MILLICOM
THE DIGITAL LIFESTYLE

Annual Report 2015

Governance and Financial Report

Welcome to our Reporting Suite 2015

We have designed our 2015 reports to provide a comprehensive overview of the business. More detailed information is available online at **www.millicom.com**

Reporting suite:

Strategic Report
This report contains information about how we make money and how we run the business. It includes an overview of our markets, corporate strategy, business model, key performance indicators and areas of risk, as well as our progress during 2015.

A copy of the Annual Report can be downloaded from:

www.millicom.com/reporting2015

Corporate Responsibility Report
The Corporate Responsibility Report outlines our approach to investing in sustainability and projects to enable more energy efficient technology, and how we attract and develop smart and innovative employees.

A copy of the Corporate Responsibility Report can be downloaded from:

www.millicom.com/our-responsibility

Website
Our website contains more information on what Millicom does and how we empower a digital lifestyle by offering communication, information and entertainment which connect people to their world.

More information about Millicom can be found at our website:

www.millicom.com

About this report

Millicom's Annual Report consists of two documents. The Strategic Report will give you a comprehensive and concise overview of the key information about Millicom, and the Governance and Financial Report which describes how our governance works, contains our Remuneration Report, and our consolidated financial statements for the year ended 31 December 2015.

Governance and Financial Report

The Governance and Financial Report explains the way we operate, our approach to corporate governance, how we remunerate management and our financial performance for 2015.

Contents

Links within this document
In this report you will see a series of icons that demonstrate how we've integrated information about our business model with details of our strategy and risk. The easy to identify icons also tell you where to look for more information.

Report links

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Chairman's Report

"Building strong governance functions and acting with integrity remain at the forefront of our commitment to good corporate governance."

The Governance section of Millicom's 2015 Annual Report sets out Millicom's commitment to good corporate governance and describes what has been achieved during 2015. We have significantly increased our level of disclosure and content in this year's governance report.

In 2015 we have welcomed new Board members, as well as Mauricio Ramos as President and Chief Executive Officer ("CEO") and Cynthia Gordon as EVP, CEO Africa Division, to lead our African business. We have created new working groups and committees, and dealt with a number of significant matters, including the self-reporting of potential improper payments made on behalf of our Guatemalan joint venture.

Role of the Board

Millicom's Board of Directors (the "Board") is responsible for deciding Millicom's strategy, financial objectives and operating plans. The Board also plans for management succession of the CEO and reviews and approves plans for other senior management positions. It is also responsible for overseeing governance for the Group.

Board changes

During 2015 we welcomed two new Board members, both of whom joined us in May 2015. Mr. Anders Borg joins us having previously been Sweden's Minster of Finance between 2006 and 2014, bringing with him a vast array of knowledge and experience in economics, economic direction and policy setting. As well as Deputy Chairman of the Board, Mr. Borg is member of the Government Relations and Corporate Responsibility Committee.

Mr. Odilon Almeida joins us from Western Union where he currently leads the Latin American operations. Mr. Almeida's extensive knowledge of Latin American markets and the money transfer business adds valuable insight to Millicom. Mr. Almeida is present on Millicom's Audit Committee and is the Chairman of the recently established Compliance and Business Conduct Committee.

I would like to thank Ms. Mia Brunell Livfors, Mr. Dominque Lafont and Mr. Ariel Eckstein, the departing members of the Board, for their service to the Board and its committees.

Strength through diversity

Building strong governance functions and acting with integrity remain at the forefront of our commitment to good corporate governance, a commitment that will continue in the decisions we make.

Millicom's strength is partly attributable to the diversity of people in our operating countries, regional offices and headquarters. We value different perspectives and encourage sharing of viewpoints and benefiting from the wide range of experience and backgrounds across the Group. These are important elements that we will continue to foster as part of Millicom's corporate culture.

Compliance

During 2015 we initiated a thorough external review of our compliance program, supported by the Executive Management team and our Compliance and Business Ethics team, to further strengthen the practices we already have in place. In addition a new Compliance and Business Conduct Committee was set up during the year. In October 2015, we took the decision to voluntarily report to the authorities on potential improper payments in our joint-venture operation in Guatemala.

On behalf of the Board I would like to confirm our commitment to strong corporate governance and of doing the right things in the right way across every part of our business. We look forward to engaging with you and thank you for being part of our journey.

Cristina Stenbeck
Chairman of the Board of Directors

Useful links within this report

Board of Directors p11

CEO and Executive Team p36

Directors' Financial and Operating Report

Revenue of $6.73 billion, up 5.4% from 2014
Adverse currency movements were stronger than last year although revenue grew by 5.4% (with LatAm growing 6.6% and Africa declining 1.3%). Service revenue was up 5.8%.

Adjusted EBITDA at $2.27 billion – margin at 33.7%
Full year EBITDA at $2,178 million was 4.1% higher than 2014 partly due to inclusion of UNE for the full year compared to four and half months in 2014. At constant currency, EBITDA grew by 17.1%. There were $87 million of restructuring and integration costs and other one-off charges mostly booked in Q4. Adjusting for these items EBITDA was $2,266 million up 7.4% with the margin up 0.7 to 33.7%. The key driver of this improvement is Colombia demonstrating the success of our merger together with continued efficiencies at the headquarters.

Mobile customer base reaches 62.6 million
The mobile customer base increased by over 6 million net additions, to reach 62.6 million subscribers at 31 December 2015 (including 1.4 million Zantel customers).

Cable footprint exceeds 7.6 million homes passed
Our cable footprint expanded by over 500,000 to 7.6 million homes passed. The number of revenue generating units ("RGUs") per household increased to 1.88x from 1.80x a year ago. More than 56% of our households were double or triple play, around 3 percentage points more than one year ago. The ARPU per Home Connected was stable year-on-year in local currency.

Equity Free Cash Flow grows to $235 million
The full year operating cash flow increased by 15% to $1.11 billion from a combination of a higher EBITDA, a lower Capex paid and cash inflow from the working capital. Taxes paid at $252 million were significantly reduced compared to last year (down 34%) thanks to advanced payments of tax in 2014 in Colombia used to reduce the liability for 2015 and a change in the profit mix of the operations resulting in lower tax payments.

Net interest paid was up 7% on 2014 on the higher level of debt and the payment of consent fees. This resulted in free cash flow of $504 million, a 96% improvement. Thanks to lower dividends paid to non-controlling interests (10% lower at $269 million), equity free cash flow significantly improved by $278 million to $235 million representing a dividend cover of 89%.

Share Capital
On 31 December 2015 Millicom had 101.7 million issued and paid up common shares of par value $1.50 each, of which 1.6 million were held by the Company as treasury shares (2014: 1.8 million). During the year the Company acquired approximately 29,000 shares and issued around 158,000 shares to management and employees under the LTIP remuneration plans, 45,000 shares from share options to the Chairman of the Board, and approximately 6,000 shares to Directors as part of their annual remuneration.

Distribution to shareholders and proposed distributions
On 15 May 2015 at the Annual General Meeting of shareholders, a dividend distribution of $264 million was approved, and subsequently paid to shareholders.

On 10 February 2016 Millicom announced that the Board will propose to the Annual General Meeting of the shareholders a dividend distribution of $2.64 per share to be paid out of Millicom's retained earnings at 31 December 2015. The proposed dividend is consistent with distributions in 2013 and 2014.

Risks and uncertainty factors
The Group continues to operate in an industry and in markets which are characterised by rapid change. This change creates opportunities and at the same time a degree of uncertainty. Many of the underlying risks are inherent in these markets, including the impact of regulation (including taxation), currency fluctuations, and underlying macro-economic conditions which impact our customers in their daily lives.

The telecommunications and content industries continue to evolve at an unprecedented pace, with access to the internet and streaming services gathering pace and spreading to all parts of the world. Staying competitive in this increasingly diverse business requires constant innovation, in development of new products and services, delivery methods, and in quality of content, service and speed of delivery.

Access to, and investing capital in the right place at the right time are as important as ever, and decision making in this regard remains key to ensuring a balance of risk and return in the Group.

Further information on these and other key risks faced by the Group are set out in the Risk Management section of the Annual Report.

Financial risk management objectives and policies
Millicom's financial risk management policies and objectives together with a description of the various risks and hedging activities undertaken by the Group are set out in Section D. Financial Risk Management of the Consolidated Financial Statements.

Controls and risk management in preparation of the consolidated financial statements
Internal controls and additional information on the preparation of the Consolidated Financial Statements are set out later in this report.

Management and employees
Over the last three years the Group has developed many key functions and improved support to local operations, including in the areas of procurement, network development, marketing, IT, governance, compliance and finance.

With the merger with UNE the Group's management and employee headcount increased significantly, from approximately 12,000 prior to the acquisition to almost 16,000 at 31 December 2015.

Outlook for the Group
In 2016 we will continue to execute on The Digital Lifestyle strategy, expanding our cable footprint and monetising data. Based on current outlook, at constant currency, and a constant perimeter with Guatemala and Honduras fully consolidated we expect mid-single digit increase in service revenue in 2016, and Adjusted EBITDA to grow by mid to high single digits. Capex (excluding spectrum and licenses) is expected to be in the range of $1.15 billion to $1.25 billion.

A clear operational roadmap exists for 2016 aimed at a leadership role in fixed-mobile services. Looking ahead, highlights will include the roll-out of 4G in Paraguay, satellite pay-TV launch in Colombia and the introduction of TiVo across our Latin American countries. Areas of focus will include Tigo Business, customer acquisition and leading the mobile financial services industry with further product innovation.

Subsequent events
On 8 February 2016 Millicom announced that it had signed an agreement for the sale of its business in the Democratic Republic of Congo (DRC) to Orange S.A. The transaction is subject to regulatory approval.

Revenue
$6.73bn
up 5.4% from 2014

Mobile customer base reaches
63m

Useful links within this report

Consolidated financial statements p42

Shareholder and Board Governance

Articles of Association

Key differences between Luxembourg and Swedish Corporate law

Corporate Governance Framework

Background

Millicom International Cellular S.A. ("Millicom" or the "Company") is a public liability company (société anonyme) governed by the Luxembourg law of 10 August 1915 on Commercial Companies (as amended), incorporated on 16 June 1992, and registered with the Luxembourg Trade and Companies' Register (Registre du Commerce et des Sociétés de Luxembourg) under number B 40 630. The Millicom Group comprises Millicom and its subsidiaries, joint ventures and associates.

Millicom's shares are listed on Nasdaq Stockholm in the form of Swedish Depository Receipts.

Millicom's Corporate Governance Framework is primarily based on the following legislation, principles and regulations:

Publication	Authority	Philosophy
Swedish Code of Corporate Governance	Guiding Principles	Comply or Explain
Luxembourg Law	Legislation	Comply
EU Directives	Legislation	Comply
Nasdaq Stockholm Issuer Rule Book	Regulation	Comply
Good Stock Market Practice	Principles	Corporate Citizenship

Within these frameworks, the Board of Directors has developed and continuously evaluates internal guidelines and procedures, as further described below, to ensure quality and transparency of corporate governance practices within Millicom.

Swedish Corporate Governance Code

The Swedish Corporate Governance Code (the "Code") promotes positive development of corporate governance. The Code complements laws and regulations and sets its good practice level above regulatory requirements. The Swedish Corporate Governance Board states that self-regulation is often preferable to mandatory legislation and therefore allows companies to deviate from its rules, following a 'comply or explain' philosophy.

Millicom governance deviated in 2015 in relation to the Code in the following areas:

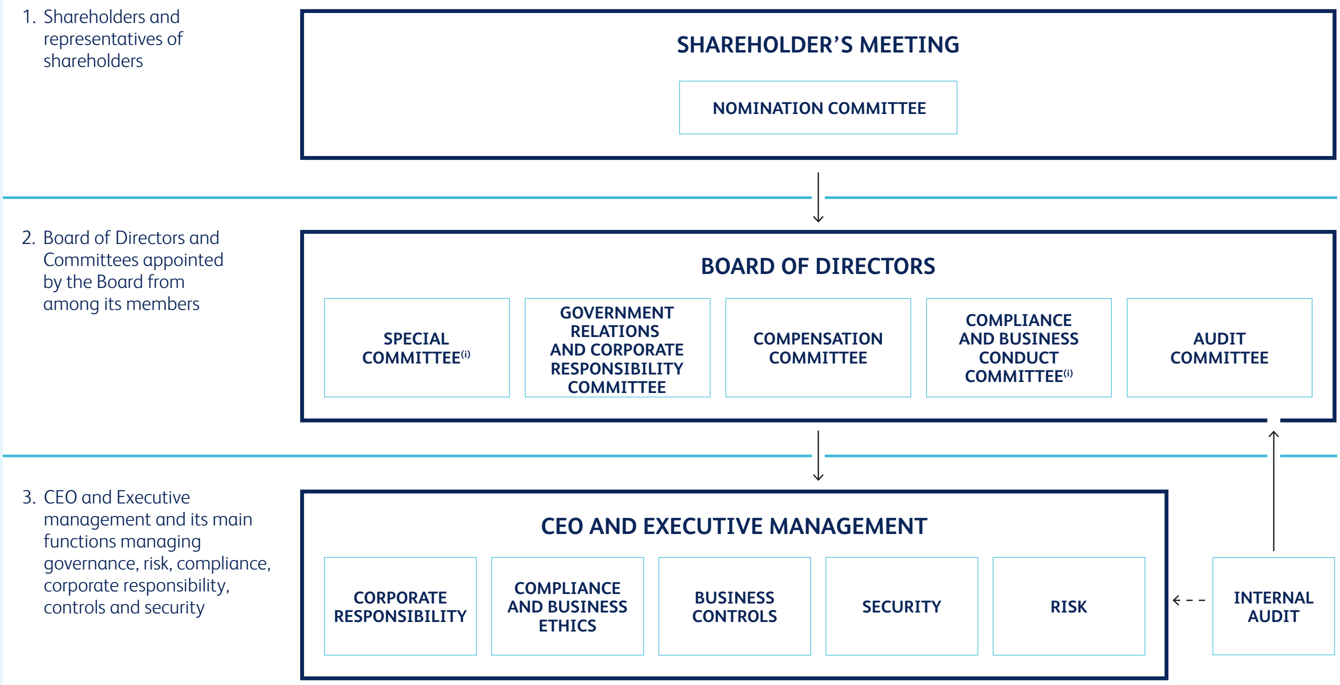
Code Requirement	Millicom Practice	Explanation
1.5 – A shareholder, or a proxy representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify and sign the minutes of the shareholders' meeting.	Minutes are signed by the meeting Chairman, Secretary and appointed Scrutineer.	Millicom follows Luxembourg law.
2.4 – The Chairman of the Nomination Committee should not be the chairman or a board member of the Company.	Mr. Grabau, a Board member of the Company has been appointed Chairman of the Nomination Committee.	The other members of the Nomination Committee have supported the appointment of Mr. Grabau as being in the Company's and its shareholders' best interests, based on his connection to Millicom's largest shareholders.
2.4 – If more than one member of the board is on the nomination committee, no more than one of these may be dependent of a major shareholder in the company.	Ms. Stenbeck and Mr. Grabau, both of whom are dependent on Millicom's largest shareholder, are appointed to the Nomination Committee.	The other members of the Nomination Committee have supported the appointment of Ms. Stenbeck and Mr. Grabau as being in the Company's and its shareholders' best interests.
9.7 – Vesting of share-related incentive programs to be no less than three years.	Deferred share incentive plan contains vesting of 16.5% of granted shares after one year, 16.5% after two years, and 67% after three years.	The Company believes that this vesting schedule ensures alignment between the interests of the Company's shareholders and its employees.

Compliance with applicable stock exchange rules

There has been no infringement of applicable stock exchange rules and no breach of good practice on the securities market reported by the stock exchange's disciplinary committee or the Swedish Securities Council in 2015.

Corporate Governance Structure

Millicom's Corporate Governance structure comprises the following three levels:



(i) The Compliance and Business Conduct Committee was established in Q4 2015 as part of the Board's commitment to strengthen oversight over compliance related activities. A special committee was established to manage the Board's response related to the potential improper payments on behalf of its Guatemala joint venture.

Shareholder and Board Governance
(continued)

Articles of Association

Shareholders and Shareholders' Meeting

The shareholders' meeting is the highest decision-making body of Millicom and a forum for shareholders to exercise influence. Each shareholder has the right to participate in the shareholders' meeting and to vote according to the number of shares owned. Shareholders who are not able to attend in person may exercise their rights by proxy.

Millicom's Articles of Association set the Annual General Meeting of Shareholders (AGM) to be held on 15 May at 10am CET each year. If such day is a public holiday, the meeting will be held during the following business day. Millicom's Articles of Association are available in the "Our Governance" section of Millicom's website. Unless otherwise required under Luxembourg law, an extraordinary general meeting must be convened to amend any provisions of the Articles of Association.

The 2015 AGM was held on 15 May 2015, within six months of the end of the financial year (as required by the Swedish Code). At the 2015 AGM the following key items were decided:

- Approval of the 2014 Consolidated Financial Statements and distribution of a dividend of $2.64 per share;
- Election and re-election of the Directors until the date of the 2016 AGM;
- Reappointment of Ernst & Young ("EY") as the external auditor;
- Approval of remuneration to the Board and auditor and procedures for the Nomination Committee;
- Approval of guidelines for the remuneration of senior management;
- Approval of a Share Repurchase Plan;
- Approval of a sign-on share grant for the new CEO.

Nomination Committee

Nomination Committee	On behalf of:	Position
Mr. Lorenzo Grabau	Investment AB Kinnevik	Chairman
Ms. Cristina Stenbeck	Investment AB Kinnevik	Member
Ms. Marianne Nilsson	Swedbank Robur Fonder	Member
Mr. Mathias Leijon	Nordea Investment Funds	Member

The Nomination Committee is appointed by the major shareholders of Millicom. It is not a committee of the Millicom Board. The Nomination Committee's role is to propose decisions to the shareholders' meeting in a manner which promotes the common interests of all shareholders. The Nomination Committee has a term of office commencing at the time of the announcement of the interim report for the period January to September each year and ending when a new Nomination Committee is formed. Decisions proposed at the AGM are as follows:

- Election and remuneration of Directors of the Board, Chairman of the Board;
- Appointment and remuneration of the external auditor;
- Proposal of the Chairman of the AGM.

Under the terms of a Nomination Committee charter, the Nomination Committee consists of at least three members, with a majority representing the larger shareholders of the Company.

The current Nomination Committee was formed during September 2015, in consultation with larger shareholders of the Company on 31 August 2015 and in accordance with the resolution of the 2015 AGM.

The table below sets out beneficial ownership of Millicom common shares, par value owned $1.50 each, by each person who beneficially owns more than 5% of Millicom common stock on 29 February 2016.

Shareholder	Number of shares	% Shareholding
Investment AB Kinnevik	37,835,438	37.2%
Dodge & Cox	11,204,992	11.0%
Nordea Investment Management AB	5,440,010	5.3%
Veritas Asset Management (UK) Ltd	5,211,687	5.1%

Except as otherwise indicated, the holders listed above ("holders") have sole voting and investment power with respect to all shares beneficially owned by them. The holders have the same voting rights as all other holders of Millicom common stock. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date which such person or group of persons has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by the holders on a given date, any security which such holder has the right to acquire within 60 days after such date (including shares which may be acquired upon exercise of vested portions of share options) is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Promoting board diversity

Millicom's Nomination Committee recognises the importance of diversity in its Board of Directors for promoting strong corporate governance, competitive advantage and effective decision-making.

The Nomination Committee is responsible for periodically determining the appropriate skills, perspectives, experiences, and characteristics required of Board candidates, taking into account the Company's needs and current Board composition. This determination will include knowledge, experience, and skills in areas that are critical to understanding the Company and its business; richness of views brought by different personal attributes such as gender, race, age, and nationality; and other personal characteristics, such as integrity and judgment; and candidates' commitments to the boards of other publicly-held companies. The ambition to further improve gender diversity on the Board has been added to the Nomination Committee charter.

Board of Directors and Board Committees

Role of the Board

Millicom's Board of Directors (the "Board") is responsible for deciding Millicom's strategy, financial objectives and operating plans. The Board also plans for management succession of the CEO and reviews and approves plans for other senior management positions.

According to the Company's Articles of Association, the Board is composed of at least six members. The 2015 AGM set the number of directors at eight consisting of a Chairman and seven Non-Executive Directors.

The Board selects the CEO, who is charged with the daily management of the Company's business. The Board also reviews and approves plans for key senior management positions. The CEO is responsible for recruiting, and the Chairman of the Board is responsible for approving, the senior management of the company. Having selected the CEO, the Board supervises, supports enables senior management and monitors its performance. The Rules of Procedure for the Board divides the work between the Board and the CEO.

Further details on the roles and activities of the various committees, their responsibilities and activities are set out later in this section.

Useful links within this report

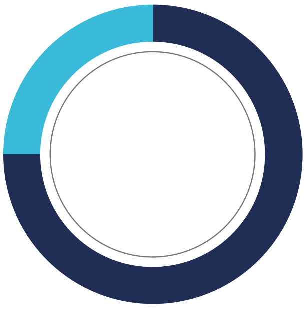
Board Committees p20

Nomination Committee Charter

Shareholder and Board Governance

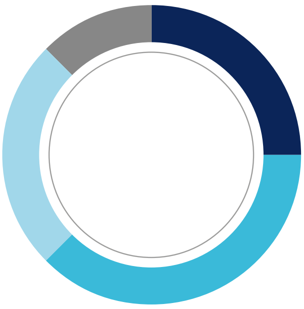
(continued)

Gender balance of Board



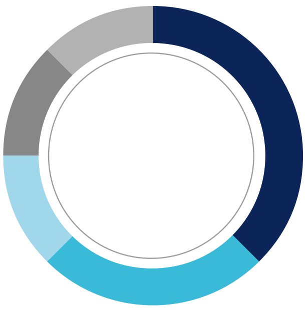
● Male	75 %
● Female	25 %

Tenure of Directors



● 1st year	2
● 2nd year	3
● 3rd year	2
● 7th year	1

Geographic representation of Directors



● Swedish	3
● British	2
● Italian	1
● Colombian	1
● Brazilian	1

Powers and limitations of the Board

Borrowing powers – The Board has unrestricted borrowing powers on behalf of and for the benefit of Millicom.

Time and age limit – no age limit exists for being a Director of Millicom. Directors can be elected for a maximum period of six years before needed to be re-elected, or ending their service. Directors are generally elected annually. There are no restrictions on the maximum continuous period that a Director can serve. Directors hold office until their successors are elected.

Restrictions on voting – no contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any Director, officer or employee of the Company has a personal interest in, or is a director, officer or employee of such other person, except that:

i) such contract or transaction shall be negotiated on an arm's-length basis on terms no less favourable to the Company than could have been obtained from an unrelated third party and, in the case of a Director, the Director shall abstain from voting on any matters that pertain to such contract or transaction at any meeting of the Board of Directors of the Company, and
ii) any such personal interest shall be fully disclosed to the Company by the relevant Director, officer or employee.

In the event that any Director or officer of the Company may have any personal interest in any transaction of the Company, the Director shall make known to the Board such personal interest and shall not consider or vote on any such transaction, and such transaction and such Director's or officer's interest therein shall be reported to the next general meeting of shareholders.

Share ownership requirements – the Directors are not required to be shareholders of the Company. Share ownership of Directors is disclosed later in this section.

Chairman of the Board

The Chairman of the Board (the "Chairman") convenes the Board and leads its work. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the CEO. Meeting agendas are set together with the CEO and the Chairman acts as the communicator for Board decisions where appropriate.

The Chairman is elected by the AGM. If the Chairman relinquishes the position during the mandate period, the Board is to elect a Chairman from among its members to serve until the end of the next AGM.

