from (used by) financing activities.....		(158.5)	(436.9)
Exchange gains (losses) on cash and cash equivalents, net		(73.5)	(18.4)
Net (decrease) increase in cash and cash equivalents		30.0	(269.0)
Cash and cash equivalents at the beginning of the year		694.4	941.5
Cash and cash equivalents at the end of the period		724.4	672.4

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

Unaudited interim condensed consolidated statements of changes in equity for the nine month period ended 30 September 2015 and year ended 31 December 2014

US\$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits (i)	Put option reserve	Other reserves	Total	Non-controlling interests	Total equity
Balance on 31 December 2013	101,739	(1,895)	152.6	487.5	(172.4)	2,383.5	(737.4)	(185.1)	1,928.7	152.1	2,080.8
Total comprehensive income for the period.....	—	—	—	—	—	2,594.6	—	(93.8)	2,500.8	103.3	2,604.1
Dividends (ii).....	—	—	—	—	—	(264.0)	—	—	(264.0)	(191.3)	(455.3)
Purchase of treasury shares.....	—	(26)	—	—	(2.5)	—	—	—	(2.5)	—	(2.5)
Share based compensation.....	—	—	—	—	—	—	—	20.4	20.4	—	20.4
Issuance of shares under the LTIPs.....	—	165	—	(0.8)	15.0	1.0	—	(15.2)	—	—	—
Change in scope of consolidation.....	—	—	—	—	—	—	—	—	—	1,697.1	1,697.1
Deconsolidation of Online.....	—	—	—	—	—	—	—	—	—	(4.4)	(4.4)
Put option.....	—	—	—	—	—	—	(1,775.1)	—	(1,775.1)	—	(1,775.1)
Balance on 30 September 2014	101,739	(1,756)	152.6	486.7	(159.9)	4,715.1	(2,512.5)	(273.7)	2,408.3	1,756.8	4,165.1
Total comprehensive income for the period.....	—	—	—	—	—	48.1	—	(116.1)	(68.0)	(113.0)	(181.0)
Dividends.....	—	—	—	—	—	—	—	—	—	(2.5)	(2.5)
Purchase of treasury shares.....	—	—	—	—	—	—	—	—	—	—	—
Share based compensation.....	—	—	—	—	—	—	—	2.0	2.0	—	2.0
Issuance of shares under the LTIPs.....	—	—	—	0.1	—	—	—	—	0.1	—	0.1
Change in scope of consolidation.....	—	—	—	—	—	—	—	—	—	(236.3)	(236.3)
Completion of UNE purchase price allocation (iii) ...	—	—	—	—	—	(2.4)	—	(1.4)	(3.8)	(14.3)	(18.1)
Balance on 31 December 2014	101,739	(1,756)	152.6	486.8	(159.9)	4,760.8	(2,512.5)	(389.2)	2,338.6	1,390.7	3,729.3
Total comprehensive income for the period.....	—	—	—	—	—	(132.8)	—	(318.8)	(451.6)	(24.3)	(475.9)
Dividends.....	—	—	—	—	—	(264.4)	—	—	(264.4)	(172.8)	(437.2)
Purchase of treasury shares.....	—	(29)	—	—	(2)	—	—	—	(2.0)	—	(2.0)
Exercise of stock options.....	—	45	—	0.1	4.0	(1.8)	—	(1.3)	1.0	—	1.0
Director shares.....	—	4	—	—	0.4	(0.4)	—	—	—	—	—
Share based compensation.....	—	—	—	—	—	—	—	17.8	17.8	—	17.8
Issuance of shares under the LTIPs.....	—	154	—	(0.7)	14.1	2.1	—	(15.5)	—	—	—
Change in scope of consolidation (iii).....	—	—	—	—	—	(46.7)	—	1.9	(44.8)	12.8	(32.0)
Extension of Honduras call option (iii).....	—	—	—	—	—	—	—	—	—	3.4	3.4
Balance on 30 September 2015	101,739	(1,582)	152.6	486.2	(143.4)	4,316.8	(2,512.5)	(705.1)	1,594.6	1,209.8	2,804.4

- (i) Includes profit for the period attributable to equity holders of which at 30 September 2015 \$277 million (31 December 2014: \$284.6 million) are undistributable to the owners of the Company.
- (ii) A dividend of \$2.64 per share was approved at the Annual General Meeting in May 2015 and distributed in June 2015.
- (iii) See note 3.

