MILLICOM
THE DIGITAL LIFESTYLE

Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended September 30, 2014

28 November 2014

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Interim condensed consolidated income statement for the nine month period ended September 30, 2014

US$ millions (unaudited)	Notes	Nine months ended September 30, 2014	Nine months ended September 30, 2013[1]	Nine months ended September 30, 2013 (restated)[2]
Revenue	6	4,527	3,738	3,234
Cost of sales		(1,722)	(1,384)	(1,246)
Gross profit		**2,805**	**2,354**	**1,988**
Sales and marketing		(937)	(769)	(681)
General and administrative expenses		(1000)	(798)	(716)
Other operating expenses		(175)	(127)	(127)
Other operating income		7	14	14
Operating profit	6	**700**	**674**	**478**
Interest expense		(307)	(203)	(193)
Interest and other financial income		14	17	14
Revaluation of previously held interests	3	2,250	—	—
Other non-operating (expenses) income, net	7	203	(83)	(82)
Gain (loss) from associates and joint ventures, net		26	(18)	140
Profit before taxes from continuing operations		**2,886**	**387**	**357**
Charge for taxes, net		(168)	(184)	(154)
Profit for the period from continuing operations		**2,718**	**203**	**203**
Profit (loss) for the period from discontinued operations, net of tax[1]	4	21	(41)	(41)
Net profit for the period		**2,739**	**162**	**162**
Attributable to:				
Owners of the Company		2,595	174	174
Non-controlling interests		144	(12)	(12)
Earnings per common share for profit attributable to the owners of the Company:				
Basic (US$)	8	25.95	1.74	1.74
Diluted (US$)	8	25.94	1.74	1.74

[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 the joint ventures in Guatemala and Mauritius (see note 2)

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

Interim condensed consolidated income statement for the three month period ended September 30, 2014

US$ millions (unaudited)	Notes	Three months ended September 30, 2014	Three months ended September 30, 2013[1]	Three months ended September 30, 2013 (restated)[2]
Revenue	6	1,674	1,265	1,097
Cost of sales		(667)	(470)	(421)
Gross profit		**1,007**	**795**	**676**
Sales and marketing		(329)	(269)	(241)
General and administrative expenses		(382)	(273)	(246)
Other operating expenses		(57)	(47)	(47)
Other operating income		—	9	9
Operating profit	6	**239**	**215**	**151**
Interest expense		(107)	(71)	(68)
Interest and other financial income		6	4	4
Other non-operating (expenses) income, net	7	86	(106)	(104)
Gain (loss) from associates and joint ventures, net		22	(5)	44
Profit before taxes from continuing operations		**246**	**37**	**27**
Charge for taxes, net		(30)	(54)	(44)
Profit for the period from continuing operations		**216**	**(17)**	**(17)**
Profit (loss) for the period from discontinued operations, net of tax[1]	4	—	(18)	(18)
Net profit for the period		**216**	**(35)**	**(35)**
Attributable to:				
Owners of the Company		165	(37)	(37)
Non-controlling interests		51	2	2
Earnings per common share for profit attributable to the owners of the Company:				
Basic (US$)	8	1.65	(0.37)	(0.37)
Diluted (US$)	8	1.65	(0.37)	(0.37)

[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 the joint ventures in Guatemala and Mauritius (see note 2)

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

Interim condensed consolidated statement of comprehensive income for the nine month period ended September 30, 2014

US$ millions (unaudited)	Nine months ended September 30, 2014	Nine months ended September 30, 2013[1]	Nine months ended September 30, 2013 (restated)[1]
Net profit for the period	2,739	162	162
Other comprehensive income (to be reclassified to profit and loss in subsequent periods):			
Exchange differences on translating foreign operations	(136)	(58)	(58)
Cash flow hedge reserve movement	1	11	11
Total comprehensive income for the period	**2,604**	**115**	**115**

Attributable to:			
Owners of the Company	2,501	142	142
Non-controlling interests	103	(27)	(27)