Deputy Chairman of the Board

The Deputy Chairman of the Board acts as a sounding board and provides support for the Chairman. The Deputy Chairman convenes Board meetings and leads its work in the event the Chairman is unavailable or excused from Board meetings. The Deputy Chairman may act as an intermediary for other Directors if there are conflicts among Board members or between the Chairman and the CEO, as and when necessary.

The Deputy Chairman is elected by the Board of Directors, if appropriate. The position of Deputy Chairman is not mandatory and varies according to the particular circumstances.

Corporate Secretary

The Corporate Secretary is appointed by the Board. The role of the Corporate Secretary is to ensure that Board members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Corporate Secretary is also responsible for organisation and coordination of Board and Committee meetings, and ensuring that the records, or minutes those meetings, reflect the proper exercise of those duties.

The Corporate Secretary is also a confidante and resource to the Board and senior management, providing advice and counsel on board responsibilities and logistics, and plays a leading role in the company's corporate governance.

Chief Executive Officer

The CEO is responsible for leading the development and execution of the Company's strategy with a view to creating shareholder value, together with the management team. The CEO is responsible for day-to-day activities of the Company and management decisions, both operating and financial. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management.

The CEO also leads communication on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

Independence of the Board

BOARD OF DIRECTORS	→	100%
NON-EXECUTIVE DIRECTORS	→	100%
INDEPENDENT FROM THE COMPANY AND ITS EXECUTIVE MANAGEMENT	→	100%
NOT INDEPENDENT OF THE MAJOR SHAREHOLDERS	→	50% ANDERS BORG, DAME AMELIA FAWCETT, LORENZO GRABAU AND CRISTINA STENBECK

Board membership, balance and independence

The Board periodically reviews the size and balance of the Board to determine whether any changes are appropriate.

At the AGM, held in May each year, shareholders may vote for or against the Directors proposed by the Nomination Committee or may elect different Directors.

The Board has adopted the qualification guidelines of an "independent director" defined by the Code. A director's independence is determined by a general assessment of all factors that may give cause to question the individual's independence of the Company or its Executive Management. Factors that are considered include:

- whether the individual is the chief executive officer or has been the chief executive officer of the company or a closely related company within the last five years;
- whether the individual is employed or has been employed by the company or a closely related company within the last three years;
- whether the individual receives a not insignificant remuneration for advice or other services beyond the remit of the board position from the company, a closely related company or a person in the executive management of the company;
- whether the individual has or has within the last year had a significant business relationship or other significant financial dealings with the company or a closely related company as a client, supplier or partner, either individually or as a member of the executive management, a member of the board or a major shareholder in a company with such a business relationship with the company;
- whether the individual is or has within the last three years been a partner at, or has as an employee participated in an audit of the company conducted by, the company's or a closely related company's current or then auditor;
- whether the individual is a member of the executive management of another company if a member of the board of that company is a member of the executive management of the company; or
- whether the individual has a close family relationship with a person in the executive management or with another person named in the points above if that person's direct or indirect business with the company is of such magnitude or significance as to justify the opinion that the board member is not to be regarded as independent.

In accordance with the Code, a majority of the Board of Directors are independent from the Company and its Executive Management, and at least two of those independent Directors are also independent from the Company's major shareholders.

The Code also requires that not more than one member of the Board be part of the executive management team of the Company or any of its subsidiaries.

Shareholder and Board Governance
(continued)

Board of Directors

Ms. Cristina Stenbeck (Swedish)
Chairman, Non-Executive Director
(First appointed: May 2014)

Ms. Stenbeck (1977) was elected as the Chairman of the Board of Directors of Millicom in May 2014 and re-elected in May 2015. Ms. Stenbeck is also a member of the Nomination Committee and is a member of the Government Relations and Corporate Responsibility Committee.

Ms. Stenbeck is Executive Chairman of Investment AB Kinnevik, a leading Swedish entrepreneurial investment group with investments across mobile telecommunications, e-commerce, entertainment and financial services. Ms. Stenbeck began her career with the Kinnevik group in 1997 when she joined the Board of Invik & Co, its financial services company. She became vice Chairman of Investment AB Kinnevik in 2003 and Chairman in 2007.

In addition to leading Kinnevik, Ms. Stenbeck is also Chairman of Zalando SE, the leading European fashion and accessories e-commerce company.

Ms. Stenbeck holds a Bachelor of Science Degree from Georgetown University in Washington DC in the United States.

Ms. Stenbeck brings to the Millicom Board in-depth experience in developing and expanding businesses in the technology and telecommunications sectors, building brands and transformations in three different continents, experience particularly relevant to Millicom in its current transition phase moving from a pure telecom operator to The Digital Lifestyle Company.

Non-Independent due to her significant ownership of and affiliation to the major shareholder Investment AB Kinnevik.

Millicom Shareholding at 29 February 2016:
80,645 shares

Mr. Anders Borg (Swedish)
Deputy Chairman, Non-Executive Director
(First appointed: May 2015)

Mr. Anders Borg (1968) was elected as a new member of the Board in May 2015. He is a member of the Government Relations and Corporate Responsibility Committee.

Mr. Borg served as Sweden's Minister of Finance between 2006 and 2014. In 2011, he was named European Finance Minister of the year by the Financial Times, recognizing his outstanding political ability, economic performance and market credibility. Prior to his political career, Mr Borg held various jobs in Stockholm's financial market, at Transferator Alfred Berg, ABN Amro Bank and Skandinaviska Enskilda Banken (SEB). From 2003 – 2006 he was chief economist and head of parliamentary office for Sweden's Moderate Party.

Mr. Borg is a Deputy Chairman of Investment AB Kinnevik, an advisor of Citigroup and member of its Nordic Advisory Board, and Chairman of the World Economic Forum's Global Financial System Initiative.

Mr. Borg studied philosophy, economic history and political science at Uppsala University and postgraduate studies in economics at Stockholm University.

Mr. Borg contributes to Millicom's Board his extensive economic and market knowledge, global political perspective and a keen understanding of the dynamics of international markets.

Non-Independent due to his significant affiliation to the major shareholder Investment AB Kinnevik.

Millicom Shareholding at 29 February 2016:
774 shares

Mr. Odilon Almeida (Brazilian)
Non-Executive Director
(First appointed: May 2015)

Mr. Almeida (1961) was elected to the Board of Millicom in May 2015 and he is the Chairman of the Compliance and Business Conduct Committee and a member of the Audit Committee.

With a 30-year career in global financial, telecom and fast moving consumer goods sectors, Mr. Almeida brings a leadership style anchored in growth acceleration and business turnarounds involving digital transformation, organic growth and successful M&A.

His board experience, along with business leadership at Western Union, Millicom, BankBoston (now Bank of America), The Coca-Cola Company and Colgate-Palmolive has given him deep knowledge of corporate governance, general management, technology platforms, regulatory and compliance as well as consumer insights of developed and emerging nations.

Currently, Mr. Almeida is the President of the Americas and European Union at the Western Union Corporation. With a 14-year tenure, Mr. Almeida is spearheading the digital transformation and growth of the company. He leads 98 countries across North America, Latin America, the Caribbean and European Union.

He has a Bachelor's degree in Engineering from Maua Engineering School in São Paulo, Brazil, and in Business Administration from the University of São Paulo, and also holds a Master's Degree in Business Administration with specialisation in Marketing from the Getulio Vargas Foundation, São Paulo. He advanced his education at IMD Lausanne, The Wharton School, and Harvard Business School.

Mr. Almeida strengthens the Millicom Board with decades of experience from the financial services and Fintech sectors.

Independent from Millicom, its executive management and major shareholders.

Millicom Shareholding at 29 February 2016:
658 shares

Mr. Paul Donovan (British)
Non-Executive Director
(First appointed: May 2009)

Mr. Donovan (1958) was first appointed as Director in the Board of Millicom in May 2009 and re-elected in May 2015. He is a member of the Compensation Committee.

Mr. Donovan is currently Chief Executive Officer of Odeon and UCI Cinemas, the leading European cinema operator. He is also a Director of Upstream S.A., a mobile e-commerce solutions provider.

Mr. Donovan's earlier career was spent in the fast moving consumer goods industry before transferring to the technology sector where he worked for Apple, BT, and Cable and Wireless.

Mr. Donovan joined Vodafone in 1999, and from 2004 was a member of Vodafone's Executive Committee with responsibility for the Group's operations in its subsidiaries in Eastern Europe, Middle East and Asia Pacific, adding Africa, the US, India and China in 2006. From 2009 to 2012 he was a Director and Chief Executive Officer of Eircom, Ireland's leading Telecommunications Company.

Mr. Donovan holds a Bachelor of Arts Degree in Scandinavian Studies from University College London and a Master's Degree in Business Administration from the University of Bradford.

To the Millicom Board, Mr. Donovan brings his long experience in the telecommunications, technology and media sectors, including experience of leading telecom operating business in emerging and developed markets.

Independent from Millicom, its executive management and major shareholders.

Millicom Shareholding at 29 February 2016:
2,601 shares

Shareholder and Board Governance

(continued)

Mr. Tomas Eliasson (Swedish)
Non-Executive Director
(First appointed: May 2014)

Mr. Tomas Eliasson (1962) was elected to the Board of Millicom in May 2014 and re-elected in May 2015. He chairs the Audit Committee.

Mr. Eliasson is Chief Financial Officer and Senior Vice-President of Electrolux, the Swedish household and professional appliances manufacturer, since 2012.

Mr. Eliasson has previously held various management positions in Sweden and abroad, at the leading power and automation technologies company ABB Group, from 1987 to 2002. Mr. Eliasson was Chief Financial Officer of the tools manufacturer Seco Tools AB from 2002 to 2006 and Chief Financial Officer of the intelligent lock and security solutions company Assa Abloy AB from 2006 to 2012.

Mr. Eliasson holds a Bachelor of Science Degree in Business Administration and Economics from the University of Uppsala.

Mr. Eliasson brings to the Millicom Board his significant experience as a CFO for multinational and global Swedish companies, roles in which he has driven a number of important and effective processes and procedures within global finance functions.

Independent from Millicom, its executive management and major shareholders.

Millicom Shareholding at 29 February 2016:
1,245 shares

Dame Amelia Fawcett (British)
Non-Executive Director
(First appointed: May 2014)

Dame Amelia Fawcett (1953) was elected to the Board of Millicom in May 2014 and re-elected in May 2015. She chairs the Compensation Committee and the Government Relations and Corporate Responsibility (GRCR) Committee and is a member of the Compliance and Business Conduct Committee.

Dame Amelia, a Deputy Chairman of Investment AB Kinnevik, a leading Swedish entrepreneurial investment group with investments across mobile telecommunications, e-commerce, entertainment and financial services.

Dame Amelia began her career at the US law firm of Sullivan and Cromwell and then worked for Morgan Stanley from 1987 to 2007. She was Chairman between 2007 and 2010 of Pensions First, a financial services and systems solutions business, which she helped set up. Dame Amelia was a Non-Executive Director and then Chairman of the UK's Guardian Media Group, between 2007 and 2013.

In addition to her role within Kinnevik, Dame Amelia is Chairman of the Hedge Fund Standards Board in London, a Non-Executive Director of the State Street Corporation in Boston, Massachusetts, where she chairs the Risk and Capital Committee, and a Non-Executive Director of HM Treasury in London.

She holds degrees in history from Wellesley and law from the University of Virginia.

Dame Amelia brings to the Millicom Board extensive expertise in global finance and multimedia businesses as well as corporate responsibility initiatives. Her experience in standard setting and compliance activities in developed markets complements the knowledge she brings to Millicom.

Non-Independent due to her significant affiliation to the major shareholder Investment AB Kinnevik.

Millicom Shareholding at 29 February 2016:
1,245 shares

Mr. Lorenzo Grabau (Italian)
Non-Executive Director
(First appointed: May 2013)

Mr. Grabau (1965) was first elected to the Board of Millicom in May 2013 and re-elected in May 2015. He is a member of the Audit Committee and the Compensation Committee. He also chairs the Nomination Committee.

Mr. Grabau is the Chief Executive Officer of Investment AB Kinnevik, a leading Swedish entrepreneurial investment group with investments across mobile telecommunications, e-commerce, entertainment and financial services.

Mr. Grabau began his career as an analyst for the investment bank Merrill Lynch, in the mergers and acquisitions department, before joining Goldman Sachs International, where he later became Partner and Managing Director (1999).

Mr. Grabau is Chairman of the Board of Directors of emerging markets e-commerce companies Global Fashion Group SA and Lazada SA. He is also a member of the Board of Directors of the leading European fashion e-commerce company Zalando SE, of the telecommunications operator Tele 2 AB, of the internet company Rocket Internet SE, and of the Nordic e-commerce and financial services provider Qliro Group AB.

Mr. Grabau holds a degree in Economics and Business from La Sapienza University, Italy.

Mr. Grabau brings to the Millicom Board his experience from leadership positions within the Consumer/Retail and Media/Online industry practices of Goldman Sachs, and his experience on Boards of entertainment and technology companies, as well as his role as CEO of Investment Kinnevik AB.

Non-Independent due to his significant affiliation to the major shareholder Investment AB Kinnevik.

Millicom Shareholding at 29 February 2016:
4,245 shares

Mr. Alejandro Santo Domingo (Colombian)
Non-Executive Director
(First appointed: May 2013)

Mr. Santo Domingo (1977) was first elected to the Board of Millicom in May 2013 and re-elected in May 2015. He is a member of the Compliance and Business Conduct Committee.

Mr. Santo Domingo is Managing Director at Quadrant Capital Advisors Inc., a Venture Capital and Private Equity investment advisory firm.

Mr. Santo Domingo is also a member of the Board of Directors of SABMiller Plc, the world's second largest brewery, and serves as Vice-Chairman of SABMiller Latin America. He sits on the boards of several companies controlled by his family-owned business, the Santo Domingo Group.

Mr. Santo Domingo is Chairman of the Board of the beverage company Bavaria S.A. in Colombia, and Chairman of Backus and Johnston in Peru. He serves as Chairman of the Board of Valorem S.A., which manages industrial and media assets in Latin America, and as Director of the Board of Caracol Television S.A., Colombia's leading broadcaster.

Mr. Santo Domingo holds a Bachelor of Arts degree from Harvard University.

Mr. Santo Domingo brings to the Millicom Board his expertise from the Boards of several international groups and considerable experience in Millicom's strategic Latin American markets, and from his extensive charitable work.

Independent from Millicom, its executive management and major shareholders.

Millicom Shareholding at 29 February 2016:
6,245 shares

Shareholder and Board Governance

(continued)

Board Programme

The Board's annual program includes:

- Company strategy and strategic direction
- Operating and financial performance review
- Governance and compliance matters
- Corporate Responsibility
- Government relations
- Corporate culture
- Annual and semi-annual external reporting
- Risk management
- Dividend policy
- Evaluation of CEO and self-evaluation
- Human resource matters including compensation, health, safety and well-being

Summary of Board Activities in 2015

The Board of Directors has an annual program which consist of specific areas of focus that the Board has a role to oversee and advise the company on specific projects and topics that arise in the normal course of business are added to the program of the Board. Some of these topics are dealt with in the specific Board Committees.

Summary of areas of focus in 2015

Activity/Issues Covered	Board Actions
Reports of Committees	• The Board regularly reviewed reports from its Audit, GRCR, Special and Compensation Committees on recent activities. • Discussion of Nomination Committees director appointment proposals.
Formation of new Committees	• In relation to the potential improper payments related to its joint venture in Guatemala, the Board formed a Special Committee to provide oversight and guidance, which reported regularly on the matter to the Board. • In relation with ongoing strengthening of compliance activities the Board established the Compliance and Business Conduct Committee.
Operational Review	• Priorities and challenges for each of the Latin American and African businesses were regularly presented and discussed by the Board, including the merger and integration process in UNE and Capex allocation plans.
Strategic Review	• The Board discussed with the Executive Team industry and geographic trends and the operational and financial strategy for each region of the Group including the portfolio strategy.
Organisational Structure	• The Board approved the new management organisational and reporting structure.
Budget	• The Board discussed and approved the 2016 budget.
Review and Approval of Capital Structure and Dividend	• Refinancing of the El Salvador Bond. • Amendment of existing terms and conditions of the bonds. • Additional financing in several markets. • Recommendation of a dividend of $2.64 per share to the 2015 AGM.
Review and Approval of Corporate Governance matters	• Revisions to the Corporate Policy Manual (including Board and Committee charters, and a new Code of Conduct). • Updates to the Authority matrix. • Election of Committee members.
Mergers and Acquisitions	• The Board discussed acquisition developments across the Group including approval of certain transactions.
Review and Approval of Financial Reports	• 2014 Annual Report including the 2014 Consolidated Financial Statements of the Group, and interim consolidated financial statements. • Standalone financial statements of the parent company.

Induction and Training

Incoming Board members are provided with information on their roles and responsibilities, operating procedures and information on Millicom's business and industry. Access to governance documents, policies and procedures as well as meeting materials and Company information is provided through a secure online tool, in meetings set with the executive management team, and in ongoing dissemination of information. Training programs covering key topics such as anti-bribery and corruption, ethics, independence and insider trading are provided. On an on-going basis the Board receives detailed reports on specific areas that support their understanding of Millicom's business and operating environment.

Board effectiveness

The Board conducts an annual performance review process, wherein each Board member's personal performance is also reviewed. The review process involves an assessment of the Board's and its committees' actions and activities during the year against the Board's mandate as determined in the Board Charter (and those of its various committees).

The evaluation of the Board's performance during 2015 was conducted internally by the Chairman of the Board by way of a formal questionnaire covering areas such as the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

Board meetings / attendance at scheduled meetings of the Board in the 2015 financial year

Director	Meeting	Attendance
Ms. Cristina Stenbeck (Chairman)	11/11	100%
Mr. Anders Borg (Deputy Chairman)	7/7	100%
Mr. Odilon Almeida	6/7	86%
Mr. Paul Donovan	11/11	100%
Mr. Tomas Eliasson	10/11	91%
Dame Amelia Fawcett	11/11	100%
Mr. Lorenzo Grabau	11/11	100%
Mr. Alejandro Santo Domingo	10/11	91%
Attendance of Current Directors	77/80	96%
Former Directors (until May 2015):		
Ms. Mia Brunell Livfors	3/4	75%
Mr. Dominique Lafont	4/4	100%
Mr. Ariel Eckstein	3/4	75%
Overall Attendance	87/92	95%

Board Committees

The Board and each of its committees have written approved charters which set out the objectives, limits of authority, organisation and roles and responsibilities of the Board and its committees. Details of the Board Committee charters can be found on our website www.millicom.com/who-we-are/our-governance/board-committees. Details of the roles and responsibilities, activities in 2015 and compensation are set out on the following pages.

In 2015, the Board established two new committees. A Special Committee was set up to oversee the investigation into potential improper payments on behalf of the Guatemalan joint venture. The Special Committee had three members, and convened 19 times in 2015. The work of this committee will continue in 2016.

In Q4 2015, the Board also established a new permanent Compliance and Business Conduct Committee to cover Compliance related activities. This Committee has assumed oversight of non-financial compliance related matters from the Audit Committee in 2016. Members of the Compliance and Business Conduct Committee are Mr. Odilon Almeida (Chairman), Dame Amelia Fawcett, and Mr. Alejandro Santo Domingo. The Compliance and Business Conduct Committee is scheduled to meet prior to each scheduled Board meeting, and additionally as often as the Board shall require, and will oversee the Company's Compliance program and standards of business conduct, and to monitor the Company's actions and resources in these areas.

Audit Committee

From Mr. Tomas Eliasson, Chairman of the Audit Committee

2015 was a very active year for the Audit Committee, with specific focus and attention on control activities of the Group, as well as oversight over regular reporting and internal audit activities. The Committee convened six scheduled meetings during the year and covered internal audit and internal control activities during five of those meetings.

The Committee also reviewed and discussed actions and activities around Treasury, Risk, Revenue Assurance and Compliance, as part of the broader initiative to strengthen governance. Further work remains to be done as the Group continues to standardise and implement best practices both in controls and assurance.

I would like to thank my fellow Committee members for their dedication and commitment to the activities of the Audit Committee and look forward to continuing our mandate through to the 2016 AGM.

Tomas Eliasson
Audit Committee Chair

Audit Committee Membership and Attendance

Audit Committee	Position	First appointment	Meetings/Attendance 2015	
Mr. Tomas Eliasson	Chairman*	May 2014	**6/6**	**100%**
Mr. Lorenzo Grabau	Member	May 2014	**6/6**	**100%**
Mr. Odilon Almeida	Member	May 2015	**3/3**	**100%**
Mr. Dominique Lafont	Former Member	May 2014	**2/3**	**67%**
Overall Attendance			**17/18**	**94%**

* Designated as having specific accounting competence per EU Directive

Appointment and Role of the Audit Committee

The Audit Committee is comprised solely of non-executive Directors the majority of whom are independent Directors. Members are appointed to ensure there is a mixture of relevant experience of both finance and broader commercial matters. The Board is confident that the collective experience of the members enables them to act as an effective Audit Committee. The Committee is also satisfied that it has the expertise and resource available to it to fulfil its responsibilities.

The Board has delegated to the Audit Committee the responsibilities for oversight of the financial reporting process, the integrity of the annual and quarterly financial reports and the involvement of external auditors in that process to ensure the balance, transparency and integrity of published financial information. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and judgements, appointment and independence of the external auditors, transactions with related parties (including major shareholders), the effectiveness of the internal audit function, the Group's approach to risk management and ensuring that an efficient and effective system of internal controls is in place. The ultimate responsibility for reviewing and approving Millicom's Annual Report and Accounts remains with the Board.

The Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Head of Internal Audit, Head of Business Controls, Group Risk Officer and representatives from Ernst & Young ("EY"), the Company's external auditor, are invited to attend all Committee meetings. The agenda for meetings is prepared by the Audit Committee Chairman in conjunction with the Chief Financial Officer. Each meeting includes a private session, attended only by Audit Committee members and the external auditor, to provide an opportunity for open dialogue without management presence. The Audit Committee receives reports from the Chief Financial Officer, the external auditor, the Head of Internal Audit, the Head of Business Controls, together with reports from other officers of the Company as required.

Board Committees
(continued)

2015 Meetings
During 2015 the Audit Committee met six times, coinciding with key dates in Millicom's external reporting:

2015 Audit Committee Meetings

Activity/issues covered	How the Audit Committee addressed the issues
Financial reporting	• Key accounting and reporting issues were reviewed at each meeting. • Reviewed and approved each quarter's earnings release, the 2014 annual earnings release and summary financial statements and the 2015 half year earnings release and interim financial statements. • Received a presentation on the new IFRS revenue recognition standard and considered implementation plans.
External auditor	• Received reports from the external auditor at each meeting covering important financial reporting, accounting and audit issues. • Approved the 2015 external audit strategy. • Considered the results of control testing performed by the external auditor. • Considered the performance of the external auditor and independence including monitoring of the nature and value of non-audit engagements.
Internal audit activities	• Approved the 2015 internal audit plan. • Considered the development of the Group's internal audit function following the departure of the previous head of internal audit and the appointment of an interim head of internal audit. • Reviewed internal audit findings arising from the 2015 audit plan.
Financing, treasury and tax	• The Group's tax strategy. • Treasury and financing risks were discussed and the Committee approved the new Group treasury policy.
Risk management	• Provide guidance and oversight over risk management processes. • Reviewed alignment of top risks with strategy. • Reviewed regular risk reports.
Internal controls	• Reviewed and agreed a proposal from management to create a new Business Controls team in order to strengthen the Group's control environment. • Reviewed the remit and proposed activities of the new Business Controls team. • Received the summary findings of internal control self-assessments performed in the year. • Approved 2016 targets for internal control maturity. • Revenue assurance trends and actions taken to minimise loss. Requested and received a report on the Group's approach to information security.
Fraud management	• The new Group fraud management policy was approved and roll out plans were also reviewed.
Related party transactions	• A review of related party transactions was performed at each meeting.