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

Millicom International Cellular S.A. (the “Company”), a Luxembourg Société Anonyme, and its subsidiaries, joint ventures and associates (the “Group” or “Millicom”) is an international telecommunications and media company providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband and investments in online businesses in Latin America and Africa.

On 21 October 2015 the Board of Directors authorized these financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

These interim condensed consolidated 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 consolidated 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 interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2014 consolidated financial statements, as disclosed in note 2 of those financial statements except for the change in the presentation of the income statement described below. The following changes to standards effective for annual periods starting after 1 January 2015 did not have a significant impact on Millicom:

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

In addition, Millicom voluntarily changed the presentation of the income statement from cost of sales up to operating profit compared to the income statement for the period ended 30 September 2014. This was done in the purpose of showing EBITDA on the face of the income statement, similarly to other external releases made by the Group and because EBITDA is used internally by management to assess operating performance and allocate financial resources. A reconciliation to the former presentation of the income statement for the nine and three months periods ended 30 September 2014 is shown below:

Nine months ended 30 September 2014			
US\$ millions	Former presentation	Reclassification	New presentation
Revenue	4,526.5	—	4,526.5
Cost of Sales	(1,721.8)	566.5	(1,155.3)
Gross profit	2,804.7	—	—
Sales and Marketing	(937.2)	937.2	—
General and Administrative expenses	(1,002.2)	1,002.2	—
Operating expenses	(167.5)	(1,697.9)	(1,865.4)
EBITDA	—	—	1,505.8
Depreciation	—	(644.0)	(644.0)
Amortisation	—	(167.2)	(167.2)
Other operating income (expenses), net	—	5.1	5.1
Operating profit	699.7	—	699.7

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

Three months ended 30 September 2014			
US\$ millions	Former presentation	Reclassification	New presentation
Revenue	1,674.5	—	1,674.5
Cost of Sales	(666.9)	218.0	(448.9)
Gross profit	1,007.6	—	—
Sales and Marketing	(329.6)	329.6	—
General and Administrative expenses	(382.3)	382.3	—
Operating expenses	(56.5)	(620.2)	(676.7)
EBITDA	—	—	548.9
Depreciation	—	(248.8)	(248.8)
Amortisation	—	(59.2)	(59.2)
Other operating income (expenses), net	—	(1.7)	(1.7)
Operating profit	239.2	—	239.2

3. ACQUISITION OF SUBSIDIARIES, JOINT VENTURES AND NON-CONTROLLING INTERESTS

Honduras and Guatemala Put and Call Option Extension

Effective 1 July 2010 (Honduras) and 1 January 2014 (Guatemala), Millicom reached agreements with its respective local partners whereby the local partners granted Millicom an unconditional call option for a duration of five years (Honduras) and two years (Guatemala) for their respective stakes in its Honduras (Celtel) and Guatemala (Comcel) operations. At the same time, and as a consideration for the call options, Millicom granted put options for the same duration to its local partners. The put options become exercisable on a change of control of Millicom International Cellular S.A., or Millicom's subsidiaries that hold the shares in Comcel and Celtel.

On 19 June 2015 Millicom reached an agreement with its local partner to extend Millicom's five year unconditional call option to acquire the remaining 33.3% of the Honduran business until 31 December 2015 and in return extended the local partners conditional put option over the 33.3% stake. All other terms and conditions of the put and call options remained unchanged.

If the call options are not exercised or extended beyond their 31 December 2015 expiry dates, and in the absence of any other changes to the shareholders agreements with our local partners, both businesses will be deconsolidated and accounted for as investments in joint ventures starting 31 December 2015. This would require Millicom's 66.7% investment in Honduras and 55% investment in Guatemala to be revalued to fair value.

At the same time the conditional put options Millicom provided to the other shareholders would also lapse.

The contribution of Honduras and Guatemala to Revenue and to EBITDA for the nine months ended 30 September 2015 were \$1,453.6 million and \$704.1 million. (\$1,384.0 million and \$685.8 million respectively for the nine months ended 30 September 2014)

The deconsolidation of Honduras and Guatemala would have no significant impact on the Group's net income, dividends, and covenant compliance.

