Unaudited Interim Condensed Consolidated Financial Statements

For the three month period and year ended December 31, 2014

February 3, 2015

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Unaudited interim condensed consolidated income statement for the year ended December 31, 2014

US$ millions	Notes	Year ended December 31, 2014	Year ended December 31, 2013[1]	Year ended December 31, 2013 (restated)[2]
Revenue	6	6,386	5,076	4,390
Cost of sales		(2,522)	(1,917)	(1,723)
Gross profit		**3,864**	**3,159**	**2,667**
Sales and marketing		(1,280)	(1,055)	(938)
General and administrative expenses		(1,432)	(1,099)	(985)
Other operating expenses		(236)	(179)	(178)
Other operating income		8	17	17
Operating profit	6	**924**	**843**	**583**
Interest expense		(426)	(276)	(267)
Interest and other financial income		22	23	20
Revaluation of previously held interest	3	2,250	—	—
Other non-operating (expenses) income, net	7	211	(133)	(134)
Gain (loss) from associates and joint ventures, net		55	(7)	210
Profit before taxes from continuing operations		**3,036**	**450**	**412**
Charge for taxes, net		(256)	(182)	(144)
Profit for the year from continuing operations		**2,780**	**268**	**268**
Profit (loss) for the year from discontinued operations, net of tax[1]	4	21	(63)	(63)
Net profit for the year		**2,801**	**205**	**205**

Attributable to:				
Owners of the Company		2,643	229	229
Non-controlling interests		158	(24)	(24)

Earnings per common share for profit attributable to the owners of the Company:				
Basic (US$)	8	26.43	2.30	2.30
Diluted (US$)	8	26.42	2.30	2.30

[1] As a result of amendments to the investment agreements, the loss of path to control requires the Online businesses to be classified as discontinued operations under IFRS (see notes 3 and 4).

[2] As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)

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 December 31, 2014

US$ millions	Notes	Three months ended December 31, 2014	Three months ended December 31, 2013[1]	Three months ended December 31, 2013 (restated)[2]
Revenue	6	1,860	1,338	1,156
Cost of sales		(800)	(533)	(477)
Gross profit		**1,060**	**805**	**679**
Sales and marketing		(343)	(286)	(257)
General and administrative expenses		(432)	(301)	(269)
Other operating expenses		(61)	(52)	(51)
Other operating income		1	3	3
Operating profit	6	**225**	**169**	**105**
Interest expense		(119)	(74)	(75)
Interest and other financial income		8	6	6
Other non-operating (expenses) income, net	7	7	(49)	(51)
Gain (loss) from associates and joint ventures, net		29	11	70
Profit before taxes from continuing operations		**150**	**63**	**55**
Charge for taxes, net		(88)	2	10
Profit for the period from continuing operations		**62**	**65**	**65**
Profit (loss) for the period from discontinued operations, net of tax[1]	4	—	(22)	(22)
Net profit for the period		**62**	**43**	**43**

Attributable to:				
Owners of the Company		48	55	55
Non-controlling interests		14	(12)	(12)

Earnings per common share for profit attributable to the owners of the Company:				
Basic (US$)	8	0.48	0.56	0.56
Diluted (US$)	8	0.48	0.56	0.56

[1] As a result of amendments to the investment agreements, the loss of path to control requires the Online businesses to be classified as discontinued operations under IFRS (see notes 3 and 4).

[2] As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)

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 year ended December 31, 2014

US$ millions	Year ended December 31, 2014	Year ended December 31, 2013[1]	Year ended December 31, 2013 (restated)[2]
Net profit for the year	2,801	205	205
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:			
Exchange differences on translating foreign operations	(380)	(73)	(73)
Cash flow hedges	1	7	7
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:			
Changes in pension obligations	1	—	—
Total comprehensive income for the year	**2,423**	**139**	**139**

Attributable to:			
Owners of the Company	2,433	182	182
Non-controlling interests	(10)	(43)	(43)

[1] As a result of amendments to the investment agreements, the loss of path to control requires the Online businesses to be classified as discontinued operations under IFRS (see notes 3 and 4).

[2] As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)

Unaudited interim condensed consolidated statement of comprehensive income for the three month period ended December 31, 2014

US$ millions (unaudited)	Three months ended December 31, 2014	Three months ended December 31, 2013[1]	Three months ended December 31, 2013 (restated)[2]
Net profit for the period	62	43	43
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:			
Exchange differences on translating foreign operations	(244)	(15)	(15)
Cash flow hedges	-	(4)	(4)
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:			
Changes in pension obligations	1	—	—
Total comprehensive income for the period	**(181)**	**24**	**24**

Attributable to:			
Owners of the Company	(68)	40	40
Non-controlling interests	(113)	(16)	(16)

[1]As a result of amendments to the investment agreements, the loss of path to control requires the Online businesses to be classified as discontinued operations under IFRS (see notes 3 and 4).

[2] As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)

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 December 31, 2014

US$ millions	Notes	December 31, 2014	December 31, 2013	December 31, 2013 (restated)[1]
ASSETS				
NON-CURRENT ASSETS				
Intangible assets, net	10	5,503	2,543	2,458
Property, plant and equipment, net	9	4,631	3,162	2,771
Investments in associates		185	122	122
Investments in joint ventures		89	—	327
Pledged deposits		2	2	—
Deferred tax assets		294	313	312
Other non-current assets		187	83	83
TOTAL NON-CURRENT ASSETS		**10,891**	**6,225**	**6,073**
CURRENT ASSETS				
Inventories		152	140	122
Trade receivables, net		492	320	282
Amounts due from non-controlling interests, associates and joint venture partners		300	303	136
Prepayments and accrued income		283	163	156
Current income tax assets		150	58	56
Supplier advances for capital expenditure		64	63	51
Pledged deposits	3	6	817	817
Other current assets		103	22	77
Restricted cash		128	81	80
Cash and cash equivalents		694	941	909
TOTAL CURRENT ASSETS		**2,372**	**2,908**	**2,686**
Assets held for sale	4	34	14	14
TOTAL ASSETS		**13,297**	**9,147**	**8,773**