[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 the joint ventures in Guatemala and Mauritius (see note 2)

Interim condensed consolidated statement of comprehensive income for the three month period ended September 30, 2014

US$ millions (unaudited)	Three months ended September 30, 2014	Three months ended September 30, 2013[1]	Three months ended September 30, 2013 (restated)[2]
Net profit for the period	216	(35)	(35)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods):			
Exchange differences on translating foreign operations	(106)	(10)	(10)
Cash flow hedge reserve movement	-	5	5
Total comprehensive income for the period	**110**	**(40)**	**(40)**

Attributable to:			
Owners of the Company	101	(38)	(38)
Non-controlling interests	9	(2)	(2)

[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 the joint ventures in Guatemala and Mauritius (see note 2)

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

Interim condensed consolidated statement of financial position as at September 30, 2014

US$ millions	Notes	September 30, 2014 (unaudited)	December 31, 2013 (audited)	December 31, 2013 (unaudited and restated)[1]
ASSETS				
NON-CURRENT ASSETS				
Intangible assets, net	10	5,943	2,543	2,458
Property, plant and equipment, net	9	4,739	3,162	2,771
Investments in associates		242	122	122
Investments in joint ventures		50	—	327
Pledged deposits		3	2	—
Deferred tax assets		300	313	312
Other non-current assets		228	83	83
TOTAL NON-CURRENT ASSETS		**11,505**	**6,225**	**6,073**
CURRENT ASSETS				
Inventories		146	140	122
Trade receivables, net		506	320	282
Amounts due from non-controlling interests, associates and joint venture partners		310	303	136
Prepayments and accrued income		288	163	156
Current income tax assets		135	58	56
Supplier advances for capital expenditure		81	63	51
Pledged deposits	3	15	817	817
Other current assets		83	22	77
Restricted cash		122	81	80
Cash and cash equivalents		672	941	909
TOTAL CURRENT ASSETS		**2,358**	**2,908**	**2,686**
Assets held for sale	5	42	14	14
TOTAL ASSETS		**13,905**	**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 the joint ventures in Guatemala and Mauritius (see note 2)*

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

Interim condensed consolidated statement of financial position as at September 30, 2014 (continued)

US$ millions	Notes	September 30, 2014 (unaudited)	December 31, 2013 (audited)	December 31, 2013 (unaudited and restated)[1]
EQUITY AND LIABILITIES				
EQUITY				
Share capital and premium		639	640	640
Treasury shares		(160)	(172)	(172)
Put option reserve		(2,513)	(737)	(737)
Other reserves		(274)	(185)	(185)
Retained profits		2,121	2,154	2,154
Profit for the period / year attributable to equity holders		2,595	229	229
Equity attributable to owners of the Company		**2,408**	**1,929**	**1,929**
Non-controlling interests		1,757	152	152
TOTAL EQUITY		**4,165**	**2,081**	**2,081**
LIABILITIES				
Non-current liabilities				
Debt and financing	11	4,554	3,686	3,504
Derivative financial instruments		28	23	23
Amounts due to associates and joint venture partners		48	1	1
Provisions and other non-current liabilities		249	162	150
Deferred tax liabilities		179	188	183
Total non-current liabilities		**5,058**	**4,060**	**3,861**
Current liabilities				
Debt and financing	11	446	471	423
Put option liabilities	14	2,336	792	792
Payables and accruals for capital expenditure		310	453	424
Other trade payables		320	277	239
Amounts due to associates and joint venture partners		4	87	84
Accrued interest and other expenses		557	393	369
Current income tax liabilities		132	153	147
Provisions and other current liabilities		575	378	351
Total current liabilities		**4,680**	**3,004**	**2,829**
Liabilities directly associated with assets held for sale	5	2	2	2
TOTAL LIABILITIES		**9,740**	**7,066**	**6,692**
TOTAL EQUITY AND LIABILITIES		**13,905**	**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 the joint ventures in Guatemala and Mauritius (see note 2)