Main Activities of the Audit Committee during the year

Financial Reporting

The Audit Committee reviewed earnings releases for each quarter and financial statements having received reports from management and the external auditor. Attention was focused upon:

- Significant accounting issues where judgment has been applied;
- The appropriateness of and application of the Group's accounting policies and practices;
- Compliance with financial reporting standards and other financial reporting requirements;
- The application of new accounting standards in particular the future adoption of the new revenue recognition and lease standards, IFRS15 and IFRS 16, respectively.

A summary of all related party transactions was presented quarterly. The significant issues considered by the Audit Committee in relation to the financial statements for the year ended 31 December 2015 were:

- Acquisition accounting in respect of Tigo-UNE–also refer to note A.1.2. to the consolidated financial statements.

On 14 August 2014, Millicom completed the merger of its interests in Colombia with that of UNE for consideration of $860 million. Judgement is required in valuing the acquired assets for the purposes of acquisition accounting. Management worked with external valuation consultants to assess the fair value of acquired assets. Given the size and complexity of the Tigo-UNE transaction provisional fair values were updated during the year and these were discussed with the Committee prior to finalisation. During the year, the Group also completed the acquisition of Zantel and a number of other smaller transactions. Management's assessment of the acquisition provisional fair values based on external valuation advice were similarly presented for discussion.

- Accounting for the Group's interests in Guatemala and Honduras – also refer to note A.2.2 to the consolidated financial statements.

The Group had a number of call and put options in place which enabled it to exercise control and consolidate its operations in Guatemala and Honduras in accordance with IFRS 10. These arrangements expired, unexercised, on 31 December 2015. The Audit Committee was provided with analysis performed by management of the impact of their expiry on the ability of the Group to continue to consolidate the two operations.

Following extensive consideration and having also received analysis from the external auditors, the Committee agreed with management's proposal that the consequence is that under IFRS 10 and 11 Millicom was required to deconsolidate the operations in Honduras and Guatemala and account for them as joint ventures from 31 December 2015.

- Millicom investment in African towers company, Helios Towers Africa – also refer to note A.3.2. to the consolidated financial statements.

During the year, Millicom and Helios Towers Africa ("HTA") signed an agreement whereby Millicom owns 28% of shares in HTA following a shareholding exchange. Judgement was required for this transaction in order to assess whether it had commercial substance or not. The Committee was provided with analysis performed by management that this transaction had commercial substance and that, as a result, the value of Millicom's investment in HTA had to be stepped up to fair value.

- Impairment testing – also refer to note E.1.6. to the consolidated financial statements.

Under accounting standards, the Group is required to test goodwill and indefinite life intangible assets annually and, where there are indicators of potential impairment, also test the carrying value of other non-current assets. Assessment of the carrying value, which necessitates making projections of future cash flows, is subjective and requires significant judgment. The Audit Committee received analysis from management as to their assessment of the recoverable amounts of the Group's non-current assets based on the latest forecasts in the five year plan. The Audit Committee also received analysis from the external auditor including their view of significant assumptions such as discount rates.

Following consideration, the Audit Committee agreed with Management's proposal that an impairment loss of $54 million had to be recognised on our assets in Senegal.

Useful links within this report

Tigo-UNE – Note A.1.2. to the consolidated financial statements p55

Guatemala and Honduras – Note A.2.2. to the consolidated financial statements p60

Helios Towers Africa – Note A.3.2. to the consolidated financial statements p67

Impairment testing – Note E.1.6. to the consolidated financial statements p94

Board Committees

(continued)

Useful links within this report

Tax provisions and contingencies – Note G.3.2. to the consolidated financial statements p100

Revenue recognition – Note B.1. to the consolidated financial statements p68

The results of the annual impairment testing showed that, except for our operations in Senegal, sufficient headroom exist for the Group's other operations.

- Tax provisions and contingencies – also refer to note G.3.2. to the consolidated financial statements.

The Group operates in many countries where the tax and legal system is less mature and may be less predictable. There are a number of matters therefore relating to tax contingencies which require judgement as to the likely probability of cash outflow or the potential amount of any outflow. The Audit Committee therefore received regular reports from the Group Tax Director as to the status of each of these matters, the likely outcome, the provision required, if any, and proposed disclosure in the financial statements. Analysis of judgemental tax matters was also presented by the external auditor.

- Revenue recognition – also refer to note B.1. to the consolidated financial statements.

Judgement is required in assessing the application of revenue recognition principles. This includes the application of revenue between multiple deliverables, such as the sale of a set top box with service in a bundled package or managed services contracts that have complex contractual agreements. The Group has well developed revenue recognition rules compliant with IFRS tailored to the services and products sold. In addition, management is currently conducting a project for the implementation of the new revenue standard, IFRS 15. The Audit Committee received reports from both management and the external auditor covering matters relating to revenue recognition in general and to the implementation project.

Management Disclosure Committee

To assist with all matters relating to earnings releases and financial statement disclosures, the Group has a Management Disclosure Committee comprised of senior management from finance, legal, communications, investor relations and other functions as and when required. The Management Disclosure Committee identifies and considers disclosure matters in market releases which contain material financial and other price sensitive information.

Risk Management

The Audit Committee received regular reports on the Group's risk management process, changes to significant risks at an operational and a Group level and how these are managed.

In addition, the Audit Committee reviewed tax risk and strategy, treasury policy and risks and Group insurance cover.

Internal Control

The Audit Committee reviewed the Company's internal control framework. The Audit Committee was focused on the need to promote the improvement of internal controls. The Audit Committee therefore approved a proposal to create a new Business Controls function at a Group level in order to increase the level of resource and priority given to this issue. The Group function complements and supports control teams in each of the Group's operating companies. A new Head of Business Controls was recruited reporting directly to the Chief Financial Officer. The Audit Committee reviewed the Business Controls strategy and received progress reports at each meeting. The results of the Internal Control self-assessment exercises was reviewed and targets for control improvement in 2016 were agreed.

Internal Audit

Internal Audit is led by the Head of Internal Audit, supported by a team of in-house auditors based in Luxembourg and Miami. During the year, the Audit Committee approved the internal audit plan. The previous Head of Internal Audit left the Group during the year and an interim Head of Internal Audit was appointed on a secondment arrangement from an international accounting firm.

At each meeting, the Audit Committee received an update on internal audit activities, progress against the internal plan and the key issues arising from internal audits completed in the period. The interim Head of Internal Audit presented an assessment of the capabilities and scope of the in-house team and plans for developing the function to improve its effectiveness. External auditors also presented their review of the internal controls and their effectiveness country by country and for the central functions as well.

Periodically the Audit Committee Chairman meets separately with the Head of Internal Audit.

Fraud Risk and Whistleblowing

The Audit Committee approved a new Group fraud management policy during the year. The policy seeks to ensure that there is a consistent approach to fraud management and that risks are identified and maintained to acceptable levels.

The Group provides an ethics helpline which is administered by an independent third party and is available to all employees and contractors.

External Audit

Audit effectiveness

The quality and effectiveness of the external audit is of great importance to the Audit Committee. A detailed audit plan is prepared and discussed with the Audit Committee at the start of each annual audit cycle outlining the key risks and proposed geographic coverage.

Audit quality is assessed by reference to the standard of the reports received by the Audit Committee, the calibre of senior members of the audit team and the level of challenge provided to management. Also, feedback received by the Audit Committee from management.

In addition, on a regular basis the performance of the external auditors is reviewed by management both centrally and in each of Millicom's operating countries against a set of 15 criteria ranging from knowledge of the business, to timeliness of communication and quality of reporting.

This feedback allows the Audit Committee to monitor and assess the performance of the external auditor in making a recommendation to the Board regarding the reappointment of Ernst & Young.

Auditor independence

The Audit Committee has established policies to maintain the independence of the external auditor and to govern the provision of audit and non-audit services. Permitted and prohibited services are clearly identified along with the processes to be followed for the approval of non-audit and audit services. All engagements require Audit Committee approval and additionally all engagements with an expected fee in excess of $100,000 require the prior approval of the Audit Committee Chairman. A schedule of all non-audit engagements with the external auditor is reviewed at each meeting.

For the year ended 31 December 2015, the Audit Committee approved fees for audit services of $4.7 million, together with fees for non-audit work of $1.5 million.

Under European rules, the current audit partner will have to rotate off for the audit of the consolidated financial statements as of 31 December 2018.

Audit tendering

EY was first appointed auditor of the Company for the year ended 31 December 2012 following a competitive tender.

Based on the new EU audit regulations, EY would have to rotate off by 2032 (20 years) at the latest, with mandatory tender in 2022 (after 10 years).

Millicom Ethics line

Board Committees
(continued)

Compliance and Business Conduct Committee

From Mr. Odilon Almeida, Chairman of the Compliance and Business Conduct Committee

The Compliance and Business Conduct Committee was established in November 2015 as part of the Board's commitment to strengthen oversight over compliance related activities. The Compliance and Business Conduct Committee commenced its activities in 2016, and will meet on a quarterly basis.

Further detail on the Committee and its objectives are set out below. I look forward to chairing this Committee and overseeing the activities of this important function within Millicom.

Odilon Almeida
Compliance and Business Conduct Committee Chair

Appointment and Role of the Compliance and Business Conduct Committee
Millicom's Compliance and Business Conduct Committee oversees and makes recommendations to the Board regarding the Group's compliance program and standards of business conduct. The role of the Compliance and Business Conduct Committee will be as follows:

- Monitoring the Group's Compliance program, including the activities performed by the Compliance team and their interaction with the rest of the organisation;
- Monitoring the results of investigations resulting from cases brought through Millicom's ethics line or otherwise;
- Allocation of resources and personnel to the Compliance area;
- Assessing the Group's performance in the Compliance area; and.
- Ensuring that the Group maintains proper standards of business conduct.

Permanent management representatives on the Compliance and Business Conduct Committee include the Group CEO, General Counsel, and most senior compliance officer.

Main Activities of the Compliance and Business Conduct Committee
As previously noted the Compliance and Business Conduct Committee commenced its activities in 2016. During its first meeting the Group's Compliance Program and Compliance Framework was discussed and the Committee was apprised of progress in the external review of the Compliance Program.

Compliance and Business Conduct Committee Membership

Committee	Position	First appointment
Mr. Odilon Almeida	Chairman	November 2015
Mr. Alejandro Santo Domingo	Member	November 2015
Dame Amelia Fawcett	Member	November 2015

Government Relations and Corporate Responsibility (GRCR) Committee

From Dame Amelia Fawcett, Chairman of the GRCR Committee

With the establishment of the External Affairs function at Millicom and the obvious strong links between corporate responsibility and government engagement, the scope of the Corporate Responsibility Committee was expanded in 2015 to become GRCR Committee. Given the fast pace of change in Millicom's markets, it was also agreed that the GRCR Committee should meet quarterly to review not only execution of the strategy in these areas but also to be able to respond and advice on specific issues as they arise.

In 2015 the GRCR Committee paid particular attention to guiding management in strengthening country risk frameworks, including KPI dashboards, and feeding back on proposed strategic roadmaps for the External Affairs functions. The GRCR Committee expects that areas we have focused and dived deeper on this year, such as safeguarding privacy and freedom of expression when faced with government requests and the opportunities for improved gender diversity will continue to remain relevant in Millicom's markets for a number of years to come.

I would like to thank my fellow GRCR Committee members for their dedication and commitment to the activities of the GRCR Committee and look forward to continuing our expanded mandate through to the 2016 AGM.

Dame Amelia Fawcett
GRCR Committee Chair

Appointment and Role of the GRCR Committee

Millicom's GRCR Committee oversees and makes recommendations to the Board regarding the management of the Group's strategy and activities in the areas of government relations, corporate responsibility and social investments. The GRCR Committee also acts as an advisory committee to the management on specific challenges and opportunities relating to government relations and corporate responsibility.

In Q3 2015 it was decided that the GRCR Committee would convene four times a year. The Committee comprises three members. Ms. Mia Brunell Livfors and Mr. Paul Donovan stepped down and Mr. Anders Borg joined the committee in May 2015.

Permanent management representatives on the GRCR Committee include the Group CEO and EVP of External Affairs. Guests of the Committee vary depending on topic but will include VP of Corporate Responsibility and other staff members as relevant for topics under discussion.

Main Activities of the GRCR Committee during 2015

During 2015 the GRCR Committee met in person three times. The GRCR Committee continued to provide oversight and guidance to the management team on an expanded reach and range of GRCR activities both in the organisational structure and activities.

A summary of key topics and outcomes from the meetings during 2015 is presented below.

Board Committees
(continued)

2015 GRCR Committee Meetings

Activity / Issues Covered	How the GRCR Committee addressed the issues
The External Affairs organisation	• Reviewed and agreed to a management proposal to bring together the Government Relations, Corporate Responsibility, Corporate Communications and Social Investment functions under the umbrella of an External Affairs function to enhance cross functional coordination and cooperation. • Reviewed strategic framework and KPIs for all EA functions and progress reports of each EA function in subsequent meetings.
Management of social investment and closing of Millicom Foundation	• Review of the objectives of the newly created Millicom Foundation to establish the most efficient manner to execute social investment projects. • Decision to re-focus the company's social investment program internally under the auspices of the External Affairs team so as to allow for social investment work to be locally focused but globally supported. • Winding down of the Foundation and fulfilment of relevant Foundation obligations.
Millicom's non-financial performance in 2014	• Review of main non-financial performance and trends for 2014. • Recommendations especially relating to measures to be taken to address declining trend in women in senior management.
Update on privacy and freedom of expression issues	• Requested a detailed report on Millicom's risk exposure, mitigation measures and recommendations for improvements. • Advised to continue the strong proactive approach of Millicom's engagement with the issues, and seek to deepen its collaboration with civil society on country level. The GRCR Committee also endorsed a cross-functional effort to clarify Group level privacy policy framework and consider improving in-house expertise in the area.
Country risk profile framework and election review	• Approved a newly created country risk profiling framework capturing macro-economic overview and forecast, key political and regulatory developments and risks as well as organisational ability to address the risk on a per market basis. • Requested a quarterly update of the country risk framework • Noted specifically the importance of monitoring developments in Colombia leading up to the 2018 elections.
Gender diversity programme	• Noted lag in progress in gender diversity while significant progress was made in other corporate responsibility areas. • Aligned with Millicom recommendations for re-launching gender diversity programme, emphasising the importance of top management support and incentives.

Committee Membership and Attendance

Committee	Position	First appointment	Meetings/Attendance 2015	
Dame Amelia Fawcett	Chairman	May 2014	3/3	100%
Ms. Cristina Stenbeck	Member	May 2014	2/3	67%
Mr. Anders Borg	Member	May 2015	2/2	100%
Mr. Paul Donovan	Former Member	May 2014	1/1	100%
Ms. Mia Brunell Livfors	Former Member	May 2008	1/1	100%
Overall Attendance			**9/10**	**90%**

Compensation Committee: Remuneration report

From Dame Amelia Fawcett, Chairman of the Compensation Committee

In 2015 the Compensation Committee has focused on review of Millicom's reward strategy to ensure that senior management compensation reflects more closely company performance. The Committee has also reviewed Millicom's renewed approach to benchmarking compensation and talent, which has led to important work in recalibrating job grades and roles.

We are confident that these steps will ensure that the Group management is incentivised to take a longer term view on positive business performance in alignment with company and shareholder interests.

I would like to thank my fellow Compensation Committee members for their dedication and commitment to the activities of the Compensation Committee and look forward to continuing our expanded mandate through to the 2016 AGM.

Dame Amelia Fawcett
Compensation Committee Chair

Appointment and role of the Committee

The Compensation Committee reviews and makes recommendations to the Board of Directors regarding the compensation of the CEO and the other senior managers as well as management succession planning.

The Board of Directors, based on guidelines set by the Compensation Committee, propose the remuneration of senior management. The objective of the guidelines is to ensure that Millicom can attract, motivate and retain executives, within the context of Millicom's international talent pool, which primarily consists of telecom, media and FMCG companies. Remuneration of the CEO and the long term incentive plans are then approved by the shareholders at the AGM.

The evaluation of the CEO is conducted by the Compensation Committee. The evaluation criteria and the results of the evaluation are then discussed by the Chairman with the entire Board. The Board considered that the CEO provided strong leadership for the Company during 2015. The results of the review and evaluation were communicated to the CEO by the Chairman.

The Compensation Committee comprises three members.

Compensation Committee Membership and Attendance

Committee	Position	First appointment	Meetings/Attendance 2015	
Dame Amelia Fawcett	Chairman	May 2014	6/6	100%
Mr. Lorenzo Grabau	Member	May 2015	3/3	100%
Mr. Paul Donovan	Member	May 2014	5/6	83%
Ms. Mia Brunell Livfors	Former member	May 2014	4/4	100%
Mr. Ariel Eckstein	Former member	May 2014	3/4	75%
Overall Attendance			**21/23**	**91%**

Board Committees
(continued)

Useful links within this report

Share-based compensation – Note B.4.1. to the consolidated financial statements p71

Main Activities of the Committee during 2015

The Compensation Committee met six times in 2015.

2015 Compensation Committee Meetings

Activity/issues covered	How the Compensation Committee addressed the issues
Bonus and performance reports	• Reviewed and approved the variable compensation targets to further align remuneration with company performance. • Received and reviewed senior executive performance reports and rewards for exceptional performance.
Senior management separation arrangements	• Discussed, modified and subsequently approved separation arrangements with former members of the Executive Team.
Long-term incentive plans (LTIP)	• Reviewed the terms and conditions of the 2015 LTIP, in particular changes recommended that improve alignment to shareholder returns for the future performance plans. • Discussed feedback from the changes to the 2015 LTIP design following implementation of Total Shareholder Return and Cash Flow target measures.
Global reward strategy and executive remuneration review	• Reviewed the timeline and planned activities for the reward strategy update. • Reviewed the new CEO compensation package (including sign-on share awards) which was subsequently presented for approval to the shareholders at the May 2015 AGM. • Gave input to a holistic review of reward principles, emphasising importance of a performance-based incentive opportunity culture. • Reviewed the performance of individual members of the Executive Team and compensation packages.
Africa CEO recruitment	• Reviewed progress and potential candidates for the position of Africa CEO.
Compensation benchmarking review	• Reviewed compensation benchmarking studies and proposed retention measures, as well as initial guidelines and methodology for setting 2016 compensation.

Remuneration guidelines

The Board proposes to the AGM guidelines for remuneration and other employment terms for the senior management. The annual base salary and other benefits of the CEO and the Executive Vice Presidents (the “Executive Team”) is proposed by the Compensation Committee and approved by the Board.

Remuneration policy

The remuneration of senior management of Millicom comprises an annual base salary, an annual bonus, share-based compensation, social security contributions, pension contributions and other benefits. Bonus and share-based compensation plans (see note B.4.1 to the Consolidated Financial Statements) are based on actual performance. Share-based compensation is granted once a year by the Compensation Committee of the Board.

Base Salary – The Executives’ base salary shall be competitive and based on the individual Executive’s responsibilities and performance.

Variable remuneration – The Executives may receive variable remuneration in addition to base salary. The maximum target variable remuneration in any Executive's contract is 100% of the base salary and in case of exceptional business and personal performance the actual amount can reach 200%. The variable amounts or percentages are considered to be competitive within market standards at total compensation levels. The variable remuneration shall be based on the performance of the Executives in relation to established goals and targets along with Millicom's financial performance.

Use and relative weighting of performance target measures under the variable compensation rules are equal to all employees regardless of seniority.

Bonus Measurements

Measurement	Rationale	Weighting
Revenue	Revenue is a key growth measure used by the Group as it seeks to monetise opportunities in all countries and all business units.	23.33%
EBITDA	EBITDA is used as a measurement of ongoing earning power/value creation in the Group and is used as a measure of how well management control the operational cost of growing revenue.	23.33%
Operating Free Cash Flow	Operating Free Cash Flow is a measure aligned to return on invested capital and is used to measure how efficiently management are using available capital, as well as in generating returns for shareholders.	23.33%
Personal Performance	The individual goals and objectives of Millicom management and employees are critical in achieving its financial objectives and in long-term value creation.	30%
Total		100%

Long-term share based incentive plans (LTIPs) – The aim of the LTIPs is to complement and support Millicom's long-term business view and strategy. The plans and the amounts need to be competitive in order to attract and retain key executives.

Other benefits – Other benefits can include, for example, a car allowance, medical coverage and in some cases, housing allowance, school fees, home leave and other travel expenses.

Pension – The Executives are entitled to participate in a global pension plan, covering also death and disability insurance, in accordance with European standards. The global pension plan is secured through premiums paid to insurance companies.

Deviations from the guidelines – In special circumstances, the Board of Directors may deviate from the above guidelines, for example additional variable remuneration in the case of exceptional performance. In such a case the Board of Directors will explain the reason for the deviation at the following AGM.

Payment for loss of office

If the employment of a Millicom senior executive is terminated, a notice period of up to 12 months potentially applies.

Board Committees

(continued)

Executive Team Remuneration 2015

Compensation of the Executive Team (US$ thousands)	CEO*	Former CEO	CFO**	Other Executives (10 members)(iv)
2015				
Base salary	750	304	989	3,721
Bonus (for 2015 performance)	1,006	—	1,206	1,870
Pension	113	—	95	671
Other benefits	11	—	14	1,085
Termination benefits	—	2,854	—	682
Total salary and benefits	**1,880**	**3,158**	**2,304**	**8,029**

* The CEO started in April 2015.
** Includes compensation for the interim CEO role to 31 March 2015.

Compensation shares	CEO*	Former CEO	CFO**	Other Executives (10 members)(iv)
Performance share plan(i)	—	—	—	11,300
Deferred share plan(ii)	—	—	4,394	14,916
Sign on share grant(iii)	77,344	—	—	—
Total shares (number)	**77,344**	**—**	**4,394**	**26,216**
Value of shares(v) (US$ thousands)	**4,457**	**—**	**253**	**1,511**

(i) Amounts relating to the 2013 performance share plan based on the actual performance over the three year period to 31 December 2015. The value of shares is based on the closing market value of Millicom shares in US$ at 31 December 2015 of $57.63. These shares vested on 1 January 2016.
(ii) Amounts relating to the 2015 deferred share plan. The value of shares is based on the closing market value of Millicom shares in US$ at 31 December 2015 of $57.63. These shares will vest over three years from the award date, dependent on continued service of the employee.
(iii) Amounts relating to the CEO sign on bonus share grant. The value of shares is based on the closing market value of Millicom shares in US$ at 31 December 2015 of $57.63. One-third of the total share amount vests on each of 1 January 2016, 1 January 2017 and 1 January 2018.
(iv) Includes former Executives who left Millicom during 2015.
(v) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.

Compensation of the Executive Team (US$ thousands)	Former CEO	CFO*	Other Executives (7 members(ix))
2014			
Base salary	2,344	420	4,111
Bonus (for 2014 performance)	—	528	2,535
Pension	586	65	490
Other benefits	752	76	1,716
Termination benefits	—	—	1,409
Total salary and benefits	3,682	1,089	10,262

* The CFO started in June 2014.

Compensation shares	Former CEO	CFO*	Other Executives (7 members(ix))
Performance share plan(vi)	—	—	12,570
Deferred share plan(vii)	—	2,133	10,244
Total shares (number)	**—**	**2,133**	**22,814**
Value of shares (US$ thousands)(viii)	**—**	**164**	**1,750**

(vi) Amounts relating to the 2012 performance share plan based on the actual performance over the three year period to 31 December 2014. The value of shares is based on the closing market value of Millicom shares in US$ at 31 December 2014 of $76.71. These shares vested on 1 January 2015.
(vii) Amounts relating to the 2014 deferred share plan. The value of shares is based on the closing market value of Millicom shares in US$ at 31 December 2014 of $76.71. These shares will vest over three years from the award date, dependent on continued service of the employee.
(viii) The value is calculated on the basis described above which differs from the value calculated for the IFRS financial statements.
(ix) Includes former Executives who left Millicom during 2014.