[1] As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)

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

MILLICOM

Unaudited interim condensed consolidated statement of financial position as at December 31, 2014 (continued)

US$ millions	Notes	December 31, 2014	December 31, 2013	December 31, 2013 (restated)[1]
EQUITY AND LIABILITIES				
EQUITY				
Share capital and premium		639	640	640
Treasury shares		(160)	(172)	(172)
Put option reserve	14	(2,513)	(737)	(737)
Other reserves		(388)	(185)	(185)
Retained profits		2,121	2,154	2,154
Profit for the year attributable to equity holders		2,643	229	229
Equity attributable to owners of the Company		**2,342**	**1,929**	**1,929**
Non-controlling interests	3	1,405	152	152
TOTAL EQUITY		**3,747**	**2,081**	**2,081**
LIABILITIES				
Non-current liabilities				
Debt and financing	11	4,467	3,686	3,504
Derivative financial instruments	14	43	23	23
Amounts due to associates and joint venture partners		31	1	1
Provisions and other non-current liabilities		259	162	150
Deferred tax liabilities		176	188	183
Total non-current liabilities		**4,976**	**4,060**	**3,861**
Current liabilities				
Debt and financing	11	362	471	423
Put option liabilities	14	2,260	792	792
Payables and accruals for capital expenditure		371	453	424
Other trade payables		386	277	239
Amounts due to associates and joint venture partners		4	87	84
Accrued interest and other expenses		501	393	369
Current income tax liabilities		143	153	147
Provisions and other current liabilities		545	378	351
Total current liabilities		**4,572**	**3,004**	**2,829**
Liabilities directly associated with assets held for sale	4	2	2	2
TOTAL LIABILITIES		**9,550**	**7,066**	**6,692**
TOTAL EQUITY AND LIABILITIES		**13,297**	**9,147**	**8,773**

[1] *As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)*

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 year ended period ended December 31, 2014

US$ millions	Notes	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2013 (restated)[1]
Cash flows from operating activities				
Profit before taxes from continuing operations		3,036	450	412
Profit (loss) for the period from discontinued operations	4	21	(63)	(63)
Profit before taxes		**3,057**	**387**	**349**
Adjustments to reconcile to net cash:				
Interest expense (income), net		404	253	247
Revaluation of previously held interest	3	(2,250)	—	—
Other non-operating expenses (income), net		(290)	141	(76)
Adjustments for non-cash items:				
Depreciation and amortization		1,158	875	786
Other non-cash items		33	46	46
Changes in working capital		57	38	39
Interest received (paid), net		(331)	(208)	(198)
Taxes paid		(380)	(322)	(277)
Net cash provided by operating activities		**1,458**	**1,210**	**916**
Cash flows from investing activities:				
Purchase of intangible assets and licenses	10	(184)	(402)	(400)
Purchase of property, plant and equipment	9	(1,128)	(758)	(632)
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	7	(4)	(3)
Disposal of joint ventures and associates	5	175	—	—
(Increase) / decrease in pledged deposits		800	(800)	(800)
Other cash from (used by) other investing activities		15	(31)	(18)
Net cash used by investing activities		**(315)**	**(1,995)**	**(1,853)**
Cash flows from financing activities:				
Proceeds from 6.875% Guatemala bond	11	779	—	—
Proceeds from 6.625% bond	3	—	800	800
Proceeds from other debt and financing		569	1,179	1,163
Payment of liabilities from the UNE merger	3	(860)	—	—
Repayment of debt and financing		(1,182)	(1,168)	(1,110)
Other financing activities		(110)	29	29
Advances for and dividends to non-controlling interests		(300)	(25)	(25)
Dividends paid to owners of the Company		(264)	(264)	(167)
Net cash from (used by) financing activities		**(1,368)**	**551**	**690**
Exchange gains (losses) on cash and cash equivalents, net		(22)	1	1
Net (decrease) increase in cash and cash equivalents		**(247)**	**(233)**	**(246)**
Cash and cash equivalents at the beginning of the year		941	1,174	1,155
Cash and cash equivalents at the end of the year		**694**	**941**	**909**

[1] *As a result of adopting IFRS 10, 11 and 12 on January 1, 2014 with retrospective application of equity accounting for Guatemala and Mauritius, which were joint ventures in 2013 (see note 2)*

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 years ended December 31, 2014 and December 31, 2013