Zantel Tanzania

On 4 June 2015 Millicom's fully owned Swedish subsidiary Millicom International Ventures AB entered into an agreement to purchase 85% of Zanzibar Telecom Limited ("Zantel"). The agreed purchase consideration is \$1 and in addition Millicom will assume Zantel's debt obligations. The final consideration will be subject to values of working capital, and net debt among other items at the date of closing, and a reverse earn-out mechanism based on the EBITDA of Zantel until the end of 2019.

In October 2015 the Company obtained the necessary regulatory approvals and expects to close the transaction shortly.

3. ACQUISITION OF SUBSIDIARIES, JOINT VENTURES AND NON-CONTROLLING INTERESTS (Continued)

Africa Internet Holding GmbH (AIH)

In January and March 2015 Millicom paid an aggregate of Euro 20 million to AIH and in May 2015 the last Euro 5 million. These payments were related to the increase in shareholding from 20% to 33.3% completed in June 2014. In May 2015 Millicom exercised its back-out right not to invest a further Euro 70 million in AIH. As a result Millicom's shareholding in AIH will be diluted once all regulatory approvals are obtained, which is expected to happen in Q4 2015.

Telecable Costa Rica

On 19 December 2014 Millicom signed an agreement to acquire 100% of the shares of Telecable Economico TVE, S.A. a cable operator in Costa Rica, and related intellectual property, for cash consideration of \$82.9 million. Regulatory approval was not obtained for the transaction and Millicom has engaged with the regulator for a review of the decision.

Purchase Accounting for 2014 Acquisition of UNE

On 14 August 2014, Millicom completed the acquisition of 50% - 1 share in UNE EPM Telecomunicaciones S.A. ("UNE"), the second largest fixed telephony/broadband/subscription TV provider in Colombia. As of 31 December 2014, the purchase accounting was provisional. During the 3 month period ended 30 September 2015 the purchase accounting for the acquisition of UNE was finalized. The property, plant and equipment was revalued to \$1,571 million (from \$1,417 million), mainly as a result of reassessment of economic lives of the network and recognition of assets under finance leases. Finance lease liabilities of \$118 million were recorded, as well as provisions of \$18 million related to onerous contracts of the 4G business, and deferred tax liabilities of \$9 million related to the fair value adjustments. Goodwill increased by \$10 million as follows:

	Provisional Fair Value 100%	Final Fair value 100%	Change
14 August 2014 (US\$ millions)			
Intangible assets (excluding goodwill), net.....	297	303	6
Property, plant and equipment, net.....	1,417	1,571	154
Other non-current assets.....	74	74	—
Current assets (excluding cash) (i).....	347	350	3
Cash and cash equivalents.....	123	114	(9)
Assets held for sale (see note 4).....	22	14	(8)
Total Assets Acquired.....	2,280	2,426	146
Non-current financial liabilities.....	413	581	168
Current liabilities.....	608	608	—
Total Liabilities Assumed.....	1,021	1,189	168
Fair value of assets acquired and liabilities assumed, net (ii).....	1,259	1,237	(22)
Fair value of non-controlling interest in the UNE Group (iii).....	646	635	(11)
Millicom's interest in the fair value of the UNE Group.....	613	603	(10)
Goodwill (iv).....	247	257	10

(i) The fair value of trade receivables acquired was \$177 million.

(ii) After deducting from equity the \$617 million of dividends declared prior to the merger and including the additional 25% ownership acquired by UNE in Colombia Móvil for \$243 million from a third party prior to the merger.

(iii) The non-controlling interest in one of UNE's subsidiaries was 60%.

(iv) \$860 million consideration less Millicom's \$603 million interest in the fair value of the net assets acquired.

The completion of the purchase price allocation resulted in an impact on net income of \$(2.4) million for the year ended 31 December 2014 and \$(2.1) million for the nine month period ended 30 September 2015. The impact on 2014 net income has been considered as immaterial and adjusted against retained profits with no restatement of the related income statement.

From the date of the acquisition to 30 September 2014, UNE contributed \$186 million of revenue and \$4 million to profit before tax from continuing operations of the Group. If UNE had been acquired on 1 January 2014 incremental revenue for the nine-month period ended 30 September 2014 would have been \$1,051 million and incremental profit for that period \$20 million.

Acquisition related costs were approximately \$1 million.