CEO compensation

At the AGM on 15 May 2015 the Board of Directors proposed and the meeting approved a sign-on share grant to the CEO, as part of the CEO remuneration. The objective of the share grant was to ensure the successful recruiting of a new CEO in the interest of all shareholders and achieve a long time alignment of the interests of such new CEO with the interests of Millicom and its shareholders.

As a result of the share grant, 77,344 Millicom shares were allotted, representing a value of $5.5 million, based on the closing price of $71.11 per share for Millicom's shares on Nasdaq Stockholm on 1 April 2015, and representing 0.076% of the total shares and votes outstanding in Millicom on that date.

One-third of the total share amount vests (and is deliverable to the CEO along with accrued dividends) on each of 1 January 2016, 1 January 2017 and 1 January 2018. The vesting of shares is conditional upon the CEO not being dismissed for cause.

The share grant was proposed by the Board following review by the Compensation Committee of the entire compensation package for the CEO. The components of this package are:

- an annual base salary of $1 million;
- Variable remuneration with a target of 100% of base salary;
- participation in the LTIPs;
- the Share Grant; and other standard benefits, as described under the senior management remuneration principles earlier in this report.

Long-term share based incentive plans

The LTIPs currently consist of a Deferred Share Plan and a Performance Share Plan. Shares granted under the deferred share plan are based on personal and corporate performance of the previous year and the awards vest over three years, 16.5% year one, 16.5% year two and 67% year three. Shares granted under the performance share plan vest at the end of a three-year period, whereby vesting is subject to certain company performance conditions.

A modification to the Performance Share Plan for the CEO and CFO has been inaugurated in 2015 (the Executive Share Plan) to permit the incumbents to earn a number of Millicom shares ('Multiplier Shares') based on the performance of the Group against specified financial targets over a three-year period, and based on the ownership by the employee of a certain number of Millicom shares ('Investment Shares'). The individuals can acquire a maximum number of Investment Shares and will be able to earn a number of Multiplier Shares based on the product of (1) the multiple ascribed to each performance measure and (2) a percentage of the Company's achievement of that target. The purpose behind these changes is:

- to focus decision-making on medium-term shareholder value;
- retention of the most senior Executives; and
- encouragement of significant personal ownership of Company shares by senior Executives.

Board Committees
(continued)

In 2015 long-term share based incentive plans were offered to senior management, high potential employees and employees in key roles under the plans set out in the following table. In addition, the rules of the plans set out certain criteria and conditions in which new employees can be awarded sign-on awards.

LTIP Plans	Eligibility	Participants	Maximum Shares	Basis for calculating award
Deferred Share Plan	Senior Management, High Potential and Employees in Key Roles	411	246,540	20–50% of 2015 base salary
Future Performance Plan	Global Senior Management	48	95,960	35%–160% of 2015 base salary
Executive Plan	CEO	1	26,664	Multiple of number of shares held as "investment shares"
Executive Plan	CFO	1	14,000	Multiple of number of shares held as "investment shares"
CEO sign-on plan	CEO	1	77,344	Employment contract

Specific rules of each plan are set out below. Vesting under all plans is conditional on the participant remaining employed by the Group at each vesting date. Additional vesting criteria are noted under each plan.

LTIP Plans	Additional Vesting Criteria (terms and conditions)	Vesting period 1 year	2 years	3 years
Deferred Share Plan	–	16.5%	16.5%	67%
Future Performance Plan	Achievement of budget measures of total shareholder return, and free cash flow over the 3 year vesting period.	–	–	100%
Executive Plan	Subject to allocation (and holding) of previously owned shares in the Group to the plan, and a multiplier based on achievement of budget measures of total shareholder return, and free cash flow over the 3 year vesting period.	–	–	100%
CEO sign-on plan*	–	33.33%	33.33%	33.33%

* Vesting on 1 January 2016, 1 January 2017 and 1 January 2018

Shareholding requirements

Millicom's share ownership policy sets out the Compensation Committee's requirements on Global Senior Managers to retain and hold a personal holding of common shares in the Company in order to align their interests with those of our shareholders.

All Share Plan participants in the Global Senior Management Team (including all Executives) are required to own Millicom shares to a value of a percentage of their respective base salary as of January of the calendar year. Unless this requirement is filled each year no vested Millicom shares can be sold by the individual.

	2016	2017	2018 onwards
Global Senior Management Level	Transition requirements		Full requirement
CEO	400%	400%	400%
CFO	200%	200%	200%
Senior EVPs	50%	100%	200%
EVPs	20%	50%	100%
General managers and VPs	10%	25%	50%

Details of share purchase and sale activity

During 2015 none of the current Executive Team purchased or sold any Millicom shares.

Shares and unvested share awards beneficially owned

Shares and unvested share awards beneficially owned by the Executive Team (number of shares)	CEO	Executive Team	Total
31 December 2015			
Shares	**—**	**11,714**	**11,714**
Share awards not vested	**104,008**	**83,823**	**186,831**
31 December 2014			
Shares	n/a	23,689	23,689
Share awards not vested	n/a	103,669	103,669

2015 Remuneration for the Chairman and Non-Executive Directors

Decisions on annual remuneration of Directors ("tantièmes") are reserved by the Articles of Association to the general meeting of shareholders. Directors are therefore prevented from voting on their own compensation. However, Directors may vote on the number of shares they may be allotted under any share-based compensation scheme. The Nomination Committee reviews and recommends the Directors' fees which are approved by the shareholders at the AGM. Fees are set based on the role (Chairman, Deputy Chairman), and for participation in and roles of Chairman of the Audit Committee and Compensation Committee. No compensation is made for participation in the Government Relations and Corporate Responsibility Committee, or the Compliance and Business Conduct Committee.

The remuneration of Directors comprises an annual fee and shares denominated in Swedish Krona (SEK). Director remuneration for the period is as follows:

Board and Committees	Remuneration 2015 SEK 000's	Remuneration 2014 SEK 000's
Directors:		
Ms. Cristina Stenbeck (Chairman)	**1,500**	1,500
Mr. Anders Borg (Deputy Chairman)	**1,000**	—
Mr. Odilon Almeida(i)	**1,050**	—
Mr. Paul Donovan(i)	**950**	788
Mr. Tomas Eliasson(i)	**1,250**	1,080
Dame Amelia Fawcett	**1,075**	825
Mr. Lorenzo Grabau	**1,150**	915
Mr. Alejandro Santo Domingo	**850**	750
Former Directors (until May 2015):		
Ms. Mia Brunell Livfors	**—**	788
Mr. Dominique Lafont	**—**	915
Mr. Ariel Eckstein	**—**	788
Total in SEK 000's	**SEK8,825**	SEK8,349
Total ($US 000)(ii)	**US$1,058**	US$1,198

(i) In addition, EUR 57,000 was paid to each for their work on the special committee.
(ii) Cash compensation converted from SEK to USD at exchange rates on payments dates each year. Share based compensation based on the market value of Millicom shares on the 2015 AGM date (in total 5,883 shares). Net remuneration comprised 38% in shares and 62% in cash (2014: 56% in shares and 44% in cash).

Millicom CEO and Executive Team

The profiles of the CEO and Executive Team members are provided below:

CEO	Position	Role and responsibilities
Mr. Mauricio Ramos	CEO	Leading the development and execution of the Company's strategy. Day-to-day activities and management decisions, both operating and financial. Liaison between the Board and management of the Company. Leading the Executive Team.

Mr. Mauricio Ramos
Chief Executive Officer
Mauricio Ramos (1968) joined Millicom in April 2015 as Chief Executive Officer (CEO). Before joining Millicom, he was President of Liberty Global's Latin American division, a position he held from 2006 until February 2015.

During his career at Liberty Global, Mauricio held several leadership roles, including positions as Chairman and CEO of VTR in Chile and President of Liberty Puerto Rico. Throughout this period he has successfully developed both mobile and broadband businesses in Latin America, delivering solid operational improvement and outstanding financial results.

Mauricio is also Chairman of TEPAL, the Latin American Association of Cable Broadband Operators.

He is a Colombian national who received a degree in Economics, a degree in Law, and a postgraduate degree in Financial Law from Universidad de los Andes in Bogota.

Millicom Shareholding at 29 February 2016: 15,020

Millicom's Executive Team support the CEO in the day-to-day operation and management of the Group, within their specific areas of expertise. Millicom's Executive Team meet on at least a monthly basis and more frequently when required. Millicom's Executive Team is as follows:

Executive team	Position	Role and responsibilities
Mr. Tim Pennington	Chief Financial Officer and Chief Risk Officer	Finance and financial planning. Reporting financial performance, including external financial reporting Budgeting and forecasting, monitoring expenditures and costs. Implementation and enhancement of related controls. Risk management.
Mr. Salvador Escalón	General Counsel	Legal matters including oversight and identification and management of legal cases and issues of the Group, as well as legal aspects of mergers and acquisitions and compliance.
Ms. Cynthia Gordon	CEO Africa Division	Operations and development of the African businesses.
Mr. Xavier Rocoplan	Chief Technology and Information Officer	Networks, technology and information within the Group. Also procurement, corporate security and information security.
Ms. Rachel Samrén	External Affairs	Government Relations, Regulatory Affairs, Corporate Communications and Corporate Responsibility.
Mr. Victor Unda	Chief Commercial Officer – LATAM	Commercial operations in Millicom's Latin American businesses including customers, competition, pricing and commercial development.

Mr. Tim Pennington
Chief Financial Officer
Tim Pennington joined Millicom in June 2014 as Chief Financial Officer.

Previously he was the Chief Financial Officer at Cable and Wireless Communications plc, Group Finance Director for Cable and Wireless plc and, prior to that, CFO of Hutchison Telecommunications International Ltd, listed in Hong Kong and New York. Tim was also Finance Director of Hutchison 3G (UK), Hutchison Whampoa's British mobile business.

He also has corporate finance experience, firstly as Director at Samuel Montagu & Co. Limited, and then as Managing Director of HSBC Investment Bank within its Corporate Finance and Advisory Department.

Tim also serves as a Director of the Board of Millicom's jointly owned businesses in Colombia, Guatemala and Honduras, and its wholly owned businesses in Chad, Senegal, Ghana, DRC and Tanzania.

He is a British national and has a BA (Honours) degree in Economics and Social Studies from the University of Manchester.

Millicom Shareholding at 29 February 2016: 9,813

Mr. Salvador Escalón
Executive Vice President, General Counsel
Salvador Escalón was appointed as Millicom's General Counsel in March 2013 and became Executive Vice President in July 2015.

Salvador leads Millicom's legal team and advises the Board of Directors and senior management on legal, governance and compliance matters.

He first joined Millicom as Associate General Counsel Latin America in April 2010. In this role he successfully led legal negotiations for the merger of Millicom's Colombian operations with UNE-EPM Telecomunicaciones S.A., as well as the acquisition of Cablevision Paraguay.

From January 2006 to March 2010, Salvador was Senior Counsel at Chevron Corporation, with responsibility for legal matters relating to Chevron's downstream operations in Latin America.

Previously, he was in private practice at the law firms Skadden, Morgan Lewis and Akerman Senterfitt.

Salvador also serves as a Director of Millicom's wholly owned businesses in El Salvador, Bolivia, Costa Rica, Chad and Rwanda.

Salvador is an American national and has a J.D. from Columbia Law School and a B.B.A. in Finance and International Business from Florida International University.

Millicom Shareholding at 29 February 2016: 4,222

Ms. Cynthia Gordon
Executive Vice President, CEO Africa Division
Cynthia Gordon joined Millicom in September 2015 as EVP, CEO Africa Division.

Cynthia was previously Chief Commercial Officer at Ooredoo, which is Qatar's leading communications company, delivering mobile, fixed, broadband internet and B2B services to more than 100 million consumers and businesses across the Middle East and Asia. Cynthia was responsible for Marketing, Distribution and Customer Services and focused on optimizing performance by reviewing and implementing commercial strategies to drive revenue and profitable growth.

Cynthia has experience in both emerging and developed markets and built her Africa experience at Ooredoo as well as while at Orange where she was VP of Partnerships and Emerging Markets. As Group Chief Commercial Officer at MTS in Russia, Cynthia led the commercial strategy and direction for the company, which at the time had 91 million customers in six countries. While at MTS, Cynthia helped develop simplified tariffs and focused marketing strategies, building a global brand.

Cynthia also serves as a Director of Millicom's jointly owned business Zantel, and Millicom's wholly owned operation in Chad.

Cynthia is a British national and has a BA (Honours) in Business Studies.

Millicom Shareholding at 29 February 2016: 110

Millicom CEO and Executive Team

(continued)

Mr. Xavier Rocoplan
Executive Vice President, Chief Technology and Information Officer
Xavier Rocoplan started working with Millicom in 2000 and joined the Executive Committee as Chief Technology and IT Officer in December 2012.

Xavier is currently heading all mobile and fixed network and IT activities across the group as well as all Procurement and Supply Chain activities. He is also a Board Director for Millicom in Helios Towers Africa. Xavier first joined Millicom in 2000 as CTO in Vietnam and subsequently for South East Asia. In 2004, he was appointed CEO of Millicom's subsidiary in Pakistan (Paktel), a role he held until mid-2007. During this time, he launched Paktel's GSM operation and led the process that was concluded with the disposal of the business in 2007. Xavier was then appointed as head of Corporate Business Development, where he managed the disposal of various Millicom operations (e.g. Asia), the monetization of Millicom infrastructure assets (towers) as well as numerous spectrum acquisitions and license renewal processes in Africa and in Latin America.

Xavier also serves as a Director of Millicom's wholly owned businesses in Bolivia, Costa Rica and El Salvador.

Xavier is a French national and holds Master's degrees in engineering from Ecole Nationale Supérieure des Télécommunications de Paris and in economics from Université Paris IX Dauphine.

Millicom Shareholding at 29 February 2016: 11,604

Ms. Rachel Samrén
Executive Vice President, External Affairs
Rachel Samrén joined Millicom in July 2014 and manages the Group's Government Relations, Corporate Communications and Corporate Responsibility functions.

Her focus is on driving Millicom's global engagement with particular responsibility for special situation strategies.

Rachel's background is in the risk management consulting sector, most recently as Head of Business Intelligence at The Risk Advisory Group plc. Previously, she worked for Citigroup as well as non-governmental and governmental organisations.

Rachel currently serves as Chairman of the Board of Directors of Reach for Change and Zantel.

She is a Swedish national and holds a BSc in International Relations from the London School of Economics and a MLitt in International Security Studies from the University of St Andrews.

Millicom Shareholding at 29 February 2016: 93

Mr. Victor Unda
Executive Vice President,
Chief Commercial Officer – LatAm Region
Victor Unda started working with Millicom in 2000 and was appointed Executive Vice President, Chief Commercial Officer – LatAm Region on 1 January 2015.

Victor first joined Millicom in 2000 as a customer service manager for Tigo Guatemala. He was later appointed International Business Director and head of regulatory affairs (2004 to 2007) before becoming Tigo Guatemala's General Manager (GM).

As GM from 2007 to 2011, Victor oversaw the company's growth in market share from 37 per cent to 52 per cent.

Victor has more than fifteen years of experience in team building, strategic organisational leadership and relationship management. Since 2013, as Senior Vice President, Commercial, he has driven the financial performance of all global activities in Sales and Distribution, Product Development, Customer operations, Digital and Valued Added Services.

Victor also serves as a Director of Millicom's jointly owned businesses in Colombia and Honduras, and its wholly owned businesses in Costa Rica, El Salvador and Nicaragua.

Victor is a Guatemalan national and his academic credentials include a BSc in Industrial Engineering (North Carolina State University – 1998), an MBA (University of Notre Dame – 2004), an MA (Harvard Business School – 2005) and the Advanced Executive Program (Kellogg School of Management, Northwestern University – 2010).

Millicom Shareholding at 29 February 2016: 10,535

Management Governance

The Group seeks to ensure that governance activities are embedded in the daily operations of all businesses and in the Group's corporate functions. The role of the Group's governance functions is to set policies and procedures in accordance with our obligations and international best practice. These functions then ensure these are embedded in our businesses and monitor compliance.

Each function has clear reporting lines through to the Executive Management Team and the CEO. Reporting is also to the Board Committees, as previously described, based on the responsibilities of each Committee.

In addition, the Group has a dedicated Internal Audit Function to provide independent assurance over all businesses and corporate functions through a program of risk-based internal audits. Internal Audit reports to the Audit Committee of the Board and to Executive Management. Improvements are identified, management actions assigned and implementation progress is monitored.

Management and its main governance functions

1. Business Control

The Board has overall responsibility for the Group's system of internal control which is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

Responsibility for maintaining effective internal controls is delegated to the CEO and the Executive Team with oversight provided by the Audit Committee. Millicom invested significantly during the year to further strengthen its internal control framework. A new Business Controls team was established reporting directly to the CFO. Additional resources were assigned with a particular focus on strengthening IT and Mobile Financial Services capabilities. The remit was expanded to ensure that greater support is available to all our operations to further improve the effectiveness and efficiency of process and controls, to share good practice and promote greater standardisation.

Within the Millicom control framework, controls are performed by operational and functional management teams. The Group's key controls are documented in the Millicom internal control manual, and covers both financial and non-financial controls across 15 core business processes. Each country has its own dedicated, local Business Control team responsible for monitoring and development of the local internal control environment.

Monitoring systems

A process of internal control self-assessment is operated and requires self-certification of the operation of key controls. Where controls are found not to be operating effectively, action plans are designed with responsibilities and timescales assigned for remediation.

Self-assessment results are reported to the Audit Committee and the Executive Team. The results enable an assessment of the relative maturity of our internal control environment by both business process and by country. During the year, the Group set itself new targets for improving internal control maturity during 2016.

Fraud management and reporting

Business Control has responsibility for fraud risk management and during the year a new Group fraud policy and fraud response standard was developed, approved and launched.

Management Governance
(continued)

A quarterly fraud report is prepared by each operation. A summary of this is presented to the Audit Committee along with the key actions taken. Quantitative and qualitative thresholds have been agreed to govern the reporting of individual fraud incidents to the Group CFO, CEO and the Audit Committee.

Internal Controls over Financial Reporting
The management of Millicom is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in conformity with International Financial Reporting Standards as adopted by the European Union. Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of internal control over financial reporting as of 31 December 2015 and concluded that its internal control over financial reporting was effective.

2. Risk Management

Millicom has a risk management framework which our business units and corporate functions utilise. Millicom has a network of risk officers at headquarters, regional and each significant operating country level, led by the Chief Risk Officer. The risk function is tasked with identifying, analysing, monitoring and coordinating Millicom's approach to balancing risk with return and reporting to the Executive Team. The Audit Committee, on behalf of the Board, is responsible for reviewing the effectiveness of risk activities.

Key strategic and operating risks are assessed from an overall Group perspective as well as individual Country and business units. Risk action plans that seek to balance risks with returns are developed, implemented and modified over time as the underlying risks evolve. Action steps are implemented both globally and locally by Executives and key decision makers.

The principal risks identified by the Group are set out on in the Risk Management section of the Annual Report.

3. Compliance and Business Ethics

The Millicom Compliance and Business Ethics (C&BE) team has overall responsibility for the enterprise-wide Millicom compliance framework and the anti-bribery and anti-corruption program.

Management and governance of compliance activities
The management team established corporate and local compliance committees during the year. These are managed by the C&BE team and serve as assurance bodies and oversight functions of the compliance framework. The Corporate Compliance Committee consists of all members of the Millicom Executive Team and the Global Compliance Director. The local committees are managed by the relevant C&BE managers together with the general managers and their leadership teams in the local operations. The local compliance committees will report into the Corporate Compliance Committee for transparency, assurance and oversight.

The Global Compliance Director reports monthly to the Executive Team and Corporate Compliance Committee. On a regular basis reports are shared with the Board and the newly established Compliance and Business Conduct Committee of the Board.

Whistleblowing, case management and reporting
The Group operates a whistle-blower line, which is managed by the CB&E team in close collaboration with the investigations team and administered by an independent third party. The Millicom ethics line allows for anonymous reporting and is available on the Millicom website and is available to all employees as well as third parties.

A quarterly report on matters raised through the Millicom ethics line is provided to the Corporate Compliance Committee, the Executive Team and on an annual basis to the Audit Committee.

Key governance initiatives
A comprehensive review of the compliance framework was sponsored by the Board in 2015. Covington & Burling, the Washington based law firm, were commissioned to perform the review.

4. Corporate Responsibility

Millicom's corporate responsibility team owns and manages the Group's non-financial reporting process and publishes the annual Corporate Responsibility (CR) report, which is a key vehicle in promoting transparency towards investors and other stakeholders on non-financial risks and opportunities. The team engages actively with external stakeholders to ensure that Millicom understands and addresses corporate responsibility issues that are important and relevant to its stakeholders. This is done in a bi-annual materiality analysis and via on-going interaction with stakeholders.

In addition to anticipating and improving preparedness on risks, the CR function also adds value by seeking leadership opportunities for the Group to improve reputation and brand perception.

Reporting

The VP Corporate Responsibility reports monthly to the Executive Team on progress and implementation of the CR strategy as well as issues management. The CR strategy and progress are reviewed by the GRCR Committee of the Board who also advise the team on specific topics.

For a full description of activities see the Millicom Corporate Responsibility Report 2015 on our website www.millicom.com/our-responsibility/news-publications.

5. Security

Millicom has a robust professional security and safety model, managed by the VP Corporate Security, reporting into the EVP and CTIO. The Security team oversee the implementation of policy and Group standards in physical security, health and safety, business continuity and information security, by local operational teams.

The focus of the Corporate Security team is to protect life, protect information, to promote well-being and to build resilience throughout the business, to unexpected events or crisis.

Currently the Corporate Security team are working with the respective operating entities by implementing international standards such as OHSAS 18001, ISO 27001, ISO 22301, 31000 in order to secure additional services as well as mitigating risk to the business.

Business Continuity and Crisis Management

Our business continuity and crisis management system is designed to address significant disruption that might affect our capabilities to perform critical day-to-day activities related to the delivery of our services. All critical services and business processes are identified by a business impact analysis, and are required to have a disaster recovery and business continuity plan. All critical assets identified in the impact analysis have a risk assessment performed to address all relevant operational threats. All relevant risks are then subjected to a formal risk mitigation plan.

Millicom crisis management defines the proper response to, and management of, an intense, unexpected and unstable situation that disrupts normal operation and has highly undesirable outcomes, which require extraordinary measures to restore normal operations. Crisis management aims to protect the safety of our staff, our reputation, together with continuous and reliable delivery of service to customers whilst maintaining contractual, legal and regulatory compliance.

In parallel, Millicom have in place physical security and loss prevention standards which set minimum acceptable levels of critical site protection, as defined by industry best practice.

All activities are subject to a program of monitoring and compliance activities.

Information Security

Millicom's information security management system establishes security requirements, aiming to make our network more resilient to emerging threats, to ultimately support the corporate strategic objectives. The framework allows for a risk driven approach to protect the confidentiality, integrity and availability of Millicom's information and technology assets. It is based on the international code of practice for information security management ISO/IEC 27001.

A risk assessment process is in place to identify new risks, and all relevant risks are then subjected to a formal risk mitigation plan. The information security committee, comprising Executive Team members and senior managers, meets quarterly to provide oversight of all information security risks.

Health and Safety Management

Our health and safety management system is designed to tackle the most significant risks at both corporate and country level. The key risks include the following: personal safety and security during travel, working at height, road risk, managed services, fire and health including blood borne viruses such as malaria, Zika, Dengue fever, and Ebola.

During the year our control measures were reviewed and revised to ensure a robust approach is adopted across all countries.

Consolidated Financial Statements for the year ended 31 December 2015

Independent auditors' report

To the Shareholders of Millicom International Cellular S.A.