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

Interim condensed consolidated statement of cash flows for the nine month period ended September 30, 2014

US$ millions (unaudited)	Notes	Nine months ended September 30, 2014[1]	Nine months ended September 30, 2013	Nine months ended September 30, 2013 (restated)[2]
Cash flows from operating activities				
Profit before taxes from continuing operations		2,886	387	357
Profit (loss) for the period from discontinued operations	4	21	(41)	(41)
Profit before taxes		**2,907**	**346**	**316**
Adjustments to reconcile to net cash:				
Interest expense/income, net		293	186	178
Revaluation of previously held interests	3	(2,250)	—	—
Other non-operating expenses (income), net		(252)	102	(56)
Adjustments for non-cash items:				
Depreciation and amortization		811	639	574
Other non-cash items		15	16	16
Changes in working capital		88	(126)	(124)
Interest received (paid), net		(219)	(135)	(127)
Taxes paid		(260)	(270)	(234)
Net cash provided by operating activities		**1,133**	**758**	**543**
Cash flows from investing activities:				
Purchase of intangible assets and licenses	10	(184)	(228)	(227)
Purchase of property, plant and equipment	9	(767)	(560)	(458)
Acquisition of subsidiaries, joint ventures and associates		(963)	(7)	(6)
Repayment (issuance) of loans from / to associates, net		31	—	—
Advances to non-controlling interests		(264)	(25)	(25)
Other cash from (used by) other investing activities		936	28	13
Net cash used by investing activities		**(1,211)**	**(792)**	**(703)**
Cash flows from financing activities:				
Proceeds from other debt and financing		1,176	1,068	1,053
Repayment of debt and financing		(1,003)	(945)	(904)
Other financing activities		(82)	28	26
Dividends paid to owners of the Company		(264)	(264)	(168)
Net cash from (used by) financing activities		**(173)**	**(113)**	**7**
Exchange gains (losses) on cash and cash equivalents, net		(18)	(3)	(3)
Net (decrease) increase in cash and cash equivalents		**(269)**	**(150)**	**(156)**
Cash and cash equivalents at the beginning of the year		941	1,174	1,154
Cash and cash equivalents at the end of the period		**672**	**1,024**	**998**

[1] *Reclassification for FX effects in operating, investing and financing activities*