3. ACQUISITION OF SUBSIDIARIES, JOINT VENTURES AND NON-CONTROLLING INTERESTS (Continued)

Other minor acquisitions

During the nine month period ended 30 September 2015 Millicom raised its stake in its Rwandan subsidiary from 87.5% to 100% and in one of the UNE subsidiaries (EDATEL S.A. E.S.P.) from 80.0% to 100.0%, and made other smaller acquisitions for total consideration of \$62.3 million fully disbursed.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Online Businesses

On 21 January 2014 as a result of an amendment to the shareholders' agreement, Millicom deconsolidated LIH. The results were classified as discontinued operations and for the nine month period ended 30 September 2014 were:

US\$ millions	Nine months ended 30 September 2014
Revenue	4.0
Operating expenses.....	(6.8)
Operating losses	(2.8)
Gain on deconsolidation	23.4
Profit after tax from discontinued operations	20.6

Assets Held for Sale - UNE 4G Spectrum

In accordance with a merger regulatory approval condition related to the acquisition of UNE (see note 3), spectrum to be returned to the Colombian government with carrying value of \$13.5 million is classified as assets held for sale (31 December 2014: \$15.3 million).

5. DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND NON-CONTROLLING INTERESTS

Agreement for LIH to contribute subsidiaries

On 1 July 2015 Millicom's 35% owned associate LIH agreed to contribute its investments in its operating subsidiaries Kanui and Tricae to Global Fashion Group in a share for share transaction. Global Fashion Group is partly owned by Rocket Internet and Kinnevik. LIH's shareholding in Global Fashion Group is relative to the value of Kanui and Tricae and the post-merger value of Global Fashion Group.

MKC Brilliant Services GmbH (LIH)

During March 2015 LIH disposed of its interest in HelloFood and HelloFood declared a Euro 8 million dividend to Millicom, of which \$6 million had been received by 30 September 2015.

Other disposals

During the nine month period ended 30 September 2015 Millicom disposed of a minor subsidiary for cash consideration of \$3 million.

6. SEGMENT INFORMATION

The Group has businesses in three regions: Central America, South America and Africa. In 2015, the Group has reviewed the presentation of the segment information and introduced EBITDA as it is an important key performance indicator reviewed by the CODM.

Segment information for the nine month periods ended 30 September 2015 and 2014 was as follows:

Nine months ended 30 September 2015 (US\$ millions)	Central America	South America	Africa	Unallo- cated	Continuing Operations	Discontinued Operations	Intercompany Elimination	Total
Revenue	1,897.6	2,426.6	729.3	—	5,053.5	—	—	5,053.5
Operating profit (loss)	523.3	340.8	(20.3)	(167.0)	676.9	—	—	676.9
<i>Add back:</i>								
Depreciation and amortization	350.1	470.6	174.0	5.5	1,000.2	—	—	1,000.2
Other operating income (expenses), net	0.9	4.6	3.0	1.0	9.5	—	—	9.5
EBITDA	874.4	816.0	156.7	(160.5)	1,686.6	—	—	1,686.6
Capital expenditure (cash)	(252.7)	(420.5)	(142.6)	(7.8)	(823.6)	—	—	(824.0)
Changes in working capital and others	13.5	(82.5)	48.0	(80.8)	(101.7)	—	—	—
Taxes paid	(102.2)	(41.1)	(7.3)	(39.2)	(190.0)	—	—	—
Operating free cash flow (i)	533.0	271.7	54.9	(288.2)	571.3	—	—	—
Total Assets (ii)	6,929.3	3,775.8	1,643.4	1,670.6	14,019.1	—	(1,701.6)	12,317.5
Total Liabilities	2,214.8	2,499.5	2,097.2	4,403.2	11,214.7	—	(1,701.6)	9,513.1

(i) Operating free cash flow by segment includes share-based compensation as a cash transaction.

(ii) Segment assets include goodwill and other intangible assets

Nine months ended 30 September 2014 (US\$ millions) (iii)	Central America	South America	Africa	Unallo- cated	Continuing Operations	Discontinued Operations	Intercompany Elimination	Total
Revenue	1,817.1	1,966.3	743.1	—	4,526.5	4.0	—	4,530.5
Operating profit (loss)	507.7	391.2	(11.9)	(187.3)	699.7	(2.8)	—	696.9
<i>Add back:</i>								
Depreciation and amortization	335.3	282.8	189.7	3.4	811.2	—	—	811.2
Other operating income (expenses), net	9.1	(2.4)	(7.7)	(4.1)	(5.1)	—	—	(5.1)
EBITDA	852.1	671.6	170.1	(188.0)	1,505.8	(2.8)	—	1,503.0
Capital expenditure (cash)	(322.6)	(336.8)	(251.3)	(14.3)	(925.0)	—	—	(925.0)
Changes in working capital and others	2.2	76.3	74.4	(44.2)	108.7	—	—	—
Taxes paid	(150.6)	(60.5)	(19.9)	(17.0)	(248.0)	—	—	—
Operating free cash flow (i)	381.1	350.6	(26.7)	(263.5)	441.5	—	—	—
Total Assets (ii)	6,807.9	5,147.2	1,701.4	1,802.8	15,459.3	—	(1,554.3)	13,905.0
Total Liabilities	2,164.2	2,933.2	1,938.4	4,258.4	11,294.2	—	(1,554.2)	9,740.0