US$ 000s	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital (000's)	Share premium (000's)	Treasury shares (000's)	Retained profits (i) (000's)	Put option reserve (000's)	Other reserves (000's)	Total (000's)	Non-controlling interests (000's)	Total equity (000's)
Balance on December 31, 2012	**101,739**	**(2,176)**	**152,607**	**489,014**	**(198,148)**	**2,450,458**	**(737,422)**	**(132,811)**	**2,023,698**	**312,189**	**2,335,887**
Profit for the period	—	—	—	—	—	*229,147*	—	—	*229,147*	*(24,547)*	*204,600*
Cash flow hedge reserve movement	—	—	—	—	—	—	—	*6,857*	*6,857*	*182*	*7,039*
Currency translation differences	—	—	—	—	—	—	—	*(53,903)*	*(53,903)*	*(19,068)*	*(72,971)*
Total comprehensive income for the period	—	—	—	—	—	229,147	—	(47,046)	182,101	(43,433)	138,668
Dividends	—	—	—	—	—	(263,627)	—	—	(263,627)	—	(263,627)
Purchase of treasury shares	—	(44)	—	—	(3,702)	—	—	—	(3,702)	—	(3,702)
Shares issued via the exercise of stock options	—	90	—	(343)	8,166	(4,796)	—	(3,027)	—	—	—
Share based compensation	—	—	—	—	—	—	—	16,871	16,871	—	16,871
Issuance of shares under the LTIPs	—	235	—	(1,106)	21,313	(1,104)	—	(19,103)	—	—	—
Change in scope of consolidation	—	—	—	—	—	1,391	—	—	1,391	(91,834)	(90,443)
Change in deferred tax liabilities	—	—	—	—	—	(28,000)	—	—	(28,000)	—	(28,000)
Dividend to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(24,872)	(24,872)
Balance on December 31, 2013	**101,739**	**(1,895)**	**152,607**	**487,565**	**(172,371)**	**2,383,469**	**(737,422)**	**(185,116)**	**1,928,732**	**152,050**	**2,080,782**
Profit for the period	—	—	—	—	—	*2,642,730*	—	—	*2,642,730*	*157,570*	*2,800,300*
Cash flow hedge reserve movement	—	—	—	—	—	—	—	*1,216*	*1,216*	—	*1,216*
Currency translation differences	—	—	—	—	—	—	—	*(212,533)*	*(212,533)*	*(167,239)*	*(379,772)*
Changes in pension obligations	—	—	—	—	—	—	—	*1,414*	*1,414*		*1,414*
Total comprehensive income for the period	—	—	—	—	—	2,642,730	—	(209,903)	2,432,827	(9,669)	2,423,158
Dividends (ii)	—	—	—	—	—	(263,978)	—	—	(263,978)	—	(263,978)
Purchase of treasury shares	—	(26)	—	—	(2,548)	—	—	—	(2,548)	—	(2,548)
Share based compensation	—	—	—	—	—	—	—	22,411	22,411	—	22,411
Issuance of shares under the LTIPs	—	165	—	(760)	14,991	1,011	—	(15,227)	15	—	15
Dividend to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(193,845)	(193,845)
Change in scope of consolidation (iii)	—	—	—	—	—	—	—	—	—	1,461,000	1,461,000
Deconsolidation of Online	—	—	—	—	—	—	—	—	—	(4,386)	(4,386)
Put option (iii)	—	—	—	—	—	—	(1,775,078)	—	(1,775,078)	—	(1,775,078)
Balance on December 31, 2014	**101,739**	**(1,756)**	**152,607**	**486,805**	**(159,928)**	**4,763,232**	**(2,512,500)**	**(387,835)**	**2,342,381**	**1,405,150**	**3,747,531**

(i) Includes profit for the year attributable to equity holders of which at December 31, 2014, \$285 million (December 31, 2013: \$140 million) are undistributable to owners of the Company.

(ii) A dividend of \$2.64 per share was approved at the Annual General Meeting in May 2014 and distributed in June 2014.

(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 February 2, 2015 the Board of Directors authorized these interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

These unaudited 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 condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013. Except for the following changes and amendment to standards adopted by the Group for the first time on January 1, 2014, these financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2013 consolidated financial statements, as disclosed in note 2 of those financial statements.

Scope of the reporting entity, a group of standards comprising ***IFRS 10, 'Consolidated financial statements'*** (which replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements', and SIC-12, 'Consolidation − special purpose entities'), ***IFRS 11 'Joint Arrangements'; IFRS 12, 'Disclosure of interests in other entities';*** and consequential ***amendments to IAS 28, 'Investments in associates'***. As a result of adoption of the standards and amendments on their effective date of January 1, 2014, and the retrospective application of IFRS 11, Millicom's joint venture operation in Mauritius is no longer proportionately consolidated and has been equity accounted from January 1, 2013 until July 4, 2014, the date on which joint control ended (see note 5).

Millicom obtained control of the Guatemalan operation from January 1, 2014 (see note 3). As a result of adoption of the standards and amendments on their effective date of January 1, 2014, and the retrospective application of IFRS 11, Millicom's operation in Guatemala has been equity accounted for the restated comparative period from January 1, 2013.

Amendment to IAS 32, 'Financial Instruments: Presentation', which updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify certain requirements for offsetting financial assets and financial liabilities on the statement of financial position. The Group adopted the amendment on its effective date for the accounting period beginning on January 1, 2014 with no significant impact as a result of adoption.

Amendment to IAS 36, 'Impairment of Assets', which amends certain disclosure requirements regarding disclosure of recoverable amounts and measurement of fair value less costs to sell when an impairment loss has been recognized or reversed. There was no significant impact on the Group as a result of adoption.

Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement', which covers novation of hedging instruments to central counterparties. There was no impact on the Group as a result of adoption.

IFRIC 21, 'Levies', which provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', and those where the timing and amount of the levy is certain. There was no impact on the Group as a result of adoption.

Amendment to IFRS 13, Fair Value Measurement' which sets out in a single IFRS a framework for measuring fair value and requires additional disclosures about fair value measurements. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (continued)

The impact of applying IFRS 11 is as follows:

Income statement for the year ended December 31, 2013 (restated comparatives in $ millions):

US$ millions	Impact
Decrease in revenue	(686)
Decrease in gross profit	(492)
Decrease in operating profit	(260)
Decrease in profit before tax	(38)

Statement of financial position as at December 31, 2013 (restated comparatives in $ millions):

US$ millions	Impact
Impact on current liabilities	(175)
Impact on non-current liabilities	(199)
Impact on current assets	(222)
Impact on non-current assets	(152)
Net investment in joint venture	327
Net impact on equity	—

Statement of cash flows for the year ended December 31, 2013 (restated comparatives in $ millions):

US$ millions	Impact
Net cash provided by operating activities	(294)
Net cash provided by investing activities	142
Net cash provided by financing activities	139
Net (decrease) in cash and cash equivalents	(13)

There was no material impact on the basic and diluted EPS. The change from proportionate consolidation to equity method did not impact internal management reporting and therefore segment information in note 6.