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 15 May 2015, we have audited the accompanying consolidated financial statements of Millicom International Cellular S.A., which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position as of 31 December 2015, the consolidated statement of cash flows for the year then ended, the consolidated statement of changes in equity, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Millicom International Cellular S.A., as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The accompanying Directors' report, which is the responsibility of the Board of Directors is consistent with the consolidated financial statements.

The accompanying corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

ERNST & YOUNG
Société anonyme
Cabinet de révision agréé

Olivier Lemaire
Luxembourg, 15 March 2016

Introduction

Corporate information

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

The Company's shares are traded as Swedish Depositary Receipts on the Stockholm stock exchange under the symbol MIC SDB and over the counter in the US under the symbol MIICF. The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

On 15 March 2016 the Board of Directors (the "Board") authorized these consolidated financial statements for issuance. The approval will be submitted for ratification by the shareholders at the Annual General Meeting to be held on 17 May 2016.

Business activities

Millicom operates its mobile businesses in Central America (El Salvador, Guatemala and Honduras) in South America (Bolivia, Colombia and Paraguay), and in Africa (Chad, the Democratic Republic of Congo (DRC), Ghana, Rwanda, Senegal and Tanzania).

Millicom operates various cable and fixed line businesses in Latin America (Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Bolivia and Paraguay). Millicom also provides direct to home satellite service in many of its Latin American countries.

On 31 December 2015, Millicom deconsolidated its operations in Guatemala and Honduras which are, since that date and for accounting purposes, under joint control. Income statements of those operations are still fully consolidated for the year ended 2015 (see note A.2.2 for further details).

Millicom has investments in online/e-commerce businesses in several countries in Latin America and Africa, investments in a tower holding company in Africa and various investments in start-up businesses providing e-payments, content and educational services to its mobile and cable customers.

IFRS consolidated financial statements

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). This is in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards for listed companies domiciled in the European Union.

The financial statements have been prepared on a historical cost basis, except for certain items including derivative financial instruments and call options (measured at fair value), financial instruments that contain obligations to purchase own equity instruments (measured at the present value of the redemption price), and property, plant and equipment under finance leases (initially measured at the lower of fair value and present value of the future minimum lease payments).

This section contains the Group's significant accounting policies that relate to the financial statements as a whole. Significant accounting policies specific to one note are included within that note. Accounting policies relating to non-material items are not included in these financial statements.

Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as of 31 December of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated.

Foreign currency

Financial information in these financial statements are shown in the US dollar presentation currency of the Group and rounded to the nearest million (US$ million) except where otherwise indicated. The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The functional currency of each subsidiary, joint venture and associate reflects the economic substance of the underlying events and circumstances of these entities. Except for DRC and El Salvador where the functional currency is US dollar, the functional currency in other countries is the local currency.

The results and financial position of all Group entities (none of which operate in an economy with a hyperinflationary environment) with functional currency other than the US dollar presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing rate on the date of the statement of financial position;
ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
iii) All resulting exchange differences are recognised as a separate component of equity ("Currency translation reserve"), in the caption "Other reserves".

Introduction
(continued)

IFRS consolidated financial statements (continued)
On consolidation, exchange differences arising from the translation of net investments in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity. When the Group disposes of or loses control over a foreign operation, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of gain or loss on sale or loss of control.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following table presents functional currency translation rates for the Group's locations to the US dollar on 31 December 2015 and 2014.

Exchange rates to the US dollar	Functional Currency	2015 Average rate	2015 Year-end rate	2014 Year-end rate	Change %
Bolivia	Boliviano (BOB)	6.91	6.91	6.91	0.00
Chad and Senegal	CFA Franc (XAF)	592.91	609.96	544.28	(12.07)
Colombia	Peso (COP)	2,742.39	3,149.47	2,392.46	(31.64)
Costa Rica	Costa Rican Colon (CRC)	541.13	544.87	545.53	0.12
Democratic Republic of Congo (DRC)	US dollar	n/a	n/a	n/a	n/a
El Salvador	US dollar	n/a	n/a	n/a	n/a
Ghana	Cedi (GHS)	3.72	3.80	3.20	(18.75)
Guatemala	Quetzal (GTQ)	7.65	7.63	7.60	(0.39)
Honduras	Lempira (HNL)	22.02	22.43	21.59	(3.89)
Luxembourg	Euro (EUR)	0.90	0.92	0.83	(10.84)
Nicaragua	Cordoba (NIO)	27.25	27.93	26.60	(5.00)
Paraguay	Guarani (PYG)	5,199.54	5,806.91	4,629.00	(25.45)
Rwanda	Rwandan Franc (RWF)	719.78	747.41	694.37	(7.64)
Sweden	Krona (SEK)	8.41	8.44	7.84	(7.65)
Tanzania	Shilling (TZS)	1,983.17	2,159.00	1,725.79	(25.10)
United Kingdom	Pound (GBP)	0.65	0.68	0.64	(6.25)

New and amended IFRS accounting standards, changes in accounting policies
The following IFRS standards and amendments to standards have been adopted by Millicom for the first time for the financial year beginning on 1 January 2015. These have not had a material impact on Millicom.

- IFRIC 21, 'Levies' , which provides guidance on when to recognise a levy imposed by a government;
- Defined Benefit Plans : Employee Contributions (amendments to IAS 19);
- Annual Improvements projects (2010-2012 Cycle and 2011-2013) impacting IFRS 2, Share based payment; IFRS 3; Business Combinations, IFRS 8, Operating Segments, IFRS 13, Fair Value Measurement; IAS 16, Property, plant and equipment; IAS 24, Related party disclosures; and IAS 38, Intangible Assets.

The following IFRS standards, amendments and interpretations issued are not effective for the financial year beginning 1 January 2015 and have not been early adopted by Millicom.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Group does not expect a significant impact from the adoption of these amendments and intend to adopt this amendment to IFRS 10 no later than the compulsory adoption date of 1 January 2016 (subject to endorsement by the EU).
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The Group has considered the changes brought by IAS 1 amendments and does not expect significant further impact to its financial reporting. The Group will apply this amendment on 1 January 2016.
- Annual improvements 2014. These set of amendments impacts 4 standards: IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates, IAS 34, 'Interim financial reporting' regarding disclosure of information. Those amendments are not expected to have a significant impact for the Group. Effective date of adoption is 1 January 2016.

Introduction

(continued)

New and amended IFRS accounting standards, changes in accounting policies (continued)

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was originally issued in November 2009 and October 2010 and subsequently amended in July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value, and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. A final standard on hedging (excluding macro-hedging) has been issued in November 2013 which aligns hedge accounting more closely with risk management and allows to continue hedge accounting under IAS 39. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the compulsory adoption date of 1 January 2018 for classification, measurement and recognition provisions (subject to endorsement by the EU) and the transition date for prospective application of hedge accounting provisions (subject to endorsement by the EU) is not yet determined.
- IFRS 15, 'Revenue from Contracts with Customers', which establishes a five-step model related to revenue from customers. Under IFRS 15 revenue is recognised at amounts that reflect the consideration that an entity expects to be entitled in exchange for transferring products or services to a customer. The Group is currently assessing IFRS 15's full impact and intends to adopt IFRS 15 no later than the compulsory adoption date of 1 January 2018 (subject to endorsement by the EU).
- IFRS 16 'Leases' was issued on 13 January 2016. It replaces IAS 17 Leases. The major change introduced by the new Standard is that leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee – the lease customer), treating all leases as finance leases.
- Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements. The new Standard is effective 1 January 2019 (subject to endorsement by the EU). Early application is permitted (as long as the recently issued revenue Standard, IFRS 15 'Revenue from Contracts with Customers' is also applied). The application of this Standard will affect net debt and leverage ratios of the Group as all lease commitments will be brought onto the balance sheet. The Group is yet to assess IFRS 16's full impact.
- IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses" issued by the IASB in January 2016 and effective 1 January 2017 (subject to endorsement by the EU).
- Amendments to IAS 38 and IAS 16: clarification of acceptable methods of depreciation and amortization issued by the IASB in July 2014 and applicable as of 1 January 2016.
- Amendments to IFRS 11: accounting for acquisitions of interests in joint operations issued by the IASB in May 2014 and applicable as of 1 January 2016.

There are no other IFRS's or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Group.

In addition to the above changes and amendments, the following changes in accounting policies have been adopted by Millicom on a voluntary basis for the financial year beginning on 1 January 2015:

Millicom voluntarily changed the presentation of the income statement from function to nature of costs compared to the income statement for the year ended 31 December 2014. This was done to align the presentation of income statement with other external releases made by the Group. A reconciliation to the former presentation of the income statement for the year ended 31 December 2014 is shown below.

Year ended 31 December 2014 **US$ millions**	Former presentation	Reclassifications	New presentation
Revenue	6,386	—	6,386
Cost of Sales	(2,522)	828	(1,694)
Gross profit	3,864	828	4,692
Sales and Marketing	(1,280)	1,280	—
General and Administrative expenses	(1,432)	1,432	—
Operating expenses, net	(228)	(2,371)	(2,599)
Depreciation	—	(920)	(920)
Amortisation	—	(238)	(238)
Other operating income (expenses), net	—	(11)	(11)
Operating profit	924	—	924

Introduction
(continued)

Judgments and critical estimates
The preparation of IFRS financial statements requires management to use judgment in applying accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions, and actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in each note and are summarized below:

Judgments
Management apply judgment in accounting treatment and accounting policies in preparation of these financial statements. In particular a significant level of judgment is applied regarding the following items:

- **Contingent liabilities** – whether or not a provision should be recorded for any potential liabilities (see note G.3.).
- **Leases** – whether the substance of leases meets the IFRS criteria for recognition as finance or operating leases or services contracts, or elements of each (see notes E.2. and G.2.).
- **Control** – whether Millicom, through voting rights and potential voting rights attached to shares held, or by way of shareholders agreements or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates, or jointly direct the relevant activities of its joint ventures (see notes A.1., A.2.).
- **Discontinued operations and assets held for sale** – definition, classification and presentation (see notes A.4., E.3.1.).
- **Deferred tax assets** – recognition based likely timing and level of future taxable profits together with future tax planning strategies (see note B.6.3.).
- **Acquisitions** – allocation of the purchase price between the fair value of existing and newly identified assets and goodwill, the measurement of property, plant and equipment and intangible assets, and the assessment of useful lives (see notes A.1.2., E.1.1., E.1.5., E.2.1.).
- **Financial instruments that contain obligations to purchase own equity instruments** – determination of the likelihood of change of control events occurring in assessing the fair value of the Guatemala and Honduras put options (see note C.6.3).
- **Defined benefit obligations** – key assumptions related to life expectancies, salary increases and leaving rates, mainly related to UNE Colombia (see note B.4.3.).
- **Impairment testing** – Key assumptions related to future business performance (see notes E.1.2., E.1.6., E.2.2.).

Estimates
Estimates are based on historical experience and other factors, including reasonable expectations of future events. These factors are reviewed in preparation of the financial statements, although due to inherent uncertainties in the evaluation process, actual results may differ from original estimates. Estimates are subject to change as new information becomes available and may significantly affect future operating results. Significant estimates have been applied in respect of the following items:

- **Accounting for property, plant and equipment, and intangible assets** in determining fair values at acquisition dates, particularly for assets acquired in business combinations and sale and leaseback transactions (see note E.2.1.).
- **Useful lives of property, plant and equipment and intangible assets** (see notes E.1.1., E.2.1.).
- **Provisions, in particular provisions for asset retirement obligations, legal and tax risks** (see note F.4.).
- **Revenue recognition** (see note B.1.1.).
- **Impairment testing** including WACC and long term growth rates (see note E.1.6.).
- **Estimates for defined benefit obligations** (see note B.4.3.).
- **Accounting for share-based compensation** in particular estimates of forfeitures and future performance criteria (see note B.4.1., B.4.2.).
- **Fair value of financial assets and liabilities** in particular the put and call options related to our businesses in Guatemala and Honduras and the fair value of such investments on deconsolidation (see note A.2.2., C.6.3.).

Consolidated Statement of Income

for the year ended 31 December 2015

US$ millions	Notes	2015(ii)	2014(i)
Revenue	B.1.	**6,730**	6,386
Cost of sales	B.2.	**(1,854)**	(1,694)
Gross profit	B.3.	**4,876**	4,692
Operating expenses	B.2.	**(2,698)**	(2,599)
Depreciation	E.2.1.	**(1,075)**	(920)
Amortisation	E.1.3.	**(246)**	(238)
Other operating income (expenses), net	E.1.6.	**(66)**	(11)
Operating profit	B.3.	**791**	924
Interest expense		**(442)**	(426)
Interest and other financial income		**22**	22
Revaluation of previously held interest	A.1.2.	**—**	2,250
Other non-operating (expenses) income, net	B.5.	**(624)**	211
Income from joint ventures and associates, net	A.2., A.3.	**100**	55
Profit (loss) before taxes from continuing operations		**(153)**	3,036
Charge for taxes, net	B.6.	**(291)**	(256)
Profit (loss) for the year from continuing operations		**(444)**	2,780
Profit (loss) for the year from discontinued operations, net of tax	A.4.	**—**	21
Net (loss) profit for the year		**(444)**	2,801
Attributable to:			
The owners of Millicom		**(559)**	2,643
Non-controlling interests		**115**	158
Earnings per common share for profit (loss) attributable to the owners of the Company:			
Basic (US$ per common share):			
—from continuing operations		**(5.59)**	26.22
—from discontinued operations		**—**	0.21
—total	B.7.	**(5.59)**	26.43
Diluted (US$ per common share)			
—from continuing operations		**(5.59)**	26.21
—from discontinued operations		**—**	0.21
—total	B.7.	**(5.59)**	26.42

(i) Presentation of the income statement from cost of sales to operating profit has been amended compared to the income statement reported in 2014 for the year ended 31 December 2014.
(ii) The impact of accounting for Honduras and Guatemala under the equity method on the presentation of the 2015 and 2014 consolidated income statement is shown in note A.2.2.

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

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

US$ millions	2015	2014
Net profit (loss) for the year	**(444)**	2,801
Other comprehensive income (to be reclassified to the income statement in subsequent periods), net of tax:		
Exchange differences on translating foreign operations(i)	**(438)**	(380)
Cash flow hedges	**(3)**	1
Other comprehensive income (not to be reclassified to the income statement in subsequent periods), net of tax:		
Remeasurements of post-employment benefit obligations	**—**	1
Total comprehensive income (loss) for the year	**(885)**	2,423
Attributable to:		
Owners of the Company	**(897)**	2,433
Non-controlling interests	**12**	(10)

(i) Exchange differences of $192 million has been reclassified in the income statement for the year ended 31 December 2015 following the deconsolidation of Honduras and Guatemala (see note A.2.2.).

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

Consolidated Statement of Financial Position

at 31 December 2015

US$ millions	Notes	31 December 2015	31 December 2014[i]
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	E.1.	**1,413**	5,515
Property, plant and equipment, net	E.2.	**3,206**	4,751
Investments in joint ventures	A.2.	**3,220**	89
Investments in associates	A.3.	**363**	185
Deferred tax assets	B.6.	**188**	294
Amount due from non-controlling interests, associates and joint ventures	G.5.	**—**	24
Derivative financial instruments	D.1.2.	**26**	—
Other non-current assets		**75**	91
TOTAL NON-CURRENT ASSETS		**8,491**	10,949
CURRENT ASSETS			
Inventories, net	F.2.	**80**	148
Trade receivables, net	F.1.	**398**	492
Amounts due from non-controlling interests, associates and joint venture partners	G.5.	**16**	325
Call option assets	C.6.3.	**—**	74
Prepayments and accrued income		**193**	274
Current income tax assets		**125**	150
Supplier advances for capital expenditure		**39**	64
Other current assets		**98**	93
Restricted cash	C.4.	**142**	128
Cash and cash equivalents	C.4.	**769**	694
TOTAL CURRENT ASSETS		**1,860**	2,442
Assets held for sale	E.3.2.	**12**	27
TOTAL ASSETS		**10,363**	13,418

(i) The consolidated statement of financial position at 31 December 2014 has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

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

Consolidated Statement of Financial Position

at 31 December 2015
(continued)

US$ millions	Notes	31 December 2015	31 December 2014[i]
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	C.1.	**639**	639
Treasury shares		**(143)**	(160)
Put option reserve	C.1.	**—**	(2,512)
Other reserves	C.1.	**(531)**	(389)
Retained profits		**4,071**	2,118
Profit (loss) for the year attributable to equity holders		**(559)**	2,643
Equity attributable to owners of the Company		**3,477**	2,339
Non-controlling interests	A.1.5.	**214**	1,391
TOTAL EQUITY		**3,691**	3,730
LIABILITIES			
Non-current liabilities			
Debt and financing	C.3.	**3,789**	4,565
Derivative financial instruments	D.1.2.	**65**	43
Amounts due to associates and joint venture partners	G.5.	**63**	31
Provisions and other non-current liabilities	F.4.3.	**247**	298
Deferred tax liabilities	B.6.	**50**	184
Total non-current liabilities		**4,214**	5,121
Current liabilities			
Debt and financing	C.3.	**221**	358
Put option liabilities (Guatemala and Honduras)	C.6.	**—**	2,260
Payables and accruals for capital expenditure		**285**	371
Other trade payables		**334**	386
Amounts due to non-controlling interests, associates and joint ventures	G.5.	**581**	26
Accrued interest and other expenses		**425**	500
Current income tax liabilities		**124**	143
Provisions and other current liabilities	F.4.1.	**488**	521
Total current liabilities		**2,458**	4,565
Liabilities directly associated with assets held for sale	E.3.2.	**—**	2
TOTAL LIABILITIES		**6,672**	9,688
TOTAL EQUITY AND LIABILITIES		**10,363**	13,418

(i) The consolidated statement of financial position at 31 December 2014 has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

US$ millions	Notes	2015	2014(i)
Cash flows from operating activities			
Profit (loss) before taxes from continuing operations		**(153)**	3,036
Profit (loss) for the period from discontinued operations	A.4.	**—**	21
Profit (loss) before taxes		**(153)**	3,057
Adjustments to reconcile to net cash:			
Interest expense (income), net		**442**	426
Interest and other financial income		**(22)**	(22)
Adjustments for non-cash items:			
Depreciation and amortization		**1,321**	1,158
Share of (gain) loss from joint ventures, net	A.2.	**—**	8
Loss on disposal and impairment of assets, net	E.1.6.	**66**	15
Share based compensation	C.1.	**19**	22
Revaluation of previously held interest	A.1.2.	**—**	(2,250)
(Income) loss from associates, net	A.3.	**(100)**	(67)
Other non-cash non-operating (income) expenses, net	B.5.	**622**	(235)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		**162**	59
(Increase) decrease in inventories		**17**	(2)
Increase (decrease) in trade and other payables		**(117)**	—
Changes in working capital:		**62**	57
Interest (paid)		**(377)**	(350)
Interest received		**23**	19
Taxes (paid)		**(252)**	(380)
Net cash provided by operating activities		**1,651**	1,458
Cash flows from investing activities:			
Acquisition of subsidiaries, joint-ventures and associates, net of cash acquired	A.1.2.	**(54)**	37
Effect of deconsolidation of Guatemala and Honduras subsidiaries	A.2.2.	**(168)**	—
Proceeds from disposal of subsidiaries	A.1.4.	**4**	175
Purchase of intangible assets and licenses	E.1.4.	**(186)**	(184)
Proceeds from sale of intangible assets	E.1.3.	**4**	7
Purchase of property, plant and equipment	E.2.3.	**(1,019)**	(1,128)
Proceeds from sale of property, plant and equipment	E.2.2.	**5**	13
(Increase) decrease of pledged deposits		**—**	800
Net (increase) decrease in restricted cash		**(17)**	(48)
Dividend received from associates	A.3.	**6**	—
Cash (used in) provided by other investing activities, net		**14**	52
Net cash used in investing activities		**(1,411)**	(276)
Cash flows from financing activities:			
Acquisition of non-controlling interests	A.1.2.	**(39)**	—
Payment of liabilities related to UNE merger	A.1.2.	**—**	(860)
Proceeds from other debt and financing	C.3.	**1,880**	1,348
Repayment of debt and financing	C.3.	**(1,392)**	(1,182)
Advances for, and dividends to non-controlling interests	A.1.,A.2.	**(269)**	(300)
Payment of dividends to equity holders	C.2.	**(264)**	(264)
Cash (used in) provided by other financing activities, net		**—**	(110)
Net cash from (used by) financing activities		**(84)**	(1,368)
Exchange impact on cash and cash equivalents, net		**(81)**	(29)
Net (decrease) increase in cash and cash equivalents		**75**	(215)
Cash and cash equivalents at the beginning of the year		**694**	909
Cash and cash equivalents at the end of the year		**769**	694

(i) Cash flows from operating activities, investing activities and financing activities relating to Guatemala and Honduras operations in 2015 and 2014 are shown in note A.2.2..

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

US$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital(i)	Share premium	Treasury shares	Retained profits(ii)	Put option reserve(iii)	Other reserves(iv)	Total	Non-controlling interests	Total equity
Balance on 31 December 2013	101,739	(1,895)	153	488	(172)	2,383	(737)	(185)	1,929	152	2,081
Total comprehensive income for the year	—	—	—	—	—	2,643	—	(210)	2,433	(10)	2,423
Dividends(v)	—	—	—	—	—	(264)	—	—	(264)	(194)	(458)
Purchase of treasury shares	—	(26)	—	—	(3)	—	—	—	(3)	—	(3)
Share based compensation(vi)	—	—	—	—	—	—	—	22	22	—	22
Issuance of shares under share based compensation schemes	—	165	—	(1)	15	1	—	(15)	—	—	—
Change in scope of consolidation(vii)	—	—	—	—	—	—	—	—	—	1,461	1,461
Deconsolidation of Online businesses	—	—	—	—	—	—	—	—	—	(4)	(4)
Put option(iii)	—	—	—	—	—	—	(1,775)	—	(1,775)	—	(1,775)
Completion of UNE purchase price allocation	—	—	—	—	—	(2)	—	(1)	(3)	(14)	(17)
Balance on 31 December 2014(viii)	101,739	(1,756)	153	487	(160)	4,761	(2,512)	(389)	2,339	1,391	3,730
Total comprehensive income (loss) for the year	—	—	—	—	—	(559)	—	(338)	(897)	12	(885)
Dividends(v)	—	—	—	—	—	(264)	—	—	(264)	(244)	(508)
Purchase of treasury shares	—	(29)	—	—	(2)	—	—	—	(2)	—	(2)
Share based compensation(vi)	—	—	—	—	—	—	—	19	19	—	19
Issuance of shares under share based compensation schemes	—	209	—	(1)	19	—	—	(18)	—	—	—
Change in scope of consolidation(vii)	—	—	—	—	—	(48)	—	3	(45)	(27)	(72)
Effect of deconsolidation(ix)	—	—	—	—	—	—	—	192	192	(918)	(726)
Put option liability reversal(iii)	—	—	—	—	—	(377)	2,512	—	2,135	—	2,135
Balance on 31 December 2015	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**—**	**(531)**	**3,477**	**214**	**3,691**

(i) Share Capital and Share Premium — see note C.1..
(ii) Retained Profits — includes profit for the year attributable to equity holders, of which $437 million; (2014: $444 million) are not distributable to equity holders.
(iii) Put option reserve — see note C.1..
(iv) Other reserves — see note C.1..
(v) Dividends — see note C.2..
(vi) Share-based compensation — see note C.1..
(vii) Change in scope of consolidation — Zantel, Edatel, Tigo Rwanda see note A.1.2..
(viii) The consolidated statement of financial position for the year ended 31 December 2014 has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(ix) Effect of deconsolidation of Honduras and Guatemala – see note A.2.2..