(i) Operating free cash flow by segment includes share-based compensation as a cash transaction.

(ii) Segment assets include goodwill and other intangible assets

(iii) Represented to align with 2015 presentation.

Segment information for the three month periods ended 30 September 2015 and 2014 was as follows:

Three months ended 30 September 2015 (US\$ millions)	Central America	South America	Africa	Unallo- cated	Continuing Operations	Discontinued Operations	Intercompany Elimination	Total
Revenue	635.7	763.9	241.2	—	1,640.7	—	—	1,640.7
Operating profit (loss)	178.2	107.9	(8.6)	(50.6)	226.9	—	—	226.9
<i>Add back:</i>								
Depreciation and amortization	114.0	154.3	53.3	1.4	323.0	—	—	323.0
Other operating income (expenses), net	0.3	6.9	3.3	—	10.4	—	—	10.4
EBITDA	292.3	269.1	48.1	(49.2)	560.3	—	—	560.3
Capital expenditure (cash)	(96.6)	(186.1)	(45.8)	(5.6)	(334.0)	—	—	(334.0)
Changes in working capital and others	16.8	3.3	54.2	(8.2)	66.1	—	—	—
Taxes paid	(36.2)	(1.4)	(1.4)	(7.3)	(46.3)	—	—	—
Operating free cash flow (i)	176.3	84.9	55.2	(70.3)	246.0	—	—	—
Total Assets (ii)	6,929.3	3,775.8	1,643.4	1,670.6	14,019.1	—	(1,701.6)	12,317.5
Total Liabilities	2,214.8	2,499.5	2,097.2	4,403.2	11,214.7	—	(1,701.6)	9,513.1

(i) Operating free cash flow by segment includes share-based compensation as a cash transaction.

(ii) Segment assets include goodwill and other intangible assets

6. SEGMENT INFORMATION (Continued)

Three months ended 30 September 2014 (US\$ millions) (iii)	Central America	South America	Africa	Unallo- cated	Continuing Operations	Discontinued Operations	Intercompa ny Elimination	Total
Revenue	605.7	814.0	254.8	—	1,674.5	—	—	1,674.5
Operating profit (loss)	163.8	149.7	(10.1)	(64.3)	239.2	—	—	239.2
<i>Add back:</i>								
Depreciation and amortization	113.4	128.1	65.1	1.5	308.0	—	—	308.0
Other operating income (expenses), net	4.5	(1.7)	(0.3)	(0.8)	1.7	—	—	1.6
EBITDA	281.7	276.1	54.7	(63.6)	548.9	—	—	548.9
Capital expenditure (cash)	(98.7)	(135.0)	(100.0)	2.6	(331.1)	—	—	(336.1)
Changes in working capital and others	17.7	(34.2)	80.8	23.0	87.3			
Taxes paid	(54.8)	(9.5)	(2.6)	(12.3)	(79.2)			
Operating free cash flow (i)	145.9	97.4	32.9	(50.3)	225.9			
Total Assets (ii)	6,807.9	5,147.2	1,701.4	1,802.8	15,459.3	—	(1,554.3)	13,905.0
Total Liabilities	2,164.2	2,933.2	1,938.4	4,258.4	11,294.2	—	(1,554.2)	9,740.0

(i) Operating free cash flow by segment includes share-based compensation as a cash transaction.

(ii) Segment assets include goodwill and other intangible assets

(iii) Represented to align with 2015 presentation.