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

Put and Call Agreement related to Guatemalan Operations

Effective January 1, 2014 Millicom's local partner in Guatemala, Miffin Associates Corp ("Miffin") granted Millicom, for a minimum term of two years, an unconditional call option for its 45% stake in the Guatemalan operations ("Comcel"). In return, Millicom granted Miffin a put option for the same duration, exercisable in the event Millicom sells its 55% interest in Comcel or undergoes a change of control. The call option gives Millicom control of Comcel.

Previously Millicom was dependent on the consent of Miffin for strategic decisions related to Comcel, as the shareholders agreement required a vote of 80% of shares to authorize and approve significant financial and operating policies of Comcel. The call option allows Millicom, unconditionally at any time during the two year period from January 1, 2014 to exercise its right to acquire the 45% stake (and voting rights) of Miffin at a price which Millicom believes represents the strategic value of Comcel.

As a consequence, and in accordance with IFRS 10 'Consolidated Financial Statements' effective January 1, 2014, Millicom fully consolidated Comcel from January 1, 2014. Previously, the results of the Guatemalan operations were proportionately consolidated.

Millicom revalued to fair value its 55% interest in Comcel, and recognized a gain of $2,250 million under other non-operating (expenses) income, net. The goodwill is not deductible for tax purposes.

The fair value of Comcel was determined based on a discounted cash flow calculation. The assets and liabilities recognized as a result of the revaluation were as follows:

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

US$ millions	Fair Value 100%	Historical carrying value of 55% interest
Intangible assets, net	1,401	84
Property, plant and equipment, net	653	349
Other non-current assets	7	4
Current assets (except cash)	332	184
Cash and cash equivalents	54	30
Total assets	**2,447**	**651**
Non-current financial liabilities	324	187
Other long-term liabilities	22	2
Current liabilities	290	160
Total liabilities	**636**	**349**
Fair value of assets and liabilities, net	**1,811**	

Fair value of non-controlling interests (45%)	815
Fair value of Millicom's 55% interest	**996**
Fair value of Millicom's call option	**28**
Goodwill arising on change of control	1,528
Historical carrying value of Millicom's 55% interest in Comcel	(302)
Revaluation of previously held interest	**2,250**

A change of control event may occur at Millicom level which is beyond the control of Millicom. Such an event would trigger the ability of our local partner to exercise his put option at his discretion. Therefore, the put option is a financial liability and Millicom recorded a current liability for the present value of the redemption price of the put option of $1,775 million at January 1, 2014 against a corresponding put option reserve in equity. Millicom's call option is a financial instrument measured at fair value of $28 million at January 1, 2014 (December 31, 2014: $74 million).

Merger of Colombia Móvil and UNE

On October 1, 2013 Millicom signed an agreement with Empresas Públicas de Medellín E.S.P. ("EPM"), the largest public service company in Colombia, whereby, subject to regulatory approval and closing conditions, the parties will combine and merge their mutual interests in Millicom's Colombian operations ("Colombia Móvil"), with UNE EPM Telecomunicaciones S.A. ("UNE"). UNE is the 2nd largest fixed telephony/broadband/subscription TV provider in Colombia. The statutory merger will create a business offering a comprehensive range of bundled digital services including mobile and fixed telephony, mobile and fixed broadband and pay-TV and offer products and services in complementary geographic areas.

By August 14, 2014 all approvals had been obtained, and steps precedent to Millicom obtaining operational control had been completed.

By virtue of a statutory merger between Millicom Spain Cable S.L.(a fully owned subsidiary of Millicom) and UNE, (i) $860 million in cash held by Millicom Spain Cable S.L. ($800 million of which was previously held as pledged deposits) and Millicom's controlling interest into Colombia Móvil were absorbed by UNE and (ii) Millicom obtained 50% -1 stake in UNE. By virtue of the statutory merger from August 14, 2014 Millicom owns a 50% -1 share interest in UNE and has operational control of the merged entity through a majority of voting shares.

Prior to the closing of the transaction, UNE purchased 25% of Colombia Móvil from a third party for $243 million, which was disbursed after August 14, 2014. Accordingly at the closing of the transaction UNE owned 50% -1 share of Colombia Móvil (as it already owned 25% prior to October 1, 2013). Therefore, after closing of the transaction, UNE owns 100% of Colombia Movil. Consequently, before and after the transaction, Millicom keeps control over Colombia Móvil.

Subsequently, UNE paid dividends to EPM for a total of $617 million, which were declared by UNE before the closing of the statutory merger.

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

The cash flows related to the acquisition have been classified as cash outflow from financing activities (payment of liabilities related to the UNE merger). The cash flows were previously classified as cash outflow from investing activities in the three month period ended September 30, 2014.

For the provisional purchase accounting, the fair value of UNE was determined based on transaction and relative values. The non-controlling interest has been measured based on the proportionate share of the fair value of the net assets of UNE. Colombia Móvil remained controlled by Millicom before and after the transaction and therefore there was no requirement to re-measure Millicom's investment in Colombia Móvil.

The purchase accounting was updated as additional information became available regarding fair values of acquired assets and liabilities, but remains provisional at December 31, 2014. Items in which further information is expected include the impact of the regulatory requirement to return spectrum, and the impact of the assets related to the spectrum.

The provisional goodwill, which comprises the fair value of the assembled work force and expected synergies from the merger, is not expected to be tax deductible.