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

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

Interim condensed consolidated statements of changes in equity for the periods ended September 30, 2014, December 31, 2013, and September 30, 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 (audited)	**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	—	—	—	—	—	*173,726*	—	—	*173,726*	*(11,449)*	*162,277*
Cash flow hedge reserve movement	—	—	—	—	—	—	—	*11,061*	*11,061*	124	*11,185*
Currency translation differences	—	—	—	—	—	—	—	*(42,475)*	*(42,475)*	*(15,442)*	*(57,917)*
Total comprehensive income for the period	—	—	—	—	—	173,726	—	(31,414)	142,312	(26,767)	115,545
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	—	—	—	—	—	—	—	13,983	13,983	—	13,983
Issuance of shares under the LTIPs	—	234	—	(1,101)	21,244	(1,040)	—	(19,103)	—	—	—
Change in scope of consolidation	—	—	—	—	—	1,233	—	—	1,233	17,571	18,804
Dividend to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(24,872)	(24,872)
Balance as at September 30, 2013 (unaudited)	**101,739**	**(1,896)**	**152,607**	**487,570**	**(172,440)**	**2,355,954**	**(737,422)**	**(172,372)**	**1,913,897**	**278,121**	**2,192,018**
Profit for the period	—	—	—	—	—	*55,421*	—	—	*55,421*	*(13,098)*	*42,323*
Cash flow hedge reserve movement	—	—	—	—	—	—	—	*(4,204)*	*(4,204)*	58	*(4,146)*
Currency translation differences	—	—	—	—	—	—	—	*(11,428)*	*(11,428)*	*(3,626)*	*(15,054)*
Total comprehensive income for the period	—	—	—	—	—	55,421	—	(15,632)	39,789	(16,666)	23,123
Shares issued via the exercise of stock options	—	—	—	—	—	—	—	—	—	—	—
compensation	—	—	—	—	—	—	—	2,888	2,888	—	2,888
Issuance of shares under the LTIPs	—	1	—	(5)	69	(64)	—	—	—	—	—
Change in scope of consolidation (iii)	—	—	—	—	—	158	—	—	158	(109,405)	(109,247)
Change in deferred tax liabilities	—	—	—	—	—	(28,000)	—	—	(28,000)	—	(28,000)
Balance on December 31, 2013 (audited)	**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	—	—	—	—	—	*2,594,498*	—	—	*2,594,498*	*144,025*	*2,738,523*
Cash flow hedge reserve movement	—	—	—	—	—	—	—	*1,471*	*1,471*	—	*1,471*
Currency translation differences	—	—	—	—	—	—	—	*(95,282)*	*(95,282)*	*(40,708)*	*(135,990)*
Total comprehensive income for the period	—	—	—	—	—	2,594,498	—	(93,811)	2,500,687	103,317	2,604,004
Dividends (ii)	—	—	—	—	—	(263,978)	—	—	(263,978)	—	(263,978)
Purchase of treasury shares	—	(26)	—	—	(2,548)	—	—	—	(2,548)	—	(2,548)
Share based compensation	—	—	—	—	—	—	—	20,395	20,395	—	20,395
Issuance of shares under the LTIPs	—	165	—	(775)	14,991	1,011	—	(15,227)	—	—	—
Dividend to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(191,328)	(191,328)
Change in scope of consolidation (iii)	—	—	—	—	—	—	—	—	—	1,697,113	1,697,113
Deconsolidation of Online	—	—	—	—	—	—	—	—	—	(4,386)	(4,386)
Put option	—	—	—	—	—	—	(1,775,078)	—	(1,775,078)	—	(1,775,078)
Balance on September 30, 2014 (unaudited)	**101,739**	**(1,756)**	**152,607**	**486,790**	**(159,928)**	**4,715,000**	**(2,512,500)**	**(273,759)**	**2,408,210**	**1,756,766**	**4,164,976**

(i) *Includes profit for the period attributable to equity holders of which at September 30, 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 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 November 19, 2014 the Board of Directors authorized these condensed interim consolidated 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 published by the International Accounting Standards Board ("IASB") and 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 apart from a slight increase in revenue over the festive season in December.

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,.

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. There was no significant impact on the Group 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.

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 4).

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.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The impact of applying IFRS 11 is as follows:

Income statement for the nine month period ended September 30, 2013 (restated comparatives in $ millions):

US$ millions (unaudited)	Impact
Decrease in revenue	(504)
Decrease in gross profit	(366)
Decrease in operating profit	(196)
Decrease in profit before tax	(30)

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

US$ millions (unaudited)	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	—

There is no material impact on the interim condensed consolidated statement of cash flows or 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. Millicom paid $15 million for the call option.

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. The revaluation and corresponding purchase price allocation was finalised in the three month period ended March 31, 2014. 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 (unaudited)	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
Inventory	29	17
Trade receivables	75	35
Current loans and other receivables	185	101
Other current assets	43	31
Cash and cash equivalents	54	30
Total assets	**2,447**	**651**
Non-current financial liabilities	324	187
Other long-term liabilities	22	2
Trade accounts payable	91	59
Current financial liabilities	88	46
Other current liabilities	111	55
Total liabilities	**636**	**349**

Fair value of non-controlling interests (45%)		815
Fair value of Millicom's 55% interest		**1,024**
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 in 2014 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. Millicom's call option is a financial instrument measured at fair value of $28 million at January 1, 2014 (September 30, 2014: $54 million).

Agreement to Merge 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 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 control had been completed and Millicom consolidated UNE from that date. From August 14, 2014 Millicom controls the merged entity through a majority of voting shares in UNE.