7. OTHER NON-OPERATING (EXPENSES) INCOME, NET

The Group's other non-operating (expenses) income, net comprised the following:

US\$ millions	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Change in redemption price of put options (see note 14)	81.4	231.3
Change in fair value of call options (see note 14)	(61.7)	24.0
Change in fair value of derivatives (see note 14)	30.1	14.2
Exchange losses, net	(250.1)	(75.1)
Other non-operating income, net	(12.4)	8.4
Total	(212.7)	202.8

US\$ millions	Three months ended 30 September 2015	Three months ended 30 September 2014
Change in redemption price of put options (see note 14)	81.4	128.0
Change in fair value of call options (see note 14)	(21.7)	(2.0)
Change in fair value of derivatives (see note 14)	3.1	17.9
Exchange losses, net	(108.1)	(59.3)
Other non-operating income, net	(1.0)	0.4
Total	(46.3)	85.0

8. EARNINGS PER COMMON SHARE

Earnings per common share (EPS) attributable to owners of the Company are comprised as follows:

US\$ millions	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations.....	(132.8)	2,573.9
Net profit attributable to owners of the Company from discontinued operations	—	20.6
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	(132.8)	2,594.5
in thousands		
Weighted average number of ordinary shares for basic earnings per share.....	100,127	99,982
Potential incremental shares as a result of share options.....	14	34
Weighted average number of ordinary shares adjusted for the effect of dilution	100,141	100,016
US\$		
Basic		
- EPS from continuing operations attributable to owners of the Company	(1.33)	25.74
- EPS from discontinued operations attributable to owners of the Company.....	—	0.21
- EPS for the period attributable to owners of the Company	(1.33)	25.95
Diluted		
- EPS from continuing operations attributable to owners of the Company	(1.33)	25.73
- EPS from discontinued operations attributable to owners of the Company.....	—	0.21
- EPS for the period attributable to owners of the Company	(1.33)	25.94

US\$ millions	Three months ended 30 September 2015	Three months ended 30 September 2014
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations used to determine the earnings per share	12.4	164.5
in thousands		
Weighted average number of ordinary shares for basic earnings per share.....	100,142	99,983
Potential incremental shares as a result of share options.....	—	35
Weighted average number of ordinary shares adjusted for the effect of dilution	100,142	100,018
US\$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.12	1.65
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.12	1.65

9. PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended 30 September 2015, Millicom added property, plant and equipment for \$706.5 million (30 September 2014: \$674.0 million), and received \$4.0 million in cash (30 September 2014: \$17.4 million) from disposals.

10. INTANGIBLE ASSETS

During the nine month period ended 30 September 2015, Millicom added intangible assets of \$124.1 million (30 September 2014: \$167.4 million excluding any effect of acquisition of subsidiaries), and received \$1.6 million in cash (30 September 2014: \$8.0 million) from disposals.

11. DEBT AND FINANCING

MIC SA 6% Bond

On 11 March 2015 Millicom issued a \$500 million 6% fixed interest bond repayable in 10 years, to repay the EI Salvador 8% Senior Notes and for general purposes. The bond was issued at 100% of principal with an effective interest rate of 6.132%. \$7.2 million of withheld and upfront costs are amortized over the term of the bond.

EI Salvador 8% Senior Notes Redemption

On 18 March 2015 Millicom tendered an offer to early redeem the outstanding \$311 million of the \$450 million bond issued by Telemovil Finance Co. Ltd in 2010 for \$323 million including an early redemption premium of \$12 million over the face value of the bonds. The repurchase was completed on 20 April 2015. The early redemption premium of \$12 million premium and \$4 million of related unamortized costs were included as financial expenses in the income statement in the nine month period ended 30 September 2015.

11. DEBT AND FINANCING (Continued)

SEK Senior Unsecured Notes Amendment

On 17 March 2015 Millicom obtained consent from its noteholders to amend certain covenant terms and conditions to align to its other credit facilities.

Extension of MIC SA Revolving Credit Facility

In May 2015 Millicom extended both facilities under its \$500 million revolving credit facility by one year. At 30 September 2015 drawn down on the facility was \$ nil.

MIC SA USD 4.75% Senior Notes due 2020 & USD 6.625% Senior Notes due 2021

In August 2015, Millicom secured consent to increase the net leverage ratio covenant of those two bonds which were both issued in 2013 (the previous covenant stood at 2.5x Net Debt/EBITDA). The changes to the covenant which was increased to 3.0x Net Debt/EBITDA became binding early August 2015.