The assets and liabilities recognized as a result of the acquisition were as follows:

US$ millions	Fair Value 100%
Intangible assets (excluding goodwill)	299
Property, plant and equipment	1,417
Other non-current assets	74
Current assets (excluding cash)	348
Cash and cash equivalents	123
Assets held for sale (see note 4)	22
Total assets	**2,280**
Non-current liabilities	413
Current liabilities	608
Total liabilities	**1,021**
Fair value of assets and liabilities acquired, net	**1,259**
Fair value of non-controlling interest proportionate share	646
Millicom interest in fair value	613

Purchase consideration	860
Goodwill	**247**

The fair value of the trade receivables amounted to $177 million.

From the date of acquisition to December 31, 2014, UNE contributed $504 million of revenue and loss of $16 million to profit before tax from continuing operations of the Group. If UNE had been acquired on January 1, 2014 incremental revenue for the year would have been $1,369 million and incremental loss for that period of $18 million. Acquisition related costs were approximately $1 million.

Online Businesses

MKC Brilliant Services GmbH (LIH)

On January 20, 2014 Millicom amended its investment agreement with Rocket regarding its share purchase options for LIH. The amendment restricted Millicom's ability to exercise its Third Option to acquire the final 50% of LIH to no earlier than one year after exercising its Second Option to raise its stake from 35% to 50%. Accordingly, from January 20, 2014 Millicom no longer had the ability to exercise its options to acquire a controlling stake in LIH, and deconsolidated the LIH Group. As a consequence, its investment is accounted for as an investment in an associate at fair value of $70 million at that date, and a $15 million gain from discontinued operations was recognized as a result of the loss of control.

In February 2014 Millicom exercised its first option from 20% to 35% with the purchase price of Euro 50 million paid during the year. On September 17, 2014 Millicom amended its agreements related to LIH whereby its option to increase its shareholding from 35% to 50%, and call option to acquire the final 50% of LIH were cancelled.

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

Africa Internet Holding GmbH (AIH)

On December 13, 2013 Millicom, Rocket and Mobile Telephone Networks Holdings (Pty) Limited ("MTN") signed an agreement whereby MTN will invest in the AIH Group such that, following anti-trust and other requisite clearances and closing conditions, each of the parties will own a 33.33% interest in AIH. By June 25, 2014 the requisite clearances had been obtained and Millicom's stake increased from 20% to 33% and Millicom accounted for its investment as a joint venture from that date. MTN's 33.3% stake has been acquired by cash investment in new shares at a price 20% more than the investment made by Millicom.

At December 31, 2014 Millicom had paid Euro 10 million of the Euro 35 million for its additional stake. Millicom may invest a further Euro 70 million under the agreement.

Telecable Costa Rica

On December 19, 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. The acquisition is subject to customary closing conditions (including regulatory approval), and is expected to close during 2015.

Other minor acquisitions

During the year other smaller acquisitions were made for total consideration of $14 million.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Online Businesses

As described in note 3, during 2013 as a result of the investment agreement with MTN, Millicom deconsolidated AIH, and from January 21, 2014 as a result of an amendment to the shareholders' agreement, Millicom deconsolidated LIH. Consequently the results of the online businesses were classified as discontinued operations, and for the year and three-month period ended December 31, 2014 were as follows:

US$ millions	Year ended December 31, 2014	Year ended December 31, 2013
Revenue	4	83
Operating expenses	(6)	(144)
Operating losses	**(2)**	**(61)**
Loss from associate (AEH)	—	(2)
Gain on deconsolidation	23	—
Profit (loss) after tax from discontinued operations	**21**	**(63)**

US$ millions	Three months ended December 31, 2014	Three months ended December 31, 2013
Revenue	**—**	27
Operating expenses	**—**	(49)
Operating losses	—	**(22)**
Profit (loss) after tax from discontinued operations	—	**(22)**

Assets Held for Sale - Tower Sale and Leaseback Agreements

At December 31, 2014, Millicom had assets held for sale amounting to $12 million relating to its operations in DRC, Colombia, Ghana and Tanzania (December 31, 2013: $14 million) representing towers sold but yet to be transferred to tower companies in those countries, and equipment and spare parts in most of its African countries to be sold to external providers of maintenance and supply of tower equipment.

Assets Held for Sale - UNE 4G Spectrum

In accordance with the merger approval agreement (see note 3) spectrum to be returned to the government with carrying value of $22 million at August 14, 2014 has been reclassified to assets held for sale.

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

ATC BV dilution

In April 2014, Millicom's stake in ATC BV was diluted from 40% to 18.2% as a result of ATC BV acquiring another operating company. A gain of $29 million was recorded in "gain (loss) from associates and joint ventures, net" representing the difference between the carrying value of the 21.8% dilution and the equity value of the acquired entity.

Sale of ATC BV and Mauritius (Emtel Ltd)

On July 15, 2014 Millicom reached agreement to sell its 18.2% stake in ATC BV to American Tower. This transaction was completed in Q3.

US$ millions	Ownership %	Investment
Emtel Mauritius	50.0%	29
ATC BV	18.2%	73
Total		**102**

On July 15, 2014 Millicom announced that it has reached agreement to sell its 50% investment in Emtel Ltd. This transaction closed in November 2014. Prior to sale the carrying values of the investments were as follows:

Following the sale of Emtel Mauritius and ATC BV, cash consideration of $175 million has been received. The total gain of $73 million has been recognized under the caption "gain / (loss) from joint ventures and associates, net" in the income statement.

Reduction of shareholding in Helios Towers Tanzania

During the year ended December 31, 2014, Millicom reduced its shareholding in Helios Towers Tanzania from 40% to 24.15% realizing a gain on sale of $6 million recorded under gain (loss) from associates and joint ventures, net.

6. SEGMENT INFORMATION

Millicom presents segmental information based on its three geographical regions (Central America, South America and Africa). With respect to the first time application of IFRS 11 (see note 2), the change from proportionate consolidation to equity accounting did not impact our internal reporting for management purposes and therefore has not been reflected in our segment information.