In August the incremental $860 million cash purchase price was paid by Millicom, $800 million of which was previously held by Millicom as pledged deposits.

For the provisional purchase price allocation, the fair value of UNE was determined based on transaction and relative values. The purchase price allocation is provisional at September 30, 2014 as a result of ongoing integration including a regulatory requirement to return spectrum, and key areas in which estimates and judgment are applied including harmonization of accounting policies. Non-controlling interests have been measured based on fair value, whereas the controlling interest is measured based on equity value.

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

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 (unaudited)	Fair Value 100%
Non-current assets (excluding goodwill)	1,801
Current assets (excluding cash)	346
Cash and cash equivalents	123
Total assets	**2,270**
Non-current liabilities	388
Current liabilities	648
Total liabilities	**1,036**
Fair value of assets and liabilities acquired, net	**1,234**
Non-controlling interest in fair value 50%	617

Equity value of UNE	2,094
Non-controlling interest in fair value 50%	(617)
Fair value of Millicom's 50% interest	1,047
Goodwill	**430**

From the date of the acquisition to September 30, 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 January 1, 2014 incremental revenue for the nine-month period ended September 30, 2014 would have been $1,051 million and incremental profit for that period $20 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.

On September 17, 2014 Millicom amended its investment and shareholder agreements related to LIH whereby its option to increase its shareholding from 35% to 50%, and its call option to acquire the remaining 50% of LIH have been cancelled.

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 three parties will own a 33.33% interest in AIH. MTN's 33.3% stake will be acquired by cash investment in new shares at a price equivalent to 20% more than the investment made by Millicom. Millicom will pay Euro 35 million for its additional stake. Millicom has a further commitment of Euro 70 million under the agreement for which it has an opt-out right.

By June 25, 2014 the requisite clearances had been obtained and Millicom's stake increased from 20% to 33%.

Other minor acquisitions

During the nine-month period other smaller acquisitions were made for total consideration of $17 million.

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

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 nine and three-month periods ended September 30, 2014 were as follows:

US$ millions (unaudited)	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenue	4	56
Operating expenses	(6)	(95)
Operating losses	**(2)**	**(39)**
Loss from associate (AEH)	—	(2)
Gain on deconsolidation	23	—
Profit (loss) after tax from discontinued operations	**21**	**(41)**

US$ millions (unaudited)	Three months ended September 30, 2014	Three months ended September 30, 2013
Revenue	—	25
Operating expenses	—	(43)
Operating losses	—	**(18)**
Loss from associate (AEH)	—	—
Gain on deconsolidation	—	—
Profit (loss) after tax from discontinued operations	—	**(18)**

5. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

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 representing the difference between the carrying value of the 21.8% dilution and the equity value of the acquired entity. Millicom also obtained options to sell its remaining 18.2% stake in April or either 2016, 2018, or 2020 at fair value.

Sale of ATC BV

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

Agreement to sell Mauritius

On July 15, 2014 Millicom reached agreement to sell its 50% investment in Emtel Ltd. The transaction was closed on November 10 (see note 15) and at September 30, 2014 Millicom's $29 million investment in Emtel Ltd is classified in 'Assets Held for Sale'.

Tower Sale and Leaseback Agreements

At September 30, 2014, Millicom had assets held for sale amounting to $13 million relating first 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.

Reduction of shareholding in Helios Towers Tanzania

During the nine-month period ended September 30, 2014, Millicom reduced its shareholding in Helios Towers Tanzania from 40% to 25.89% realizing a gain on sale of $6 million.