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

A. The Millicom Group

The Group comprises a number of holding companies and operating subsidiaries and joint ventures with various combinations of mobile, fixed line telephony, cable and wireless PayTV, internet and mobile financial services businesses. The Group also holds investments in a tower holding company investing in Africa and in online businesses in Latin America and Africa.

A.1. Subsidiaries

Subsidiaries are all entities which Millicom controls. Millicom controls an entity when it is exposed to, or has rights to variable returns from its investment in the entity, and has the ability to affect those returns through its power over the subsidiary. Millicom has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. Generally control accompanies a shareholding of more than half of the voting rights although certain other factors (including contractual arrangements with other shareholders, voting and potential voting rights) are considered when assessing whether Millicom controls an entity. For example, although Millicom holds less than 50% of the shares in its Colombia businesses, it holds more than 50% of shares with voting rights.

Our main subsidiaries are as follows:

Entity	Country	Activity(ies)	31 December 2015 % Holding	31 December 2014 % Holding
Central America				
Telemóvil El Salvador S.A.	El Salvador	Mobile, MFS	**100.0**	100.0
Cable El Salvador S.A. de C.V.	El Salvador	Cable, DTH	**100.0**	100.0
Navega.com SA, Succursal El Salvador	El Salvador	Cable, DTH	**100.0**	100.0
Comunicaciones Celulares S.A.(i)	Guatemala	Mobile, MFS	**—**	55.0
Navega.com S.A.(i)	Guatemala	Cable, DTH	**—**	55.0
Telefonica Celular S.A.(i)	Honduras	Mobile, MFS	**—**	66.7
Navega S.A. de CV(i)	Honduras	Cable, DTH	**—**	66.7
Cable Costa Rica S.A.	Costa Rica	Cable, DTH	**100.0**	100.0
South America				
Telefonica Celular de Bolivia S.A.	Bolivia	Mobile, DTH, MFS	**100.0**	100.0
Telefónica Celular del Paraguay S.A.	Paraguay	Mobile, MFS, Cable, PayTV	**100.0**	100.0
Colombia Móvil S.A. E.S.P.(ii)	Colombia	Mobile	**50.0-1 share**	50.0-1 share
UNE EPM Telecomunicaciones S.A.(ii)	Colombia	Fixed line, Internet, PayTV, Mobile	**50.0-1 share**	50.0-1 share
Edatel S.A. E.S.P.(ii)	Colombia	Fixed line, Internet, PayTV	**50.0-1 share**	40.0-1 share
Africa				
Millicom Ghana Company Limited	Ghana	Mobile, MFS	**100.0**	100.0
Sentel GSM S.A.	Senegal	Mobile, MFS	**100.0**	100.0
MIC Tanzania Limited	Tanzania	Mobile, MFS	**100.0**	100.0
Oasis S.A.	DRC	Mobile, MFS	**100.0**	100.0
Millicom Tchad S.A.	Chad	Mobile, MFS	**100.0**	100.0
Millicom Rwanda Limited	Rwanda	Mobile, MFS	**100.0**	87.5
Zanzibar Telecom Limited	Tanzania	Mobile, MFS	**85.0**	—
Unallocated				
Millicom International Cellular S.A.	Luxembourg	Ultimate Holding Company	**n/a**	n/a
Millicom International Operations S.A.	Luxembourg	Holding Company	**100.0**	100.0
Millicom International Operations B.V.	Netherlands	Holding Company	**100.0**	100.0
MIC Latin America B.V.	Netherlands	Holding Company	**100.0**	100.0
Millicom Africa B.V.	Netherlands	Holding Company	**100.0**	100.0
Millicom Holding B.V.	Netherlands	Holding Company	**100.0**	100.0
Millicom Spain S.L.	Spain	Holding Company	**100.0**	100.0

(i) Fully consolidated income statement until 31 December 2015 as Millicom had, through its call options (see note C.6.3.), the power to affect the variable returns due to shareholder agreements including the process and substance of setting key operating and financial policies. These operations have been deconsolidated on 31 December 2015 and accounted for as investments in joint ventures under the equity method given the Group has joint control over these operations (see note A.1.2.).

(ii) Fully consolidated as Millicom has the majority of voting shares to direct the relevant activities.

A.1.1. Accounting for subsidiaries and non-controlling interests

Subsidiaries are fully consolidated from the date on which control is transferred to Millicom. If facts and circumstances indicate that there are changes to one or more of the elements of control a reassessment is performed to determine if control still exists. Subsidiaries are de-consolidated from the date that control ceases. Transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on disposals to non-controlling interests are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is also recorded in equity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.1.2. Acquisition of subsidiaries and increases in non-controlling interests in subsidiaries

During 2015 Millicom acquired 85% of the shares and control of Zanzibar Telecom Limited, raised its stake in its Rwandan subsidiary from 87.5% to 100% and in one of the UNE subsidiaries (Edatel S.A. E.S.P.) from 80% to 100%. The Group also made other smaller acquisitions for total consideration of $20 million.

During 2014 Millicom acquired control over UNE and its subsidiaries, and acquired a path to control over the Guatemala business and its subsidiaries. The Group also made other smaller acquisitions for total consideration of $19 million.

Acquisition of Zanzibar Telecom Limited on 22 October 2015

On 4 June 2015 Millicom's fully owned Swedish subsidiary Millicom International Ventures AB entered into an agreement to purchase 85% of Zanzibar Telecom Limited ("Zantel"). The agreed purchase consideration was $1, including a shareholder loan, and in addition Millicom assumed Zantel's debt obligations. The transaction completed on 22 October 2015 after receipt of regulatory approvals. A final price adjustment, per the terms of the agreement, is expected to occur in Q1 2016. The deal also includes a reverse earn-out mechanism based on Zantel's achievement of EBITDA targets for the period from 2017 to 2019. No amounts have been recognised under this mechanism at 31 December 2015. The goodwill is not expected to be tax deductible. For the purchase accounting, Millicom determined the fair value of Zantel based on transaction and relative values. The non-controlling interest was measured based on the proportionate share of the fair value of the net assets of Zantel. The purchase price allocation exercise is still provisional at 31 December 2015.

22 October 2015 (US$ millions)	Provisional Fair Values 100%
Intangible assets (excluding goodwill), net.	36
Property, plant and equipment, net	40
Other non-current assets	1
Current assets (excluding cash and cash equivalents)(i)	30
Cash and cash equivalents	5
Total Assets Acquired	**112**
Non-current financial liabilities	81
Current liabilities	104
Total Liabilities Assumed	**185**
Fair value of assets acquired and liabilities assumed, net	**(73)**
Fair value of non-controlling interest in Zantel	(39)
Millicom's interest in the fair value of Zantel	(34)
Acquisition price ($1)	—
Provisional Goodwill	**34**

(i) The fair value of trade receivables acquired was $19 million.

From acquisition date to 31 December 2015, Zantel contributed $9 million of revenue and loss of $8 million to profit before tax from continuing operations of the Group. If Zantel had been acquired on 1 January 2015 incremental revenue for the year would have been $61 million and incremental loss for that period $33 million. Acquisition related costs included in the income statement under operating expenses were immaterial.

Control over UNE and subsidiaries obtained on 14 August 2014

On 1 October 2013 Millicom signed an agreement with Empresas Públicas de Medellín E.S.P. ("EPM"), to combine and merge their mutual interests in Millicom's Colombian operations ("Colombia Móvil"), with UNE EPM Telecomunicaciones S.A. ("UNE"). The merger created a business offering a comprehensive range of bundled digital services including mobile and fixed telephony, mobile and fixed broadband and PayTV products and services in complementary geographic areas.

By 14 August 2014 all approvals had been obtained, and steps precedent to Millicom obtaining control had been completed. Millicom obtained control over UNE through the merger of Millicom Spain Cable S.L. (a fully owned subsidiary of Millicom) and UNE as a result.

(i) Millicom Spain Cable S.L. which held $860 million in cash and Millicom's 50%+1 share controlling interest in Colombia Móvil was absorbed by UNE; and
(ii) Millicom obtained a 50%-1 share interest in UNE and 50%+1 of the voting shares.

UNE already owned 25%-1 share of Colombia Móvil before 1 October 2013, and prior to 14 August 2014, UNE purchased an additional 25% of Colombia Móvil from a third party for $243 million. Therefore prior to completion of the merger UNE owned 50%-1 share of Colombia Móvil and after the merger 100%. As a result of the merger Millicom retained control over Colombia Móvil (as Millicom owned 50%+1 share of Colombia Móvil before the merger). After 14 August 2014, UNE paid to the third party $243 million for its additional 25% in Colombia Móvil and paid $617 million of dividends (declared before the merger) to EPM.

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.1.2. Acquisition of subsidiaries and increases in non-controlling interests in subsidiaries (continued)

In August 2015, the purchase accounting for the acquisition of UNE was finalised. The property, plant and equipment was revalued to $1,571 million (from $1,417 million), mainly as a result of a reassessment of economic useful lives of the network assets and recognition of assets under finance leases. Finance lease liabilities of $118 million were recorded, as well as provisions of $18 million related to onerous contracts of the 4G business, and deferred tax liabilities of $9 million related to the fair value adjustments. Goodwill increased by $10 million as follows:

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

(i) The fair value of trade receivables acquired was $177 million.
(ii) After deducting from equity the $617 million of dividends declared prior to the merger and including the additional 25% ownership acquired by UNE in Colombia Móvil for $243 million from a third party prior to the merger.
(iii) The non-controlling interest in one of UNE's subsidiaries was 60%.
(iv) $860 million consideration less Millicom's $603 million interest in the fair value of the net assets acquired.

The completion of the purchase price allocation resulted in an impact on net profit of $(2.4) million and $(2.1) million for the years ended 31 December 2014 and 2015, respectively. The impact on 2014 net profit has been considered as immaterial and adjusted against retained profits with no restatement of the related income statement. The goodwill, which comprises the fair value of the assembled work force and expected synergies from the merger, is not expected to be tax deductible. From 14 August 2014 to 31 December 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 1 January 2014 incremental revenue for the 2014 year would have been $1,369 million and incremental loss for that period $18 million.

Acquisition related costs included in the income statement under operating expenses were approximately $1 million.

Control over Guatemalan subsidiaries obtained on 1 January 2014

In January 2014 Millicom reached agreement with its local partner in Guatemala, Miffin Associates Corp ("Miffin"), whereby Millicom acquired an unconditional option to acquire Miffin's 45% stake in the Guatemalan operations. Millicom could exercise the call option at any time until 31 December 2015. The call option enabled Millicom to control Comcel and in accordance with IFRS 10 'Consolidated Financial Statements' effective 1 January 2014, Millicom fully consolidated Guatemala from 1 January 2014. Previously, the Guatemalan operations were proportionately consolidated.

Prior to this agreement Millicom was dependent on the consent of Miffin for strategic decisions related to the Guatemala operations, as the shareholders agreement required a vote of 80% of shares to authorise and approve significant financial and operating policies of the Guatemala operations.

The call option price was a fixed multiple of the EBITDA of the Guatemala operations, with a gold price index in the event the gold price were to increase by more than 40%.

In return, Millicom granted Miffin a put option for the same duration, exercisable in the event Millicom sold its 55% interest in the Guatemala operations or underwent a change of control, and consideration of $15 million. A change of control event may have occurred at Millicom level which would have been beyond the control of Millicom. Such an event would have triggered the ability of our local partner to exercise his put option at his discretion at any time. The put option was accounted for as 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 1 January 2014 against a corresponding put option reserve in equity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.1.2. Acquisition of subsidiaries and increases in non-controlling interests in subsidiaries (continued)

On acquiring control of the Guatemala operations in January 2014, Millicom revalued to fair value its 55% interest in Guatemala operations, and recognised a gain of $2,250 million under revaluation of previously held interests. The goodwill is not deductible for tax purposes.

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

1 January 2014 (US$ millions)	Fair Value 100%	Historical value of 55% interest
Intangible assets (excluding goodwill), net	1,401	84
Property, plant and equipment, net	653	349
Other non-current assets	7	4
Current assets (excluding cash)	332	184
Cash and cash equivalents	54	30
Total Assets Acquired	2,447	651
Non-current financial liabilities	324	187
Other long-term liabilities	22	2
Current liabilities	290	160
Total Liabilities Assumed	636	349
Fair value of assets acquired and liabilities assumed, net	1,811	302
Allocation of fair value to each shareholder:		
Fair value of Miffin's 45% non-controlling interest	815	
Fair value of Millicom's 55% interest	996	
Fair value of assets acquired and liabilities assumed, net	1,811	
Revaluation of previously held interest:		
Fair value of Millicom's 55% interest	996	
Fair value of Millicom's call option	28	
Goodwill arising on change of control	1,528	
Total	2,552	
Historical carrying value of Millicom's 55% interest in the Guatemala operations	(302)	
Revaluation of previously held interest	2,250	

By 31 December 2015, the Group had not exercised its call options and the interest in the Guatemala operations was therefore deconsolidated and recorded as an equity method investment in a joint venture as of 31 December 2015 (see note A.2.2.).

A.1.3. Cash flows from acquisition of subsidiaries, joint ventures and associates

Cash inflows and outflows (US$ millions)	2015	2014(i)
Net cash acquired from full consolidation of Guatemala	—	39
Net cash acquired from acquisition of UNE	—	114
Net cash acquired from acquisition of Zantel	5	—
Increase in shareholdings (investments) in Online businesses	(29)	(79)
Other acquisitions (net of cash acquired)	(30)	(37)
Total	(54)	37

(i) Restated after finalisation of the UNE purchase accounting (note A.1.2.).

A.1.4. Disposal of subsidiaries and decreases in non-controlling interests of subsidiaries

Other disposals

For the year ended 31 December 2015, Millicom disposed of minor subsidiaries for cash consideration of $4 million.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.1.5. Summarized financial information relating to significant subsidiaries with non-controlling interests

At 31 December 2014, Millicom's subsidiaries with material non-controlling interests were Colombia Móvil, UNE, the Guatemala operations and the Honduras operations. On 31 December 2015, Millicom has deconsolidated its operations in Guatemala and Honduras which are, since that date, under joint control and accounted for under the equity method (see note A.2.2.). Therefore, at 31 December 2015, Millicom's subsidiaries having material non-controlling interests are Colombia Móvil and UNE.

Balance Sheet – non-controlling interests 31 December (US$ millions)	2015	2014[(i)]
Guatemala operations (until 31 December 2015 – see note A.2.2.)	—	805
Honduras operations (until 31 December 2015 – see note A.2.2.)	—	123
Colombia Móvil	10	22
UNE (from August 14, 2014 – see note A.1.2.)	244	466
Others	(40)	(25)
Total	**214**	1,391

(i) The consolidated statement of financial position for the year ended 31 December 2014 has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

Profit (loss) attributable to non-controlling interests (US$ millions)	2015	2014
Guatemala operations (until 31 December 2015 – see note A.2.2.)	148	157
Honduras operations (until 31 December 2015 – see note A.2.2.)	20	23
Colombia Móvil	(19)	2
UNE (from 14 August 2014 – see note A.1.2.)	(31)	(14)
Others	(3)	(10)
Total	**115**	158

The summarised financial information for the year ended 31 December 2015 in respect of material non-controlling interests in the Guatemala and Honduras operations are presented in Note A.2.2.

The summarised financial information for material non-controlling interests in UNE and Colombia Móvil is provided below. This information is based on amounts before inter-company eliminations.

Colombia Móvil (US$ millions)	2015	2014
Revenue	**945**	1,173
Total operating expenses	(356)	(473)
Operating profit	**122**	157
Net profit (loss) for the year	(38)	4
50% non-controlling interest in net profit (loss)	**(19)**	2
Total Assets (excluding goodwill)	876	1,047
Total Liabilities	821	1,002
Net Assets	**55**	45
50% non-controlling interest in net assets	28	22
Consolidation adjustments	(18)	—
Total non-controlling interest	**10**	22
Net cash from operating activities	60	172
Net cash from (used in) investing activities	(125)	(192)
Net cash from (used in) financing activities	76	25
Net increase (decrease) in cash and cash equivalents	**11**	5

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.1.5. Summarized financial information relating to significant subsidiaries with non-controlling interests (continued)

UNE and subsidiaries excluding Colombia Móvil (from 14 August 2014) (US$ millions)	2015	2014(i)
Revenue	**1,080**	511
Total operating expenses	**(412)**	(198)
Operating profit (loss)	**(28)**	(3)
Net profit (loss) for the year/period since acquisition	**(62)**	(28)
50% non-controlling interest in net profit (loss)	**(31)**	(14)
Total Assets (excluding goodwill)	**1,863**	2,045
Total Liabilities	**1,118**	994
Net Assets	**745**	1,051
50% non-controlling interest in net assets	**373**	525
Consolidation adjustments	**(129)**	(59)
Total non-controlling interest	**244**	466
Dividends and advances paid to non-controlling interest	**11**	—
Net cash from operating activities	**371**	106
Net cash from (used in) investing activities	**(569)**	101
Net cash from (used in) financing activities	**112**	(52)
Net increase (decrease) in cash and cash equivalents	**(86)**	155

(i) The consolidated statement of financial position for the year ended 31 December 2014 has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

A.2. Joint ventures

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each require unanimous consent of shareholders. Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the Board of Directors of those ventures.

Our main joint ventures are as follows:

Entity	Country of incorporation	Activity(ies)	31 December 2015 % Holding	31 December 2014 % Holding
Africa				
Africa Internet Holding GmbH (AIH)(i)	Germany	Online marketplace, retail and services	**—**	33.33
Latin America				
Comunicaciones Celulares S.A.	Guatemala	Mobile, MFS	**55**	—
Navega.com S.A.	Guatemala	Cable, DTH	**55**	—
Telefonica Celular S.A.	Honduras	Mobile, MFS	**66.7**	—
Navega S.A. de CV	Honduras	Cable, DTH	**66.7**	—

(i) During 2015, Millicom ceased to jointly control AIH following changes in shareholder rights. Hence AIH has been considered as an investments in an associate as of 31 December 2015 as further detailed in note A.3.

At 31 December 2015 Millicom's joint ventures are mainly composed of its 66.7% shareholding in the Honduras operations and its 55% shareholding in the Guatemala operations (see note A.2.2.). The carrying value of Millicom's investments in joint ventures was as follows:

Carrying value of investments in joint ventures at 31 December (US$ millions)	%	2015	2014
Honduras operations(i)	66.7%	**983**	—
Guatemala operations(i)	55%	**2,237**	—
African Internet Holding GmbH (AIH)(ii)	33.3%	**—**	89
Total		**3,220**	89

(i) Includes all the companies under the Honduras and Guatemala groups.
(ii) Still owned at 33.3% but considered as an associate in 2015 as Millicom ceased to jointly control AIH following changes in shareholder rights.

At 31 December 2015 the Group had not incurred obligations or made payments on behalf of Guatemala or Honduras operations.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.2.1. Accounting for Joint Ventures

Joint ventures are accounted for using the equity method of accounting and are initially recognised at cost (i.e. fair value at the time of deconsolidation for investments in Honduras and Guatemala). The Group's investments in joint ventures include goodwill (net of any accumulated impairment loss) on acquisition.

The Group's share of post-acquisition profits or losses of joint ventures is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the joint ventures.

Gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures are recognised in the consolidated income statement.

A.2.2. Honduras and Guatemala operations deconsolidation

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

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

Millicom's five year unconditional call option to acquire the remaining 33.3% of the Honduran business, as extended by six months from 1 July 2015, expired unexercised on 31 December 2015, and accordingly the Honduran business was deconsolidated from 31 December 2015.

Similarly, Millicom's two year unconditional call option to acquire the remaining 45% of the Guatemalan business expired unexercised on 31 December 2015, and accordingly the Guatemala business was deconsolidated from 31 December 2015.

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

As a consequence, on 31 December 2015, Millicom deconsolidated its investments in Honduras and Guatemala operations and accounted for them under the equity method, initially at fair value of respectively $2.2 billion for Guatemala and $1.0 billion for Honduras, resulting in a loss on the deconsolidation of these businesses amounting to $391 million, including recycling of foreign currency exchange losses accumulated in equity of $192 million, which is recorded under "Other non-operating income (expenses), net". The fair values of the Honduras and Guatemala operations were determined based on a discounted cash flow calculation.

As from 31 December 2015 onwards, Millicom therefore jointly controls the Honduras and Guatemala operations and accounts for its investments in these operations under the equity method and thus will report its share of the net income of each of these businesses in the income statement in the caption "Income (loss) from joint ventures" starting 1 January 2016.

Lapse of the put options for both operations resulted in the extinguishment of both put option liabilities amounting to $2,135 million on 31 December 2015. The carrying values of both liabilities have been settled against the put option reserve within equity for $2,512 million (amount recognised at inception) and against retained profits for the residual difference of $(377) million.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.2.2. Honduras and Guatemala operations deconsolidation (continued)

Summarised financial information for the years ended 31 December 2015 and 2014 of the Guatemala and Honduras operations is as follows. This information is based on amounts before inter-company eliminations.