Revenue, operating profit (loss) and other segment information for the years ended December 31, 2014 and 2013 was as follows:

Year ended December 31, 2014 (US$ millions)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**2,460**	**2,926**	**1,000**	**—**	**6,386**	**4**	**—**	**6,390**
Operating profit (loss)	**687**	**529**	**(32)**	**(260)**	**924**	**(3)**	**—**	**921**
Add back:								
Depreciation and amortization	450	446	257	5	1,158	—	—	1,158
Loss (gain) on disposal and impairment of property, plant and equipment	16	4	(2)	(3)	15	—	—	15
Loss (gain) from joint venture	—	—	(4)	—	(4)	—	—	(4)
Other non-cash items	—	—	—	22	22	—	—	22
Capital expenditure	(432)	(501)	(360)	(1)	(1,294)	—	—	(1,294)
Changes in working capital	65	—	107	(115)	57			
Other movements	(188)	(108)	2	(84)	(378)			
Operating free cash flow (i)	**598**	**370**	**(32)**	**(436)**	**500**			
Total Assets	**7,284**	**4,511**	**1,638**	**1,497**	**14,930**	—	**(1,633)**	**13,297**
Total Liabilities	**2,366**	**2,779**	**2,034**	**4,117**	**11,296**	—	**(1,746)**	**9,550**

6. SEGMENT INFORMATION (Continued)

Year ended December 31, 2013 (US$ millions)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**1,884**	**2,192**	**1,000**	**—**	**5,076**	**83**	**—**	**5,159**
Operating profit (loss)	**548**	**510**	**(33)**	**(183)**	**842**	**(61)**	**—**	**781**
Add back:								
Depreciation and amortization	309	302	261	3	875	—	—	875
Loss (gain) on disposal and impairment of property, plant and equipment	1	(7)	51	(16)	29	—	—	29
Loss (gain) from joint venture	—	—	—	—	—	—	—	—
Other non-cash items	—	—	—	17	17	—	—	17
Capital expenditure	(284)	(588)	(333)	(21)	(1,226)	—	—	(1,226)
Changes in working capital	24	(90)	101	3	38			
Other movements	(160)	(30)	50	(56)	(196)			
Operating free cash flow (i)	**438**	**97**	**97**	**(253)**	**379**			
Total Assets	**3,442**	**2,576**	**1,959**	**3,044**	**11,021**	**93**	**(1,967)**	**9,147**
Total Liabilities	**1,640**	**2,041**	**2,257**	**2,932**	**8,870**	**30**	**(1,834)**	**7,066**

(i) Only for calculating segments' operating free cash flows, vendor financing of equipment is treated as a cash transaction.
(ii) See note 4.
(iii) Inclusion of Guatemala on a 100% basis from January 1, 2014 (see note 3).
(iv) Excluding Mauritius from January 1, 2014 (see note 2).

Revenue, operating profit (loss) and other segment information for the three-month periods ended December 31, 2014 and 2013 was as follows:

Three months ended December 31, 2014 (US$ millions)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**643**	**960**	**257**	**—**	**1,860**	**—**	**—**	**1,860**
Operating profit (loss)	**174**	**138**	**(20)**	**(67)**	**225**	**—**	**—**	**225**
Add back:								
Depreciation and amortization	115	163	67	2	347	—	—	347
Loss (gain) on disposal and impairment of property, plant and equipment	6	5	2	3	16	—	—	16
Loss (gain) from joint venture	—	—	—	—	—	—	—	—
Other non-cash items	—	—	—	2	2	—	—	2
Capital expenditure	(146)	(193)	(116)	2	(453)	—	—	(453)
Changes in working capital	63	(76)	33	(51)	(31)			
Other movements	(1)	(7)	29	(55)	(34)			
Operating free cash flow (i)	**211**	**30**	**(5)**	**(164)**	**72**			
Total Assets	**7,284**	**4,511**	**1,638**	**1,497**	**14,930**	—	**(1,633)**	**13,297**
Total Liabilities	**2,366**	**2,779**	**2,034**	**4,117**	**11,296**	—	**(1,746)**	**9,550**

Three months ended December 31, 2013 (US$ millions)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**481**	**589**	**268**	**—**	**1,338**	**27**	**—**	**1,365**
Operating profit (loss)	**125**	**137**	**(54)**	**(39)**	**169**	**(21)**	**—**	**148**
Add back:								
Depreciation and amortization	76	85	75	—	236	—	—	236
Loss (gain) on disposal and impairment of property, plant and equipment	—	—	43	(16)	27	—	—	27
Loss (gain) from joint venture	—	—	—	—	—	—	—	—
Other non-cash items	—	—	—	3	3	—	—	3
Capital expenditure	(101)	(297)	(155)	(11)	(564)	—	—	(564)
Changes in working capital	27	(4)	140	1	164			
Other movements	18	44	(25)	103	140			
Operating free cash flow (i)	**145**	**(35)**	**24**	**41**	**175**			
Total Assets	**3,442**	**2,576**	**1,959**	**3,044**	**11,021**	**93**	**(1,967)**	**9,147**
Total Liabilities	**1,640**	**2,041**	**2,257**	**2,932**	**8,870**	**30**	**(1,834)**	**7,066**

(i) Only for calculating segments' operating free cash flows, vendor financing of equipment is treated as a cash transaction.
(ii) See note 4.
(iii) Inclusion of Guatemala on a 100% basis from January 1, 2014 (see note 3).
(iv) Excluding Mauritius from January 1, 2014 (see note 2).