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 nine-month periods ended September 30, 2014 and 2013 was as follows:

Nine months ended September 30, 2014 (US$ millions) (unaudited)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**1,817**	**1,967**	**743**	**—**	**4,527**	**4**	**—**	**4,531**
Operating profit (loss)	**513**	**391**	**(12)**	**(192)**	**700**	**(3)**	**—**	**697**
Add back:								
Depreciation and amortization	335	283	190	3	811	—	—	811
Loss (gain) on disposal and impairment of property, plant and equipment	10	(1)	(4)	(6)	(1)	—	—	(1)
Loss (gain) from joint venture	—	—	(4)	—	(4)	—	—	(4)
Other non-cash items	—	—	—	20	20	—	—	20
Capital expenditure	(286)	(308)	(244)	(3)	(841)	—	—	(841)
Changes in working capital	2	76	74	(64)	88			
Other movements	(187)	(101)	(27)	(29)	(344)			
Operating free cash flow (i)	**387**	**340**	**(27)**	**(271)**	**429**			
Total Assets	**6,808**	**5,147**	**1,701**	**1,803**	**15,459**	—	**(1,554)**	**13,905**
Total Liabilities	**2,164**	**2,933**	**1,938**	**4,258**	**11,293**	—	**(1,553)**	**9,740**

Nine months ended September 30, 2013 (US$ millions) (unaudited)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**1,403**	**1,603**	**732**	**—**	**3,738**	**56**	**—**	**3,794**
Operating profit (loss)	**423**	**374**	**21**	**(144)**	**674**	**(40)**	**—**	**634**
Add back:								
Depreciation and amortization	233	217	186	3	639	—	—	639
Loss (gain) on disposal and impairment of property, plant and equipment	1	(7)	8	—	2	—	—	2
Loss (gain) from joint venture	—	—	—	—	—	—	—	—
Other non-cash items	—	—	—	14	14	—	—	14
Capital expenditure	(183)	(291)	(178)	(10)	(662)	**—**	**—**	(662)
Changes in working capital	(3)	(86)	(39)	2	(126)			
Other movements	(178)	(74)	75	(159)	(336)			
Operating free cash flow (i)	**293**	**133**	**73**	**(294)**	**205**			
Total Assets	**3,373**	**2,334**	**1,833**	**2,001**	**9,541**	**271**	**(1,775)**	**8,037**
Total Liabilities	**1,604**	**1,852**	**2,136**	**1,975**	**7,567**	**35**	**(1,757)**	**5,845**

(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).

6. SEGMENT INFORMATION (Continued)

Revenue, operating profit (loss) and other segment information for the three-month periods ended September 30, 2014 and 2013 was as follows:

Three months ended September 30, 2014 (US$ millions) (unaudited)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**606**	**813**	**255**	**—**	**1,674**	—	**—**	**1,674**
Operating profit (loss)	**167**	**150**	**(10)**	**(68)**	**239**	—	**—**	**239**
Add back:								
Depreciation and amortization	113	128	65	3	309	—	—	309
Loss (gain) on disposal and impairment of property, plant and equipment	7	(1)	(1)	(4)	1	—	—	1
Loss (gain) from joint venture	—	—	—	—	—	—	—	—
Other non-cash items	—	—	—	7	7	—	—	7
Capital expenditure	(107)	(132)	(80)	8	(311)	—	—	(311)
Changes in working capital	18	(35)	81	16	80			
Other movements	(86)	(50)	35	2	(99)			
Operating free cash flow (i)	**112**	**60**	**90**	**(36)**	**226**			
Total Assets	**6,808**	**5,147**	**1,701**	**1,803**	**15,459**	—	**(1,554)**	**13,905**
Total Liabilities	**2,164**	**2,933**	**1,938**	**4,258**	**11,293**	—	**(1,553)**	**9,740**