Guatemala(i) (US$ millions)	2015	2014
Revenue	**1,306**	1,247
Cost of sales	**(258)**	(236)
Gross profit	**1,048**	1,011
Operating expenses	**(396)**	(377)
Depreciation and amortisation	**(232)**	(226)
Other operating income (expenses), net	**(1)**	(2)
Operating profit	**419**	406
Financial income (expenses), net	**(64)**	(56)
Other non-operating income (expenses), net	**—**	12
Profit before taxes	**355**	362
Charge for taxes, net	**(77)**	(63)
Profit for the year	**278**	299
Net profit for the year attributable to the owners of Millicom	**130**	142
45% non-controlling interest in net profit	**(125)**	(135)
Consolidation adjustments	**(23)**	(22)
Non-controlling interest in net profit for Guatemala	**(148)**	(157)
Dividends and advances paid to non-controlling interest	**216**	284
Total Assets (excluding goodwill)	**2,939**	2,819
Total Liabilities	**1,287**	1,039
Net Assets (excluding goodwill)	**1,652**	1,780
Non-controlling interests in net assets	**n/a**	801
Consolidation adjustments	**n/a**	4
45% non-controlling interest in net assets	**n/a**	805
Net cash from operating activities	**525**	398
Net cash from (used in) investing activities	**(658)**	(682)
Net cash from (used in) financing activities	**195**	345
Exchange impact on cash and cash equivalents, net	**1**	2
Net increase (decrease) in cash and cash equivalents	**63**	63

(i) Includes all operations under the combined Guatemala group.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.2.2. Honduras and Guatemala operations deconsolidation (continued)

Honduras[i] (US$ millions)	2015	2014
Revenue	**649**	631
Cost of sales	**(159)**	(139)
Gross profit	**490**	492
Operating expenses	**(207)**	(195)
Depreciation and amortisation	**(124)**	(121)
Other operating income (expenses), net	**—**	(7)
Operating profit	**159**	169
Financial income/(expenses), net	**(22)**	(28)
Other non-operating income (expenses), net	**(45)**	(48)
Profit before taxes	**92**	93
Charge for taxes, net	**(51)**	(45)
Profit for the year	**41**	48
Net profit for the year attributable to the owners of Millicom	**21**	25
33.3% non-controlling interest in net profit	**(14)**	(16)
Consolidation adjustments	**(6)**	(7)
Non-controlling interest in net profit for Honduras	**(20)**	(23)
Dividends and advances paid to non-controlling interest	**42**	18
Total Assets (excluding goodwill)	**946**	953
Total Liabilities	**624**	616
Net Assets (excluding goodwill)	**322**	337
Non-controlling interests in net assets	**n/a**	112
Consolidation adjustments	**n/a**	11
33.3% non-controlling interest in net assets	**n/a**	123
Net cash from operating activities	**175**	136
Net cash from (used in) investing activities	**(180)**	(184)
Net cash from (used in) financing activities	**6**	33
Exchange impact on cash and cash equivalents, net	**—**	—
Net increase (decrease) in cash and cash equivalents	**1**	(15)

(i) Includes all operations under the combined Honduras group.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.2.2. Honduras and Guatemala operations deconsolidation (continued)

If the Honduras and Guatemala operations had been deconsolidated from 1 January 2014 (opening balance of the comparative period) and accounted for as joint ventures, the group key results and cash flows would have been as follows:

Summary Group Income Statement, financial position and cash flows with Guatemala and Honduras operations as joint ventures (US$ millions)

	2015	2014
Revenue	**4,775**	4,508
Cost of sales	**(1,437)**	(1,319)
Gross profit	**3,338**	3,189
Operating expenses	**(2,094)**	(2,026)
Depreciation and amortisation	**(966)**	(811)
Other operating income (expenses), net	**(65)**	(2)
Share of net profit in Guatemala and Honduras operations	**151**	167
Operating profit	**364**	517
Net financial expense	**(335)**	(320)
Other non-operating income (expenses), net	**(578)**	247
Revaluation of previously held interest	**—**	2,250
Income from joint ventures and associates, net	**100**	55
Profit (loss) before taxes	**(449)**	2,749
Charge for taxes, net	**(163)**	(149)
Profit (loss) for the year from discontinued operations, net of tax	**—**	21
Profit (loss) for the year	**(612)**	2,621
Non-controlling interests	**53**	22
Net profit (loss) for the year attributable to the owners of Millicom	**(559)**	2,643
Total Assets	**10,363**	10,850
Total Liabilities	**6,672**	8,033
Net Assets	**3,691**	2,817
Net cash from operating activities	**951**	924
Net cash from (used in) investing activities	**(406)**	590
Net cash from (used in) financing activities	**(285)**	(1,746)
Exchange impact on cash and cash equivalents, net	**(82)**	(31)
Net increase (decrease) in cash and cash equivalents	**178**	(263)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.2.2. Honduras and Guatemala operations deconsolidation (continued)

The assets and liabilities of the Guatemala and Honduras operations which have been deconsolidated on 31 December 2015 are as follows:

Summary statements of financial position of Guatemala and Honduras operations before deconsolidation on 31 December 2015 (US$ millions)	2015	
	Guatemala	Honduras
Assets		
Intangible assets, net (excluding goodwill)	**1,255**	**200**
Property, plant and equipment, net	**710**	**320**
Other non-current assets	**2**	**1**
Deferred taxes	**4**	**—**
Inventories, net	**22**	**10**
Trade receivables, net	**58**	**35**
Prepayments	**37**	**7**
Amounts due from related parties	**639**	**351**
Supplier advances	**31**	**1**
Other current assets	**22**	**8**
Restricted cash	**4**	**—**
Cash and cash equivalents	**155**	**13**
Total assets (excluding goodwill)	**2,939**	**946**
Liabilities		
Debt and financing	**(984)**	**(391)**
Deferred tax liabilities	**(2)**	**(60)**
Other non-current liabilities	**(25)**	**(10)**
Payables and accruals for capital expenditure	**(66)**	**(23)**
Other trade payables	**(40)**	**(10)**
Amounts due to related parties	**(20)**	**(11)**
Other current provisions and liabilities	**(150)**	**(119)**
Total liabilities	**(1,287)**	**(624)**
Net assets (excluding goodwill)	**1,652**	**322**

A.2.3. African Internet Holding

The summary statement of financial position and income statement of AIH were as follows:

Summary statement of financial position of AIH at 31 December (US$ millions)	2015(i)	2014
Total current assets	—	82
Total non-current assets	—	7
Total assets	—	89
Total current liabilities	—	39
Total non-current liabilities	—	1
Total liabilities	—	40
Total net assets	—	49
Millicom's carrying value of its investment in AIH	—	89

Share of net profit (loss) from AIH (US$ millions)	2015(i)	2014
Revenue	—	47
Operating expenses	—	(97)
Operating profit (loss)	—	(50)
Net profit (loss) for the year	—	(50)
Millicom's share of results from AIH	—	(16)

(i) During 2015, Millicom ceased to jointly control AIH following changes in shareholder rights. Hence AIH has been considered as an investment in an associate as of 31 December 2015 as further detailed in note A.3..

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.2.4. Emtel Mauritius

Disposal of interest in Emtel Limited Mauritius

On 15 July 2014 Millicom reached agreement to sell its 50% investment in Emtel Limited Mauritius to its partner in Mauritius. Prior to the sale the carrying value of Millicom's investment in Emtel Limited Mauritius was $29 million.

As a result of these dilutions and disposals, including the disposal of ATC B.V (see note A.3.2.), Millicom received $175 million in cash and recorded a gain on sale of $73 million under "Income (loss) from joint ventures and associates, net".

A.3. Investments in associates

Millicom's investments in associates mainly represent its shareholding in Helios Towers Africa Ltd (HTA) and its investments in the African and Latin American online businesses (AIH and LIH). Millicom has significant influence over these companies but not control or joint control.

Our main associates are as follows:

Entity	Country	Activity(ies)	31 December 2015 % Holding	31 December 2014 % Holding
Africa				
Helios Towers Tanzania(i)	Tanzania	Tower infrastructure rental	**—**	24.5
Helios Towers DRC(i)	DRC	Tower infrastructure rental	**—**	40.0
Helios Towers Ghana(i)	Ghana	Tower infrastructure rental	**—**	40.0
Helios Towers Africa Ltd (HTA)(i)	Mauritius	Holding of Tower infrastructure company	**28.25**	—
Africa Internet Holding GmbH (AIH)(ii)	Germany	Online marketplace, retail and services	**33.33**	—
Latin America				
MKC Brillant Services GmbH (LIH)	Germany	Online marketplace, retail and services	**35.0**	35.0
Unallocated				
Milvik AB	Sweden	Other	**26.75**	27.02

(i) On 7 October 2015, Millicom and HTA signed an agreement whereby Millicom owns 28.25% of shares in HTA (24.4% on a fully diluted basis) following a shareholding exchange. As a result, shares held by Millicom in HTA's tower companies in Ghana, DRC and Tanzania have been exchanged for shares in HTA (see note A.3.2.).

(ii) During 2015, Millicom ceased to jointly control AIH following changes in AIH shareholder rights. Hence AIH has been considered as an investment in associate as of 31 December 2015.

At 31 December 2015 the carrying value of Millicom's main associates was as follows:

Carrying value of investments in associates at 31 December (US$ millions)	2015	2014
MKC Brillant Services GmbH (LIH)	**99**	134
African Internet Holding GmbH (AIH)	**36**	—
Helios Tower Companies (DRC, Tanzania and Ghana)	**—**	46
Helios Towers Africa Ltd (HTA)	**215**	—
Milvik AB	**12**	5
Other	**1**	—
Total	**363**	185

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.3. Investments in associates (continued)

The summarised financial information for the Group's main material associates is provided below.

Summary of statement of financial position of other associates at 31 December (US$ millions)	2015	2014
Total current assets	400	198
Total non-current assets	1,427	448
Total assets	1,827	646
Total current liabilities	252	126
Total non-current liabilities	530	332
Total liabilities	782	458
Total net assets	1,045	188
Millicom's carrying value of its investment in other associates	363	185

Share of net profit (loss) from other associates (US$ millions)	2015	2014
Revenue	237	320
Operating expenses	(420)	(343)
Operating profit (loss)	(183)	(23)
Net profit (loss) for the year/investment period	(143)	(143)
Millicom's share of results from associates	(47)	(34)

A.3.1. Accounting for Investments in Associates

The Group accounts for associates in the same way as it accounts for joint ventures.

A.3.2. Acquisitions and disposals of interests in associates

Africa Internet Holding GmbH (AIH)

AIH indirectly owns a number of companies that provide online services and online marketplaces in certain countries in Africa. These companies are subsidiaries of Africa e-Commerce Holding ("AEH"), which is held by AIH. AIH is jointly owned by Millicom, Mobile Telephone Networks Holdings (Pty) Limited ("MTN"), and Rocket with each holding 33.33% interests.

Changes in ownership and accounting for AIH

Millicom's initial investment in AIH on 1 September 2012 was 20% and, as at that date Millicom had unconditional options to acquire the remaining shares in three steps from Rocket Internet GmbH ("Rocket"), AIH was fully consolidated from that date. At that time Millicom had no control over AEH which was accounted for as an investment in an associate. On 1 April 2013 AIH reached an agreement with a minority shareholder and gained control of AEH. AEH was consolidated by Millicom from that date.

On 13 December 2013 Millicom, Rocket and MTN signed an agreement whereby MTN would invest in AIH such that each of the three parties would own a 33.33% interest and together jointly control AIH, subject to anti-trust and requisite clearances.

Under this agreement Millicom's options to acquire the remaining shares in AIH ended and Millicom deconsolidated AIH at the end of 2013 and accounted for AIH as an investment in an associate. By 25 June 2014 the requisite clearances had been obtained and Millicom's stake increased from 20% to 33% for which it paid Euro 35 million in 2014 and 2015. Millicom accounted for AIH as a joint venture from that date. MTN acquired its 33.3% stake by cash investment in new shares at a price equivalent to 20% more than the price paid Millicom.

A new funding round was signed late December 2015 and February 2016, in which Millicom did not participate but kept total amount invested at Euro 70 million. As a result of this transaction, the shareholding of Millicom in AIH will reduce from 33% to 14%. This will trigger the recognition of a dilution gain in the income statement at the time the commitments are paid, the new shares are issued and the transactions are approved by the relevant regulatory bodies.

Additionally, following changes in AIH governance which took place in 2015 and as foreseen in the shareholders' agreement, Millicom lost its joint control but retains a significant influence over AIH – Millicom keeps one Board representative who will continue to participate in the decision making process of AIH. Therefore, at 31 December 2015, the investment in AIH is accounted for as an associate using the equity method of accounting.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.3.2. Acquisitions and disposals of interests in associates (continued)

Millicom investment in African towers company, Helios Towers Africa

On 7 October 2015, Millicom and Helios Towers Africa ("HTA") signed an agreement whereby Millicom owns 28% of shares in HTA (24% on a fully diluted basis) following a shareholding exchange.

Millicom has exchanged shares which were previously held in HTA's tower companies in Ghana, DRC and Tanzania, into shares in HTA's parent company and retains significant influence over HTA.

This transaction simplified the share ownership structure of HTA, aligned interest among shareholders and moved Millicom's shareholding to the parent company of HTA. The exchange of shares, which has commercial substance in accordance with IAS 28 and IAS 16, has resulted in the Group recognising its investment in HTA at fair value and hence a gain on disposal of its investments in the different tower companies of $147 million under "Income (loss) from joint ventures and associates, net".

Control over MKC Brillant Services GmbH ("LIH") ended on 20 January 2014

In September 2012 Millicom acquired a 20% interest in MKC Brillant Services GmbH ("Latin America Internet Holding" or "LIH") and unconditional options to acquire the remaining shares in three steps, from Rocket Internet GmbH ("Rocket"). LIH was consolidated from that date.

On 20 January 2014 Millicom amended its investment agreement with Rocket regarding its call options. The amendment restricted Millicom's ability to exercise its third call 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 20 January 2014 Millicom no longer had the ability to exercise its options to acquire a controlling stake in LIH, and deconsolidated LIH. Millicom's investment was 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 recognised as a result of the loss of control.

In February 2014 Millicom exercised its first option raising its stake from 20% to 35% with the purchase price of Euro 50 million paid during the year. On 17 September 2014 the investment and shareholder agreements were further amended whereby Millicom's options to increase its shareholding from 35% to 50%, and to acquire the remaining 50% of LIH have been cancelled. As a result, as of 31 December 2014 and 2015, Millicom owns 35% of LIH.

During 2015, LIH contributed its investments in its operating subsidiaries Kanui and Tricae to Global Fashion Group in a share for share transaction, recognizing a net gain of $11 million (Millicom's share). Global Fashion Group is partly owned by Rocket Internet and Kinnevik. LIH's shareholding in Global Fashion Group was determined from the relative value of Kanui and Tricae and the post-merger value of Global Fashion Group.

During March 2015, LIH disposed of its interest in HelloFood and LIH declared a Euro 8 million dividend to Millicom, which had been received by 31 December 2015.

Sale of ATC BV

During 2014 Millicom's stake in ATC BV was diluted from 40% to 18.2% and in July 2014 Millicom sold its 18.2% stake to American Tower. Prior to the sale the carrying value of Millicom's investment in ATC BV was $73 million. As a result of these dilutions and disposals, including the disposal of Emtel (see note A.2.3.), Millicom received $175 million in cash and recorded a gain on sale of $73 million under "Income (loss) from joint ventures and associates, net".

A.4. Discontinued Operations

A.4.1. Classification of Discontinued Operations

Discontinued operations are those which have identifiable operations and cash flows (for both operating and management purposes) and represent a major line of business or geographic area which has been disposed of, or are held for sale. Revenue and expenses associated with discontinued operations are presented retrospectively in a separate line in the consolidated income statement. Millicom considers that the loss of path to control of operations by the termination of a contractual arrangement (e.g. termination without exercise of an unconditional call option agreement giving path to control) does not require presentation as a discontinued operation.

A.4.2. Millicom's Discontinued Operations

During 2014 as a result of an amendment to the shareholders' agreement, Millicom deconsolidated LIH (previously reported in the South America segment) and therefore completed its discontinuation of the online business (after deconsolidation of AIH in December 2013).

Consequently, and following the deconsolidation of AIH in December 2013, the results of these online businesses were classified as discontinued operations.

Results from Discontinued Operations (US$ millions)	2014
Revenue	4
Operating expenses	(6)
Operating losses	(2)
Gain on deconsolidation	23
Net profit (loss) from discontinued operations	21

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

A.4.2. Millicom's Discontinued Operations (continued)

Cash Flows from Discontinued Operations (US$ millions)	2014
Cash used in operating activities, net	(2)
Cash used in investing activities, net	—
Cash provided by financing activities, net	—

B. Performance

B.1. Revenue

Millicom's revenue comprises sale of services from its mobile, cable & digital media, and mobile financial services businesses, as well as related devices and equipment. Recurring revenue consists of monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value added services.

Revenue from continuing operations by business unit (US$ millions)	2015	2014
Mobile	**4,388**	4,743
Cable & Digital Media	**1,592**	970
Mobile Financial Services	**125**	113
Telephone and equipment and other	**625**	560
Total	**6,730**	6,386

Revenue from continuing operations by country or operation (US$ millions)	2015	2014
Colombia(i)	**1,982**	1,671
Guatemala	**1,306**	1,247
Paraguay	**673**	767
Honduras	**649**	631
Bolivia	**531**	488
El Salvador	**448**	443
Tanzania	**358**	368
Chad	**152**	180
Costa Rica	**151**	138
Ghana	**135**	146
Other countries(ii)	**345**	307
Total	**6,730**	6,386

(i) In 2014 includes UNE only for the period from 14 August 2014 to 31 December 2014.
(ii) Including Zantel from 22 October 2015 to 31 December 2015.

B.1.1. Accounting for Revenue

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of good and services, net of value added tax, rebates and discounts and after eliminating intra-group sales. Generally this is the value of the invoice to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Generally this occurs when the service has been provided to the customer, or when the related equipment is delivered or passed to the customer.

Recurring revenue is recognised on an accrual basis, i.e. as the related services are rendered. Unbilled revenue for airtime and data usage and subscription fees resulting from services provided from the billing cycle date to the end of each month are estimated and recorded.

Subscription product and service revenue is deferred and recognised over subscription period. Related costs are deferred and recognised over the same period.

Where customers purchase a specified amount of airtime or other credit in advance, revenue is recognised as the credit is used. Unused credit is carried in the statement of financial position as deferred revenue within "other current liabilities".

Revenue from the sale of handsets and accessories are recognised when the significant risks and rewards of ownership of handsets and accessories have been passed to the buyer.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.1.1. Accounting for Revenue (continued)

Bundled offers such as various services sold together, are divided into separate units of accounting if the products and services in the bundle meet certain criteria. The price paid by the customer is then allocated among the separate products and services based on their relative fair values or using the residual method. Revenue is then recognised separately for each product and service.

Revenue from content services such as video messaging, ringtones, games, music, eBooks etc., are recognised net of payments to the content providers under certain conditions. These include whether the providers are responsible for the content, determining the price paid by the customer, and where the provider assumes the credit risk. For such services the Group is considered to be acting in substance as an agent. Other revenue is recognised on a gross basis with any third party costs recognised as cost of sales and services.

Revenue from provision of mobile financial services is recognised once the primary service has been provided to the customer.

Revenue from sale of capacity is recognised when the capacity has been delivered to the customer, based on the amount expected to be received from the customer.

Revenue from operating lease of tower space is recognised over the period of the underlying lease contracts. Finance lease revenue is apportioned between lease of tower space and interest income.

B.2. Expenses

The cost of sales and operating expenses incurred by the Group can be summarised as follows:

Cost of sales (US$ millions)	**2015**	2014
Direct costs of services sold	**(1,207)**	(1,141)
Cost of telephone, equipment and other accessories	**(507)**	(479)
Bad debt and obsolescence costs	**(140)**	(74)
Cost of sales	**(1,854)**	(1,694)

Operating expenses (US$ millions)	**2015**	2014
Marketing expenses	**(833)**	(929)
Network maintenance costs	**(358)**	(336)
Employee related costs (B.4.)	**(654)**	(607)
External and other services	**(346)**	(301)
Rentals and operating leases	**(193)**	(180)
Other operating expenses	**(318)**	(248)
Other operating income	**4**	2
Operating expenses, net	**(2,698)**	(2,599)

B.2.1. Accounting for Cost of Sales and Operating Expenses

Cost of Sales

Cost of sales is recorded on an accrual basis.

Customer Acquisition Costs

Specific customer acquisition costs, including dealer commissions and handset subsidies, are charged to marketing expenses when the customer is activated.

Operating leases

Operating leases are all leases that do not qualify as finance leases. Operating lease payments are recognised as expenses in the consolidated income statement on a straight-line basis over the lease term.

B.3. Segmental information

Management determines operating and reportable segments based on the reports that are used by the Chief Operating Decision Maker (“CODM”) to make strategic and operational decisions from both a business and geographic perspective. The Group’s risks and rates of return for its operations are predominantly affected by operating in different geographical regions. The Group has businesses in three regions: Central America, South America and Africa. In 2015, the Group has reviewed the presentation of the segment information and introduced EBITDA in it as it represents a key performance indicator reviewed by the CODM.

The deconsolidation of Honduras and Guatemala (note A.2.2.) did not impact our internal reporting for management purposes and therefore has not changed our segmental reporting.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.3. Segmental information (continued)

Year ended 31 December 2015 (US$ millions)	Central America	South America	Latin America	Africa	Unallocated	Continuing Operations	Eliminations	Total
Revenue	**2,555**	**3,185**	**5,740**	**987**	**3**	**6,730**	**—**	**6,730**
Operating profit (loss)	**691**	**418**	**1,109**	**(113)**	**(205)**	**791**	**—**	**791**
Add back:								
Depreciation and amortization	**463**	**624**	**1,087**	**230**	**4**	**1,321**	**—**	**1,321**
Other operating income (expenses), net	**2**	**5**	**7**	**56**	**3**	**66**	**—**	**66**
EBITDA(i)	**1,156**	**1,047**	**2,203**	**173**	**(198)**	**2,178**	**—**	**2,178**
Capital expenditure(iv)	**(364)**	**(633)**	**(997)**	**(207)**	**8**	**(1,196)**	**—**	**(1,196)**
Changes in working capital and others	**113**	**(95)**	**18**	**(14)**	**77**	**81**		
Taxes paid	**(155)**	**(75)**	**(230)**	**(16)**	**(6)**	**(252)**		
Operating free cash flow(ii)	**750**	**244**	**994**	**(64)**	**(119)**	**811**		
Total Assets(iii)	**6,680**	**3,886**	**10,566**	**1,979**	**2,044**	**14,589**	**(4,226)**	**10,363**
Total Liabilities	**2,307**	**2,821**	**5,128**	**2,279**	**2,769**	**10,176**	**(3,504)**	**6,672**

Year ended 31 December 2014 (US$ millions)(vi)	Central America	South America	Latin America	Africa	Unallocated	Continuing Operations	Disc Ops(v)	Eliminations	Total
Revenue	2,460	2,926	5,386	1,000	—	6,386	4	—	6,390
Operating profit (loss)	687	529	1,216	(32)	(260)	924	(3)	—	921
Add back:									
Depreciation and amortization	450	446	896	257	5	1,158	—	—	1,158
Other operating income (expenses), net	16	4	20	(6)	(3)	11	—	—	11
EBITDA(i)	1,153	979	2,132	219	(258)	2,093	(3)	—	2,090
Capital expenditure(iv)	(432)	(502)	(934)	(333)	(25)	(1,292)	—	—	(1,292)
Changes in working capital and others	65	—	65	107	(93)	79			
Taxes paid	(188)	(107)	(295)	(25)	(60)	(380)			
Operating free cash flow(ii)	598	370	968	(32)	(436)	500			
Total Assets(iii)	7,284	4,632	11,916	1,638	1,497	15,051	—	(1,633)	13,418
Total Liabilities	2,366	2,918	5,284	2,034	4,117	11,435	—	(1,747)	9,688

(i) EBITDA is used by the management to monitor the segmental performance and for capital management.
(ii) Operating free cash flow by segment includes share-based compensation as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.
(iv) Including spectrum and licenses of $47 million (2014; $88 million).
(v) Discontinued operations represent LIH.
(vi) Represented to align it with 2015 presentation.

B.4. People

Average number of permanent employees	2015	2014
Continuing operations (including Guatemala, Honduras and UNE – excluding Zantel)	**15,956**	12,206
Discontinued operations	**—**	2,815
Total	**15,956**	15,021

(US$ millions)	Note	2015	2014
Wages and salaries		**(475)**	(438)
Social security		**(69)**	(56)
Share based compensation	B.4.1.	**(19)**	(22)
Pension and other long-term benefit costs	B.4.3.	**(20)**	(12)
Other employee related costs		**(71)**	(79)
Total		**(654)**	(607)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.4.1. Share based compensation

Millicom shares granted to management and key employee compensation includes share based compensation in the form of long-term share incentive plans. Since 2015, Millicom has four types of plans, a deferred share plan, a performance share plan, an executive share plan and the sign-on CEO share plan. Up until this year, Millicom had two types of plan, a future performance plan and a deferred share plan. The different plans are further detailed below.

Cost of share based compensation (US$ millions)	2015	2014
2012 incentive plans	—	(4)
2013 incentive plans	2	(7)
2014 incentive plans	(6)	(11)
2015 incentive plans	(15)	—
Total share based compensation	**(19)**	(22)

Deferred Share Plan (unchanged from 2014)

For the deferred awards plan, participants are granted shares based on past performance, with 16.5% of the shares vesting on 1 January of each of year 1 and 2, and the remaining 67% on 1 January of year 3. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date. The cost of this long-term incentive plan, which is not conditional on market conditions, is calculated as follows:

Fair value (share price) of Millicom's shares on grant date x number of shares expected to vest.

Future Performance Share plan (replaced by the Performance Share Plan as from 2015)

For the future performance plan, participants earn the right to receive shares on the third anniversary of the grant date. The right and the number of shares that vest are conditional 50% based on Return on Capital Investment (ROIC) and 50% based on EPS and upon the participant remaining employed with Millicom at the vesting date. The cost of this long-term incentive plan, which is not conditional on market conditions, is calculated in the same way as the deferred share plan above.

Sign-on CEO Share Plan (new – one off)

As part of his employment contract Millicom CEO (from 1 April 2015) received a sign-on grant of 77,344 shares. Vesting is conditional, among other conditions, on the CEO not being dismissed for cause. The cost of this long-term incentive plan, which is not conditional on market conditions, is calculated in the same way as the deferred share plan above. The expense for this plan has been taken in full during 2015.