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

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

US$ millions	Year ended December 31, 2014	Year ended December 31, 2013
Change in redemption price of put options (see note 14)	306	(62)
Change in fair value of call options (see note 14)	46	—
Change in fair value of derivatives (see note 14)	21	(19)
Exchange losses, net	(175)	(52)
Other non-operating income, net	13	—
Total	**211**	**(133)**

US$ millions	Three months ended December 31, 2014	Three months ended December 31, 2013
Change in redemption price of put options (see note 14)	76	(45)
Change in fair value of call option (see note 14)	22	—
Change in fair value of derivatives (see note 14)	7	(7)
Exchange losses, net	(101)	3
Other non-operating income, net	3	—
Total	**7**	**(49)**

8. EARNINGS PER COMMON SHARE

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

US$ millions	Year ended December 31, 2014	Year ended December 31, 2013
Basic and Diluted		
Net profit attributable to owners of the Company from continuing operations	2,622	292
Net profit (loss) attributable to owners of the Company from discontinuing operations	21	(63)
Net profit attributable to owners of the Company used to determine the earnings per share	2,643	229
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**99,983**	**99,801**
Potential incremental shares as a result of share options	34	54
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,017**	**99,855**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	26.22	2.93
- EPS from discontinuing operations attributable to owners of the Company	0.21	(0.63)
- EPS for the period attributable to owners of the Company	26.43	2.30
Diluted		
- EPS from continuing operations attributable to owners of the Company	26.21	2.93
- EPS from discontinuing operations attributable to owners of the Company	0.21	(0.63)
- EPS for the period attributable to owners of the Company	26.42	2.30

US$ millions	Three months ended December 31, 2014	Three months ended December 31, 2013
Basic and Diluted		
Net profit attributable to owners of the Company from continuing operations	48	77
Net loss attributable to owners of the Company from discontinuing operations	—	(22)
Net profit attributable to owners of the Company used to determine the earnings per share	48	55
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**99,984**	**99,843**
Potential incremental shares as a result of share options	32	34
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,016**	**99,877**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.48	0.78
- EPS from discontinuing operations attributable to owners of the Company	—	(0.22)
- EPS for the period attributable to owners of the Company	0.48	0.56
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.48	0.78
- EPS from discontinuing operations attributable to owners of the Company	—	(0.22)
- EPS for the period attributable to owners of the Company	0.48	0.56

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2014, Millicom added property, plant and equipment for $1,094 million, including acquiring control of the Guatemalan operation and UNE (see note 3) (December 31, 2013: $822 million) and received $13 million in cash from disposal of property, plant and equipment (December 31, 2013: $60 million).

10. INTANGIBLE ASSETS

During the year ended December 31, 2014, Millicom added intangible assets of $3,004 million, including acquiring control of the Guatemalan operation and UNE (see note 3) (December 31, 2013: $404 million) and received $7 million of proceeds from disposal of intangible assets (December 31, 2013: nil).

11. DEBT AND FINANCING

MIC SA $500 million revolving credit facility

On June 4, 2014 Millicom reached agreement with a consortium of banks for a $500 million revolving credit facility of which $200 million for a 2 year period and $300 million for a 3 year period.

El Salvador Bond Buy Back

On April 15, 2014 $139 million of the $450 million bonds issued by Telemovil Finance Co. Ltd in 2010 were repurchased in a tender offer to bond holders, for $150 million which included a premium of $9 million over the face value of the bonds.

6.875% Guatemala Bond

On January 30, 2014 Millicom's operation in Guatemala issued an $800 million 6.875% fixed interest rate bond repayable in 10 years, to refinance the Guatemalan operation and for general corporate purposes. The bond was issued at 98.233% of the principal and has an effective interest rate of 7.168%.

Analysis of debt and other financing by maturity

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

US$ millions	As at December 31, 2014	As at December 31, 2013
Due within:		
One year	362	471
One-two years	322	213
Two-three years	549	226
Three-four years	481	1,010
Four-five years	223	212
After five years	2,892	2,025
Total debt	**4,829**	**4,157**

As at December 31, 2014, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $1,340 million (December 31, 2013: $764 million). Assets pledged by the Group for these debts and financings amounted to $9 million at December 31, 2014 (December 31, 2013: $819 million).

11. DEBT AND FINANCING (Continued)

The table below describes the outstanding and maximum exposure under these guarantees and the remaining terms of the guarantees as at December 31, 2014 and December 31, 2013. Amounts issued to cover bank guarantees are recorded in the consolidated statements of financial position under the caption "Debt and other financing".

	Bank and financing guarantees(i)			
US$ millions	**As at December 31, 201**		**As at December 31, 2013**	
Terms	**Outstanding exposure**	**Theoretical maximum exposure**	**Outstanding exposure**	**Theoretical maximum exposure**
0-1 year	43	82	34	112
1-3 years	50	50	50	50
3-5 years	70	70	186	255
More than 5 years	56	55	—	—
Total	**219**	**257**	**270**	**417**

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

12. COMMITMENTS AND CONTINGENCIES

Litigation & claims

At December 31, 2014, the total amount of claims against Millicom and its operations was $359 million (December 31, 2013: $668 million of which $1 million related to joint ventures).

$22 million (December 31, 2013: $19 million) has been assessed probable and provided for litigation risks.

Taxation

At December 31, 2014 the group estimates potential tax claims amounting to $339 million of which tax provisions of $63 million have been assessed probable and have been recorded (December 31, 2013: claims amounting to $169 million and provisions of $64 million).

Capital commitments

As at December 31, 2014, the Company and its subsidiaries and joint ventures have fixed commitments to purchase network equipment and other fixed and intangible assets from a number of suppliers of $336 million of which $308 million are due within one year (December 31, 2013: $324 million of which $306 million are due within one year and $41 million related to joint ventures).

Other commitments

Following the increase in shareholding of AIH from 20% to 33% on June 25, 2014, Millicom has a remaining commitment to invest and corresponding liability of Euro 25 million to AIH (see note 3).