Three months ended September 30, 2013 (US$ millions) (unaudited)	Central America (iii)	South America	Africa (iv)	Unallocated item	Total continuing operations	Discontinued operations (ii)	Inter-company elimination	Total
Revenue	**466**	**542**	**257**	**—**	**1,265**	**25**	**—**	**1,290**
Operating profit (loss)	**139**	**133**	**(2)**	**(55)**	**215**	**(19)**	**—**	**196**
Add back:								
Depreciation and amortization	78	73	61	3	215	—	—	215
Loss (gain) on disposal and impairment of property, plant and equipment	(1)	(7)	4	1	(3)	—	—	(3)
Loss (gain) from joint venture	—	—	—	—	—	—	—	—
Other non-cash items	—	—	—	4	4	—	—	4
Capital expenditure	(74)	(131)	(104)	(6)	(315)	—	—	(315)
Changes in working capital	1	(21)	(52)	51	(21)			
Other movements	(18)	44	136	(115)	47			
Operating free cash flow (i)	**125**	**91**	**43**	**(117)**	**142**			
Total Assets	**3,373**	**2,334**	**1,833**	**2,001**	**9,541**	**271**	**(1,775)**	**8,037**
Total Liabilities	**1,604**	**1,852**	**2,136**	**1,975**	**7,567**	**35**	**(1,757)**	**5,845**

(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 (unaudited)	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Change in redemption price of put options (see note 14)	231	(17)
Change in fair value of call option	24	—
Change in fair value of derivatives	14	(12)
Exchange losses, net	(75)	(54)
Other non-operating income, net	9	—
Total	**203**	**(83)**

US$ millions (unaudited)	Three months ended September 30, 2014	Three months ended September 30, 2013
Change in redemption price of put options (see note 14)	128	(100)
Change in fair value of call option	(2)	—
Change in fair value of derivatives	18	(18)
Exchange losses, net	(59)	12
Other non-operating income, net	1	—
Total	**86**	**(106)**

8. EARNINGS PER COMMON SHARE

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

US$ millions (unaudited)	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Basic and Diluted		
Net profit attributable to owners of the Company from continuing operations	2,574	215
Net loss attributable to owners of the Company from discontinuing operations	21	(41)
Net profit attributable to owners of the Company used to determine the earnings per share	2,595	174
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**99,982**	**99,786**
Potential incremental shares as a result of share options	34	71
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,016**	**99,857**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	25.74	2.15
- EPS from discontinuing operations attributable to owners of the Company	0.21	(0.41)
- EPS for the period attributable to owners of the Company	25.95	1.74
Diluted		
- EPS from continuing operations attributable to owners of the Company	25.73	2.15
- EPS from discontinuing operations attributable to owners of the Company	0.21	(0.41)
- EPS for the period attributable to owners of the Company	25.94	1.74

US$ millions (audited)	Three months ended September 30, 2014	Three months ended September 30, 2013
Basic and Diluted		
Net profit attributable to owners of the Company from continuing operations	165	(19)
Net loss attributable to owners of the Company from discontinuing operations	—	(18)
Net profit attributable to owners of the Company used to determine the earnings per share	165	(37)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**99,983**	**99,836**
Potential incremental shares as a result of share options	34	49
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,017**	**99,885**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	1.65	(0.19)
- EPS from discontinuing operations attributable to owners of the Company	—	(0.18)
- EPS for the period attributable to owners of the Company	1.65	(0.37)
Diluted		
- EPS from continuing operations attributable to owners of the Company	1.65	(0.19)
- EPS from discontinuing operations attributable to owners of the Company	—	(0.18)
- EPS for the period attributable to owners of the Company	1.65	(0.37)

9. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended September 30, 2014, Millicom added property, plant and equipment for $674 million (September 30, 2013: $463 million) and received $17 million in cash from disposal of property, plant and equipment (September 30, 2013: $50 million).

10. INTANGIBLE ASSETS

During the nine-month period ended September 30, 2014 Millicom added intangible assets of $2,971 million, including acquiring control of the Guatemalan operation (see note 3) (September 30, 2013: $200 million) and receive $8 million of proceeds from disposal of intangible assets (September 30, 2013: $10 million).

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 $9.5 million over the face value of the bonds. As the amount of repurchase was estimable at the March 31, 2014 date of the tender offer, the $9 million premium and $2.5 million of related unamortized costs were included in the income statement in the three month period ended March 31, 2014.