Colombia – restructuring bank debt in local currency

During the third quarter, Millicom completed the restructuring of its bank debt across Tigo and UNE. All bank debt was refinanced into 3 loans at the UNE level with 3 local banks in local currency. Our average debt maturity in Colombia was extended from 3.4 years to 6.6 years with the new facilities in place and the old ones repaid.

Analysis of debt and other financing by maturity

Due within: (US\$ millions)	As at 30 September 2015	As at December 31, 2014
One year	191.4	392.1
One-two years	239.2	330.5
Two-three years	445.0	556.7
Three-four years	264.5	488.4
Four-five years	319.0	223.1
After five years	3,663.1	2,931.8
Total debt	5,122.2	4,922.6

At 30 September 2015 the Group's share of debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit, or guarantees issued was \$1,570.1 million (31 December 2014: \$1,339.6 million). Assets pledged by the Group amounted to \$4.3 million at 30 September 2015 (31 December 2014: \$8.8 million).

At 30 September 2015, outstanding bank guarantees amounted to \$540.9 million for a theoretical maximum exposure of \$582.5 million (31 December 2014: \$286.8 million and \$325.3 million respectively).

US\$ millions	Bank and financing guarantees (i)			
	As at 30 September 2015		As at 31 December 2014	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	48.6	48.6	111.4	149.9
1-3 years	142.8	142.8	50.0	50.0
3-5 years	349.5	391.1	70.0	70.0
More than 5 years	—	—	55.4	55.4
Total	540.9	582.5	286.8	325.3

(i) If non-payment by the obligor, the guarantee ensures payment of outstanding amounts by the Group's guarantor.

12. COMMITMENTS AND CONTINGENCIES

Litigation and legal risks

At 30 September 2015, the total amount of claims against Millicom and its operations was \$464.6 million (31 December 2014: \$359.5 million). Of the total amount of claims \$24.0 million (31 December 2014: \$21.8 million) has been assessed probable and provided for litigation risks.

In June 2015, Millicom identified that an incorrect filing related to one of its African operations had been made in the commercial register. As a result of that erroneous entry, the register incorrectly indicates that shares in Millicom's operation were transferred to a third party. At 30 September 2015, Millicom is engaged in legal proceedings and believes there is no risk in losing ownership of its African operation.

Taxation

At 30 September 2015 the estimated amount of potential tax exposures amounted to \$401.8 million of which \$66.3 million have been assessed as probable and tax provisions recorded (31 December 2014: claims amounting to \$339.1 million and provisions of \$62.8 million).

Capital commitments

At 30 September 2015 the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment and other fixed and intangible assets from a number of suppliers in total for \$287.1 million of which \$270.8 million are due within one year (31 December 2014: \$335.3 million of which \$307.1 million are due within one year).

13. RELATED PARTY TRANSACTIONS AND BALANCES

The following transactions were conducted with related parties:

US\$ millions (unaudited)	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Expenses		
Purchases of goods and services (Miffin)	85.7	60.3
Lease of towers and related services (Helios and ATC)	27.7	37.6
Other	3.4	10.1
Total	116.8	108.0
US\$ millions (unaudited)	Three months ended 30 September 2015	Three months ended 30 September 2014
Expenses		
Purchases of goods and services (Miffin)	24.0	32.3
Lease of towers and related services (Helios and ATC)	8.8	12.1
Other	1.2	4.3
Total	34.0	48.7

13. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

US\$ millions (unaudited)	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Income / gains		
Sale of goods and services (Miffin)	180.4	101.7
Other	3.4	18.1
Total	183.8	119.8
US\$ millions (unaudited)	Three months ended 30 September 2015	Three months ended 30 September 2014
Income / gains		
Sale of goods and services (Miffin)	67.9	43.5
Other	0.9	7.2
Total	68.8	50.7

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

US\$ millions (unaudited)	At 30 September 2015	At 31 December 2014
Liabilities		
Finance lease payables to tower companies	114.2	127.4
Payable to AIH for 13.33% increase (see note 3)	—	30.3
Other accounts payable	16.4	26.3
Total	130.6	184.0

US\$ millions (unaudited)	At 30 September 2015	At 31 December 2014
Assets		
Advances to non-controlling interests	356.5	300.7
Loan to Helios Towers Tanzania	35.5	18.4
Other accounts receivable	3.3	30.7
Total	395.3	349.8

14. FINANCIAL INSTRUMENTS

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

US\$ millions	Carrying Value		Fair Value	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Financial liabilities				
Debt and financing	5,122.2	4,922.6	3,718.1	3,717.3
Put options	2,178.5	2,260.0	—	—

After initial recognition the call options in Guatemala and Honduras are measured with reference to level 3 of the fair value hierarchy. The corresponding put option liabilities are measured at the present value of their redemption amounts (refer to the 2014 financial statements for more information).