Currency and interest rate swap contracts

Interest rate swaps on US$ Floating Rate Debt

In October 2010, Millicom entered into separate interest rate swaps to hedge the interest rate risks on floating rate debt in Honduras and Costa Rica. The interest rate swap in Honduras was issued for a nominal amount of $30 million, with maturity in 2015, and in Costa Rica for a nominal amount of $105 million with maturity in 2017.

On March 31, 2014 Millicom's swap in Costa Rica was cancelled as a result of refinancing of the underlying debt and $2 million recycled from the cash flow hedge reserve to the income statement.

13. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the year ended December 31, 2014:

US$ millions (unaudited)	Year ended December 31, 2014	Year ended December 31, 2013
Expenses		
Purchase of goods and services (Kinnevik)	3	10
Purchases of goods and services (Miffin)	155	134
Purchases of goods and services (non-controlling interest in Colombia)	1	13
Lease of towers and related services (Helios and ATC)	102	95
Total	**261**	**252**

US$ millions (unaudited)	Three months ended December 31, 2014	Three months ended December 31, 2013
Expenses		
Purchase of goods and services (Kinnevik)	1	3
Purchases of goods and services (Miffin)	29	34
Purchases of goods and services (non-controlling interest in Colombia)	—	5
Lease of towers and related services (Helios and ATC)	33	18
Total	**63**	**60**

US$ millions (unaudited)	Year ended December 31, 2014	Year ended December 31, 2013
Income / gains		
Sale of goods and services (non-controlling interest in Colombia)	8	8
Sale of goods and services (Miffin)	213	206
Gain on sale of towers and shares (Helios and ATC)	22	48
Total	**243**	**262**

US$ millions (unaudited)	Three months ended December 31, 2014	Three months ended December 31, 2013
Income / gains		
Sale of goods and services (non-controlling interest in Colombia)	8	—
Sale of goods and services (Miffin)	60	43
Gain on sale of towers and shares (Helios)	16	18
Total	**84**	**61**

13. RELATED PARTY TRANSACTIONS (continued)

As at December 31, 2014 the Company had the following balances with related parties:

US$ millions (unaudited)	At December 31, 2014	At December 31, 2013
Liabilities		
Finance lease payables to tower companies	210	239
Payable to Miffin	10	13
Payable to AIH for 13.33% increase (see note 3)	30	—
Other accounts payable	16	8
Total	**266**	**260**

US$ millions (unaudited)	At December 31, 2014	At December 31, 2013
Assets		
Advances to non-controlling interests	300	148
Loan to Helios Towers DRC	—	35
Loan to Helios Towers Tanzania	24	13
Other accounts receivable	25	16
Total	**349**	**212**

14. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at December 31, 2014 and December 31, 2013:

US$ millions	Carrying Value		Fair Value	
	December 31, 2014 (unaudited)	December 31, 2013 (audited)	December 31, 2014 (unaudited)	December 31, 2013 (audited)
Financial liabilities				
Debt and financing	4,829	4,158	3,652	3,183
Put options	2,260	792	—	—

The call options in Honduras and in Guatemala are measured with reference to level 3 of the fair value hierarchy. The Honduras and Guatemala put option liabilities are financial liabilities carried at the present value of the redemption amount and are therefore excluded from the fair value hierarchy.

Guatemala Options

At December 31, 2014 the carrying value of the put option provided to our local partner in Guatemala amounted to $1,687 million (January 1, 2014: $1,775 million). At December 31, 2014 the value of the call option from our local partner was $74 million (January 1, 2014: $28 million). The change in fair value of the call option of $46 million is recorded under non-operating (expenses) income, net. The fair value of the call option has been determined by using an option pricing model (Monte Carlo simulation using the Longstaff Schwartz algorithm)

A change of control event may occur at Millicom level which is beyond the control of Millicom. Such an event would trigger the ability of our local partner to exercise his put option at his discretion. Therefore, the put option is a financial liability which is measured at the present value of the redemption price.

The redemption price of the put option is based on a multiple of the EBITDA of Comcel. The multiple is based on a change of control transaction multiple of Millicom. Management estimate the change of control transaction multiple of Millicom from a trading multiple of Millicom and add a control premium (based upon comparable transactions).

Honduras Options

At December 31, 2014, the carrying value of put option provided to our local partner in Honduras amounted to $574 million (December 31, 2013: $792 million). At December 31, 2014 the value of the call option from our local partner was not significant (December 31, 2013: not significant).

Currency and interest rate swap contracts

Interest rate and currency swaps on SEK and EUR denominated debt are measured with reference to Level 2 of the fair value hierarchy

14. FINANCIAL INSTRUMENTS (continued)

Interest rate and currency swaps on SEK denominated debt

The currency portion of the swap has been accounted for as a fair value hedge and related fluctuations have been recorded through profit and loss. For the interest portion, as the timing and amounts of the cash flows under the swap agreements match the cash flows under the bonds the swaps are highly effective. Cash flow hedge accounting has been applied and changes in the fair value of the swaps are recorded in other comprehensive income. At December 31, 2014 the fair value of the swap amounts to a liability of $44 million (2013: an asset of $4 million).

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. At December 31, 2014 the fair value of the swap amounts to a liability of $1 million (2013: liability of $15 million).

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. At December 31, 2014 the fair value of the swap amounts to $1 million (2013: liability of $5 million).

These financings are connected to the downstreaming of a portion of Millicom’s 4.75% bond. These hedges are considered ineffective, with fluctuations in the value of the hedges recorded through profit and loss.

No other financial instruments are measured at fair value.

15. SUBSEQUENT EVENTS

There were no significant events subsequent to December 31, 2014 and up to the date of this report.

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