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 (audited)	As at September 30, 2014	As at December 31, 2013
Due within:		
One year	446	471
One-two years	169	213
Two-three years	317	226
Three-four years	822	1,010
Four-five years	212	212
After five years	3,034	2,025
Total debt	**5,000**	**4,157**

As at September 30, 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 $1,402 million (December 31, 2013: $764 million). Assets pledged by the Group for these debts and financings amounted to $20 million at September 30, 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 September 30, 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 September 30, 2014 (unaudited)		As at December 31, 2013 (audited)	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	72	133	34	112
1-3 years	120	161	50	50
3-5 years	50	70	186	255
More than 5 years	39	39	—	—
Total	**281**	**403**	**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 September 30, 2014, the total amount of claims against Millicom and its operations was $464 million (December 31, 2013: $668 million of which $1 million related to joint ventures).

$18 million (December 31, 2013: $19 million) has been assessed probable and provided for litigation risks.

Taxation

At September 30, 2014 the group estimates potential tax claims amounting to $247 million of which tax provisions of $55 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 September 30, 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 $301 million of which $256 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 commitment to invest and corresponding liability of Euro 35 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 three and nine-month periods ended September 30, 2014:

US$ millions (unaudited)	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Expenses		
Purchase of goods and services (Kinnevik)	2	7
Purchases of goods and services (Miffin)	126	80
Purchases of goods and services (NCI in Colombia)	2	6
Lease of towers and related services (Helios and ATC)	51	77
Total	**181**	**170**

US$ millions (unaudited)	Three months ended September 30, 2014	Three months ended September 30, 2013
Expenses		
Purchase of goods and services (Kinnevik)	—	2
Purchases of goods and services (Miffin)	66	31
Purchases of goods and services (non-controlling interest in Colombia)	—	2
Lease of towers and related services (Helios and ATC)	13	19
Total	**79**	**54**

US$ millions (unaudited)	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Income / gains		
Sale of goods and services (non-controlling interest in Colombia)	2	8
Sale of goods and services (Miffin)	231	163
Gain on sale of towers and shares (Helios and ATC)	6	30
Total	**239**	**201**

US$ millions (unaudited)	Three months ended September 30, 2014	Three months ended September 30, 2013
Income / gains		
Sale of goods and services (non-controlling interest in Colombia)	—	2
Sale of goods and services (Miffin)	136	52
Gain on sale of towers and shares (Helios)	—	18
Total	**136**	**72**

13. RELATED PARTY TRANSACTIONS (continued)

As at September 30, 2014 the Company had the following balances with related parties:

US$ millions (unaudited)	At September 30, 2014	At December 31, 2013
Liabilities		
Finance lease payables to tower companies	223	224
Other accounts payable	—	1
Payable to AIH for 13.33% increase (see note 3)	48	—
Total	**271**	**225**

US$ millions (unaudited)	At September 30, 2014	At December 31, 2013
Assets		
Advances to non-controlling interests	257	234
Loan to Helios Towers DRC	—	35
Loan to Helios Towers Tanzania	7	13
Total	**264**	**282**

14. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at September 30, 2014 and December 31, 2013:

US$ millions	Carrying Value		Fair Value	
	September 30, 2014 (unaudited)	December 31, 2013 (audited)	September 30, 2014 (unaudited)	December 31, 2013 (audited)
Financial liabilities				
Debt and financing	5,000	4,158	3,165	3,183
Put options	2,336	792	—	—

Guatemala Put Option

At September 30, 2014 the carrying value of put option provided to our local partner in Guatemala amounted to $1,651 million and the corresponding put option reserve $1,775 million.

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 Put Option

At September 30, 2014, the carrying value of put option provided to our local partner in Honduras amounted to $685 million (December 31, 2013: $792 million). At June 30, 2014 the value of the corresponding call option from our local partner was not significant.

15. SUBSEQUENT EVENTS

Sale of Mauritius

On November 10, 2014 the closing conditions for the sale of Emtel Ltd were completed.

There were no other subsequent events between September 30, 2014 and the date of this report.

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