14. FINANCIAL INSTRUMENTS (Continued)

Guatemala Options

At 30 September 2015 the carrying value of the put option provided to our local partner in Guatemala amounted to \$1,707.4 million (31 December 2014: \$1,687.0 million). The change in value of the put option for the nine month period to 30 September 2015 was a \$20.6 million loss.

At 30 September 2015 the value of the call option from our local partner was \$12.3 million (31 December 2014: \$74.0 million). The fair value of the call option has been determined by using an option pricing model.

Honduras Options

At 30 September 2015 the carrying value of the put option provided to our local partner in Honduras amounted to \$471.1 million (31 December 2014: \$573.1 million). The change in value of the put option for the nine month period to 30 September 2015 was a \$102.0 million gain.

As described in note 3, during the nine month period ended 30 September 2015 the call and put options were extended to 31 December 2015. At 30 September 2015 the call option from our local partner was valued at \$3.5 million (31 December 2014: nil).

Currency and interest rate swap and forward contracts

Interest rate and currency swaps on SEK and EUR denominated debt, and Euro and GBP highly probable cash flows are measured with reference to Level 2 of the fair value hierarchy. Changes in values of derivatives are recorded in the caption 'other non-operating (expenses), income, net. Changes in values of effective cash flow hedges are recorded in other comprehensive income. Refer to the 2014 financial statements for more information.

No other financial instruments are measured at fair value.

Interest rate and currency swaps on SEK denominated debt

At 30 September 2015 the fair value of the swap amounts to a liability of \$65.6 million (31 December 2014: a liability of \$43.7 million). A loss on the swap of \$16.1 million was recorded in the nine months to 30 September 2015.

Interest rate and currency swaps on Euro denominated debt

In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euro's and receive USD to hedge against exchange rate fluctuations on a seven year Euro 134 million principal and related interest financing of its operation in Senegal. A gain on the swap of \$24.7 million was recorded in the nine months to 30 September 2015. At 30 September 2015 the fair value of the swap amounts to an asset of \$24.7 million (31 December 2014: not material).

In July 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euro's and receive USD to hedge against exchange rate fluctuations on a seven year Euro 41.5 million principal and related interest financing of its operation in Chad. In March 2015 the financing facility was repaid and the swap contracts terminated. A gain on the swap including termination of \$4 million was recorded in the nine months to 30 September 2015.

Forward currency contracts

In June 2015 Millicom's Tanzanian subsidiary entered into forward contracts to buy in total \$16.5 million between 10 July and 10 October 2015 with Tanzanian shillings to manage its exposure to highly probable cash outflows in USD denominated payables falling due within this timeframe.

As at 30 September 2015 MIC SA has outstanding forward contracts to sell in total \$29.7 million (maturing up until June 2016) and receive Euros and GBP to manage its exposure to highly probably cash outflows in Euro and GBP during this time. These contracts are accounted for as ineffective cash flow hedges, and had no material fair value at 30 September 2015.

15. SUBSEQUENT EVENTS

Millicom receives a 24% stake in leading African towers company, Helios Towers Africa

On 7 October 2015, Millicom and Helios Towers Africa (“HTA”) signed an agreement whereby Millicom will own 28% of shares in HTA (24% on a fully diluted basis) following a shareholding reorganisation.

As a result of the reorganisation, Millicom will exchange shares which were previously held in HTA’s tower companies in Ghana, DRC and Tanzania, into shares in HTA’s parent company and will retain a significant influence on HTA.

This transaction will simplify the share ownership structure of HTA, align interest among shareholders and move Millicom’s shareholding to the parent HTA Company. The transaction does not change access to commercially sensitive information, which is held exclusively by HTA.

Millicom renews its mobile license in Bolivia

On 20 October 2015, Millicom’s operation in Bolivia has successfully renewed its mobile license for a period of 15 years.

Millicom reports to authorities potential improper payments on behalf of its Guatemala joint venture

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the company’s joint venture in Guatemala. It is not possible at this time to predict the matter’s likely duration or outcome.