Performance Share Plan (new 2015)

Under this plan, shares granted will vest at the end of the three year period, subject to performance conditions, 62.5% based on Absolute Total Shareholder Return ("TSR") and 37.5% based on actual vs budgeted EBITDA – CAPEX – Change in Working Capital ("Free Cash Flow"). As the TSR measure is a market condition, the fair value of the shares in the performance share plan requires adjustment for future market based conditions.

For this, a specific valuation has been performed at grant date based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions.

The free cash flows ("FCF") condition is a non-market measure which has been considered together with the leaving estimate and based initially on a 100% fulfilment expectation. The reference share price for 2015 Performance Share Plan is the same share price as the share price as the Deferred Share Plan.

Executive Share Plan (new 2015)

Under this plan, shares were granted to the CEO and CFO based on an allocated holding of 3,333 (CEO) and 2,000 (CFO) shares for which vesting occurs based on 3 components at multipliers based on market conditions (a TSR for Component A and B) and performance conditions (on actual vs budgeted Free Cash Flow for Component C). The maximum number of shares that might vest under the plan is 26,664 (CEO) and 14,000 (CFO). Subject to the vesting criteria, shares under this plan will vest at the end of a three year period.

Similarly to the Performance Share Plan, a specific valuation has been performed based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions. The FCF condition being a non-market measure, it has been considered together with the leaving estimate and based initially on a 100% fulfilment expectation. Therefore the reference share price is the share price on the date that the CEO and the CFO agreed to the Executive Share Plan.

For the Performance Share Plan and the Executive Share Plan, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at grant date.

Assumptions and fair value of the shares under the TSR portion	Risk-free rate	Dividend yield	Share price volatility[(i)]	Award term (years)	Share fair value (in USD)
Performance Share Plan 2015	(0.32)%	2.78%	23%	2.57	32.87
Executive Share Plan 2015 – Component A	(0.32)%	N/A	23%	2.57	53.74
Executive Share Plan 2015 – Component B	(0.32)%	N/A	23%	2.57	29.53

(i) Historical volatility was determined on the basis of a 3 year historic average.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.4.1. Share based compensation (continued)

The cost of the long-term incentive plans which are conditional on market conditions is calculated as follows:

Fair value (market value) of shares on grant date (as calculated above) x number of shares expected to vest.

The cost of these plans is recognised, together with a corresponding increase in equity (share compensation reserve), over the period in which the performance and/or employment conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. Adjustments are made to the expense recorded for forfeitures, mainly due to management and employees leaving Millicom.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. These are treated as vested regardless of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified.
In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

	2015 Plans				2014 Plans		2013 Plans		2012 Plans	
Plan awards and shares expected to vest (number of shares)	**Performance Plan**	**Executive Plan**	**CEO Plan**	**Deferred Plan**	Future Plan	Deferred Plan	Future Plan	Deferred Plan	Future Plan	Deferred Plan
Initial shares granted	**98,137**	**40,664**	**77,344**	**237,620**	164,015	219,767	173,586	208,979	105,284	161,798
Additional shares granted(i)	**—**	**—**	**—**	**—**	—	—	13,453	4,165	3,763	5,995
Total shares granted	**98,137**	**40,664**	**77,344**	**237,620**	164,015	219,767	187,039	213,144	109,047	167,793
Revision for forfeitures	**(18,386)**	**—**	**—**	**(16,294)**	(115,464)	(63,445)	(151,967)	(76,085)	(69,062)	(54,645)
Total before issuances	**79,751**	**40,664**	**77,344**	**221,326**	48,551	156,322	35,072	137,059	39,985	113,148
Shares issued in 2013	**—**	**—**	**—**	**—**	—	—	—	—	—	(23,893)
Shares issued in 2014	**—**	**—**	**—**	**—**	—	—	—	(31,977)	—	(19,947)
Shares issued in 2015	**—**	**—**	**—**	**—**	—	(32,555)	—	(25,889)	(39,985)	(66,444)
Performance conditions	**—**	**—**	**—**	**—**	—	—	—	—	—	—
Shares expected to vest	**79,751**	**40,664**	**77,344**	**221,326**	48,551	125,074	35,072	79,193	n/a	n/a
Estimated cost over the vesting period (US$ millions)	**4**	**2**	**6**	**15**	5	16	3	13	n/a	n/a

(i) Additional shares granted include new joiners and consideration for the impact of special dividends paid in 2012.

B.4.2. Share Options

Prior to 2006, Millicom granted options to directors, senior executives, officers and selected employees. The exercise price of the granted options was equal to or higher than the market price of the shares on the date of grant. The options were conditional on the employee or director completing one to five years of service (the vesting period) and were exercisable starting from one year to five years from the grant date. Shares issued from exercise of share options have the same rights as common shares.

By 31 December 2015 all share options had been exercised. The cost of share options was recorded in the exercise periods (until and prior to 2011).

	2015		2014	
Movements in Share Options	**Average exercise price in US$ per share**	**Number of options**	Average exercise price in US$ per share	Number of options
Outstanding at beginning of the year	**22.55**	**45,000**	22.55	45,000
Expired or forfeited	**—**	**—**	—	—
Exercised		**(45,000)**	—	—
Outstanding and exercisable at end of year	**—**	**—**	22.55	45,000

B.4.3. Pension and other long term employee benefit plans

Pension Plans

The pension plans apply to employees who meet certain criteria (including years of service, age and participation in collective agreements).

Pension and other similar employee related obligations can result from either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity No further payment obligations exist once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as assets to the extent that a cash refund or a reduction in future payments is available.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.4.3. Pension and other long term employee benefit plans (continued)

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on maturities of the related pension liability.

Re-measurement of net defined benefit liabilities are recognised in other comprehensive income and not reclassified to the income statement in subsequent years.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit asset/liability

Long-Service Plans

Long-service plans apply to employees with more than five years of service whereby additional bonuses are paid to employees that reach each incremental length of service milestone (from five to 40 years).

Termination Plans

The Group's Colombian subsidiary UNE has a number of employee defined benefit plans. The level of benefits provided under the plans depends on collective employment agreements and Colombian labour regulations. There are no defined assets related to the plans, and UNE make payments to settle obligations under the plans out of available cash balances.

At 31 December 2015, the defined benefit obligation liability amounted to $37 million (2014: $53 million and payments expected in the plans in future years totals $92 million (2014: $104 million). The average duration of the defined benefit obligation at 31 December 2015 is 8 years (2014: 8 years). The termination plans apply to employees that joined UNE prior to 30 December 1996. The level of payments depends on the number of years in which the employee has worked before retirement or termination of their contract with UNE.

Other than the UNE pension plan described above, there are no other significant defined benefits plans in the Group.

B.4.4. Directors' and Executive Management

The remuneration of the members of the Board of Directors comprises an annual fee and shares. Director remuneration is proposed by the Nomination Committee and approved by the shareholders at the Annual General Meeting of Shareholders (the "AGM").

Remuneration charge for the Board (US$ thousands)	**2015**	2014
Chairperson	**180**	215
Other members of the Board(i)	**878**	983
Total(ii)	**1,058**	1,198

(i) In addition, $62,700 (EUR 57,000) each was paid to 3 directors for their work on the special committee.
(ii) Cash compensation converted from SEK to USD at exchange rates on payments dates each year. Share based compensation based on the market value of Millicom shares on the 2015 AGM date (in total 5,883 shares). Net remuneration comprised 38% in shares and 62% in cash (SEK) (2014: 56% in shares and 44% in cash).

Shares beneficially owned by the Directors (number of shares)	**2015**	2014
Chairperson	**80,645**	35,658
Other members of the Board	**17,013**	16,411
Total	**97,658**	52,069

The remuneration of executive management of Millicom comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. Bonus and share based compensation plans (see note B.4.1.) are based on actual and future performance. Share based compensation is granted once a year by the Compensation Committee of the Board.

If the employment of Millicom's senior executives is terminated, severance of up to 12 months' salary is potentially payable.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.4.4. Directors' and Executive Management (continued)

The annual base salary and other benefits of the Chief Executive Officer ("CEO") and the Executive Vice Presidents ("Executive Team") is proposed by the Compensation Committee and approved by the Board.

Remuneration charge for the Executive Team (US$ thousands)	CEO	Former CEO	CFO	Executive Team (10 members)
2015				
Base salary	**750**	**304**	**989**	**3,721**
Bonus	**1,006**	**—**	**1,206**	**1,870**
Pension	**113**	**—**	**95**	**671**
Other benefits	**11**	**—**	**14**	**1,085**
Termination benefits	**—**	**2,854**	**—**	**682**
Total before share based compensation	**1,880**	**3,158**	**2,304**	**8,029**
Share based compensation in respect of 2015 LTIP(i)(ii)	**7,501**	**—**	**1,051**	**3,823**
Total	**9,381**	**3,158**	**3,355**	**11,852**

Remuneration charge for the Executive Team (US$ thousands)	Former CEO	CFO	Executive Team (8 members)
2014			
Base salary	2,344	420	4,111
Bonus	—	528	2,535
Pension	586	65	490
Other benefits	752	76	1,716
Termination benefits	—	—	1,409
Total before share based compensation	3,682	1,089	10,261
Share based compensation in respect of 2014 LTIP(i)(ii)	—	—	3,927
Total	3,682	1,089	14,188

(i) See note B.4.1.
(ii) Share awards of 104,008 and 64,930 were granted in 2015 under the 2015 LTIPs to the CEO, and Executive Team. Share awards of 54,684 were granted in 2014 under the 2014 LTIPs to the Executive Team. Share awards of 62,437 were granted in 2014 to the former CEO. These share awards have been forfeited during the year.

Shares and unvested share awards beneficially owned by the Executive Team (number of shares)	CEO	Executive Team	Total
2015			
Shares	**—**	**11,714**	**11,714**
Share awards not vested	**104,008**	**82,823**	**186,831**
2014			
Shares	n/a	23,689	23,689
Share awards not vested	n/a	103,669	103,669

B.5. Other non-operating (expenses) income, net

US$ millions	Year ended 31 December 2015	Year ended 31 December 2014
Change in carrying value / lapse of put options (see note C.6.3.)	**125**	307
Change in carrying value / lapse of call options (see note C.6.3.)	**(71)**	46
Change in fair value of derivatives (see note D.1.2.)	**32**	21
Exchange losses, net	**(304)**	(175)
Loss on deconsolidation of Honduras and Guatemala, including recycling of foreign currency exchange losses accumulated in equity (see note A.2.2.)	**(391)**	—
Other non-operating income (expenses), net	**(15)**	12
Total	**(624)**	211

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015 (continued)

B.5. Other non-operating (expenses) income, net (continued)
Foreign exchange gains and losses
Transactions denominated in a currency other than the functional currency are translated into the functional currency using exchange rates prevailing on transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and on translation of monetary assets and liabilities denominated in currencies other than the functional currency at year-end exchange rates, are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges.

B.6. Taxation
B.6.1. Income tax expense
Tax mainly comprises income taxes of subsidiaries and withholding taxes on intragroup dividends and royalties for use of Millicom trademarks and brands. Millicom operations are in jurisdictions with income tax rates of 10% to 40% levied on either revenue or profit before income tax (2014: 10% to 40%). Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

Income tax charge (US$ millions)	**2015**	2014
Income tax (charge) credit:		
Withholding tax	**(76)**	(79)
Other income tax relating to the current year	**(216)**	(213)
	(292)	(292)
Adjustments in respect of prior years	**8**	—
	(284)	(292)
Deferred tax (charge) credit:		
Origination and reversal of temporary differences	**111**	123
Effect of change in tax rates	**(14)**	—
	97	123
(Increase) decrease in unrecognised deferred tax assets	**(93)**	(87)
	4	36
Adjustments in respect of prior years	**(11)**	—
	(7)	36
Tax (charge) credit on continuing operations	**(291)**	(256)
Tax (charge) credit on discontinuing operations	**—**	—
Total tax (charge) credit	**(291)**	(256)

Reconciliation between the tax expense and tax at the weighted average statutory tax rate is as follows:

	2015			2014		
Income tax calculation (US$ millions)	**Continuing Operations**	**Discont'd Operations**	**Total**	Continuing Operations	Discont'd Operations	Total
Profit (loss) before tax	**(153)**	**—**	**(153)**	3,036	21	3,057
Tax at the weighted average statutory rate	**86**		**86**	(822)	(6)	(828)
Effect of:						
Items taxed at a different rate	**21**	**—**	**21**	10	—	10
Change in tax rates on deferred tax balances	**(15)**		**(15)**	—	—	—
Expenditure not deductible and income not taxable	**(241)**		**(241)**	761	6	767
Unrelieved withholding tax	**(76)**	**—**	**(76)**	(79)	—	(79)
Accounting for associates and joint ventures	**23**		**23**	—	—	—
Movement in deferred tax on unremitted earnings	**7**		**7**	(1)	—	(1)
Unrecognised deferred tax assets	**(127)**	**—**	**(127)**	(125)	—	(125)
Recognition of previously unrecognised deferred tax assets	**34**		**34**	—	—	—
Adjustments in respect of prior years	**(3)**	**—**	**(3)**			
Total tax (charge) credit	**(291)**	**—**	**(291)**	(256)	—	(256)
Weighted average statutory tax rate	**56.2%**	**—**	**56.2%**	27.1%	—	27.1%
Effective tax rate	**(190.2%)**	**—**	**(190.2%)**	8.4%		8.4%

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.6.2. Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

B.6.3. Deferred tax

Deferred tax is calculated using the liability method on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable profit or loss.

Deferred tax assets are recognised for all temporary differences including unused tax credits and tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except where the deferred tax assets relate to deductible temporary differences from initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting, nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize them. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent it is probable that future taxable profit will enable the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realized or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax (US$ millions)(i)	Fixed Assets	Unused tax losses	Unremitted earnings	Other	Offset	Total
Balance at 1 January 2014	(127)	198	(28)	86	—	129
Acquisitions	(7)	—	—	(1)		(8)
Disposals	—	—	—	—		—
Transfers to Assets Held for Sale	—	—	—	—		—
(Charge)/credit to income statement	29	(45)	5	47		36
(Charge)/credit to other comprehensive income	—	—	—	—		—
Exchange differences	(35)	—	—	(12)		(47)
	(140)	153	(23)	120		110
Deferred tax assets	—	153	—	120	21	294
Deferred tax liabilities	(140)	—	(23)	—	(21)	(184)
Balance at 31 December 2014	(140)	153	(23)	120		110
Acquisitions	—	—	—	—		—
Effect of deconsolidation	55	—	—	2		57
Adjustments to goodwill	—	—	—	—		—
Transfers to Assets Held for Sale	—	—	—	—		—
(Charge)/credit to income statement	38	(45)	6	(6)		(7)
(Charge)/credit to other comprehensive income	—	—	—	—		—
Exchange differences	22	(21)	1	(24)		(22)
	(25)	87	(16)	92		138
Deferred tax assets	81	87	—	108	(88)	188
Deferred tax liabilities	(106)	—	(16)	(16)	88	(50)
Balance at 31 December 2015	**(25)**	**87**	**(16)**	**92**	**—**	**138**

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

The Group historically recognised a deferred tax asset of $70 million on the tax losses of the Company. Based on re-assessment made during Q4 2015, management concluded that the deferred tax asset can no longer be supported and it has been reversed during Q4. There is no cash tax impact and this treatment does not impact the availability of the tax losses in the future.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

B.6.3. Deferred tax (continued)

Deferred tax assets have not been recognised in respect of the following deductible temporary differences:

Unrecognised deferred tax assets(US$ millions)	Fixed Assets	Unused tax losses	Other	Total
At 31 December 2015	**77**	**2,709**	**60**	**2,846**
At 31 December 2014	—	2,333	—	2,333

Unrecognised loss carryforwards expire as follows:

Unrecognised tax losses related to continuing operations (US$ millions)	2015	2014
Expiry:		
Within one year	**152**	—
Within one to five years	**282**	203
No expiry	**2,275**	2,130
Total	**2,709**	2,333

At 31 December 2015, Millicom had $921 million of unremitted earnings of Millicom operating subsidiaries for which no deferred tax liabilities were recognised (2014: $1,254 million).

B.7. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive potential shares.

Net profit (loss) used in the earnings per share computation (US$ millions)	2015	2014
Basic and Diluted:		
Net profit (loss) attributable to equity holders from continuing operations	**(559)**	2,622
Net profit (loss) attributable to equity holders from discontinued operations	**—**	21
Net profit (loss) attributable to all equity holders to determine the basic earnings per share	**(559)**	2,643

Weighted average number of shares in the earnings per share computation (thousands of shares)	2015	2014
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**100,144**	99,983
Potential incremental shares as a result of share options	**10**	34
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	**100,154**	100,017

C. Capital structure and financing

C.1. Share capital, share premium and reserves

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where any Group company purchases the Company's share capital, the consideration paid including any directly attributable incremental costs is shown under "Treasury shares" and deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects is included in equity attributable to the Company's equity holders.

Share capital, share premium	2015	2014
Authorized and registered share capital (number of shares)	**133,333,200**	133,333,200
Subscribed and fully paid up share capital (number of shares)	**101,739,217**	101,739,217
Par value per share	**$1.50**	$1.50
Share capital ($ millions)	**153**	153
Share premium ($ millions)	**486**	486
Total ($ millions)	**639**	639

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.1. Share capital, share premium and reserves (continued)

Put Option Reserve	Note	2015	2014
Honduras put option	C.6.3.	—	(737)
Guatemala put option	C.6.3.	—	(1,775)
Total		**—**	(2,512)

Other Equity Reserves (US$ millions)[(i)]	Legal reserve	Equity settled transaction reserve	Hedge reserve	Currency translation reserve	Pension obligation reserve	Total
As of 31 December 2013	16	37	1	(239)	—	(185)
Share based compensation	—	22	—	—	—	22
Issuance of shares – 2011, 2012, 2013 LTIPs	—	(15)	—	—	—	(15)
Remeasurements of post-employment benefit obligations	—	—	—	—	1	1
Cash flow hedge reserve movement	—	—	1	—	—	1
Currency translation movement	—	—	—	(213)	—	(213)
Completion of UNE purchase price accounting				(1)		(1)
As of 31 December 2014	16	44	2	(453)	1	(389)
Share based compensation	—	19	—	—	—	19
Issuance of shares – 2012, 2013, 2014 LTIPs	—	(18)	—	—	—	(18)
Remeasurements of post-employment benefit obligations	—	—	—	—	—	—
Cash flow hedge reserve movement	—	—	(3)	—	—	(3)
Effect of deconsolidation (see note A.2.2.)	—	—	—	192	—	192
Currency translation movement	—	—	—	(332)	—	(332)
As of 31 December 2015	**16**	**46**	**(1)**	**(593)**	**1**	**(531)**

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

C.1.1. Legal reserve

If Millicom International Cellular S.A. reports an annual net profit on a non-consolidated basis, Luxembourg law requires appropriation of an amount equal to at least 5% of the annual net profit to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution. No appropriation was required in 2014 or 2015 as the 10% minimum level was reached in 2011 and maintained each subsequent year.

C.1.2. Equity settled transaction reserve

The cost of share options and LTIPs is recognised as an increase in the equity-settled transaction reserve over the period in which the performance and/or service conditions are rendered. When the options are exercised their cost is transferred from the equity-settled transaction reserve to share capital and share premium. When shares under the LTIPs vest and are issued the corresponding reserve is transferred to share premium.

C.1.3. Hedge reserve

The effective portions of changes in value of cash flow hedges are recorded in the hedge reserve (see note C.1.).

C.1.4. Currency translation reserve

In the financial statements, the relevant captions in the statements of financial position of subsidiaries without US dollar functional currencies are translated to US dollars using the closing exchange rate. Income statements or income statement captions (included those of joint ventures and associates) are translated to U.S. dollars at monthly average exchange rates during the year. The currency translation reserve includes foreign exchange gains and losses arising from these translations.

C.2. Dividend distributions

On 15 May 2015 a dividend distribution of $2.64 per share from Millicom's retained profits at 31 December 2014 was approved by the shareholders at the Annual General Meeting and distributed in June 2015.

On 27 May 2014 a dividend distribution of $2.64 per share from Millicom's retained profits as of 31 December 2013 was approved by the shareholders at the Annual General Meeting and distributed in June 2014.

The ability of the Company to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from Millicom's various operations. At 31 December 2015, $437 million (31 December 2014: $444 million) of Millicom's retained profits represent statutory reserves that are unavailable to be distributed to owners of the Company.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.3. Debt and financing

Debt and financing by type (US$ millions)	Note	2015	2014
Debt and financing due after more than one year			
Bonds	C.3.1.	**2,630**	3,253
Banks	C.3.2.	**877**	1,105
Finance leases	C.3.3.	**327**	360
Vendor financing		**32**	—
Total non-current financing		**3,866**	4,718
Less: portion payable within one year		**(77)**	(153)
Total non-current financing due after more than one year		**3,789**	4,565
Debt and financing due within one year			
Bonds	C.3.1.	**46**	74
Banks	C.3.2.	**89**	125
Finance leases	C.3.3.	**9**	6
Total current debt and financing		**144**	205
Add: portion of non-current debt payable within one year		**77**	153
Total		**221**	358
Total debt and financing		**4,010**	4,923

Debt and financing by location (US$ millions)	2015	2014(i)
Millicom International Cellular S.A. (Luxembourg)	**2,003**	1,539
Colombia	**660**	942
Paraguay	**412**	339
Bolivia	**253**	163
Tanzania	**214**	105
Rwanda	**131**	129
Chad	**109**	71
Ghana	**61**	50
DRC	**40**	35
Senegal	**17**	—
Cable Central America	**104**	113
El Salvador	**6**	308
Guatemala (ii)	**—**	781
Honduras (ii)	**—**	348
Total debt and financing	**4,010**	4,923

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(ii) No amounts appear in 2015 for Guatemala and Honduras because of their deconsolidation.

Debt and financings are initially recognised at fair value, net of directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest rate method or at fair value. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognised in the consolidated income statement over the period of the borrowing. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the statement of financial position date.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.3.1. Bond financing

Bond Financing (US$ millions)	Note	Country	Maturity	Interest rate	2015	2014
SEK Senior Unsecured Variable Rate Notes	(1)	Luxembourg	2017	STIBOR +3.5% (i)	**207**	226
SEK Senior Unsecured Fixed Rate Notes	(1)	Luxembourg	2017	5.125%	**27**	30
USD 4.75% Senior Notes	(2)	Luxembourg	2020	4.75%	**486**	492
USD 6% Senior Notes	(3)	Luxembourg	2025	6%	**494**	—
USD 6.625% Senior Notes	(4)	Luxembourg	2021	6.625%	**791**	791
USD 6.75% Senior Notes	(5)	Paraguay	2022	6.75%	**295**	294
USD 6.875% Senior Notes	(6)	Guatemala	2024	6.875%	**—**	781
USD 8% Senior Notes	(7)	El Salvador	2017	8%	**—**	304
BOB 4.75% Notes	(8)	Bolivia	2020	4.75%	**135**	156
BOB 4.05% Notes	(8)	Bolivia	2020	4.05%	**15**	—
BOB 4.85% Notes	(8)	Bolivia	2023	4.85%	**85**	—
UNE Bond 1 (tranches A and B)	(9)	Colombia	2020	11.49%	**47**	126
UNE Bond 2 (tranches A and B)	(9)	Colombia	2016/2023	9.02% – 10.11%	**94**	127
Total bond financing					**2,676**	3,327

(i) STIBOR – Swedish Interbank Offered Rate.

(1) SEK Senior Unsecured Notes
On 30 October 2012 Millicom issued Senior Unsecured Floating Rate Notes of Swedish Krona ('SEK') 1.75 billion and Senior Unsecured Fixed Rate Notes of SEK 0.25 billion. The floating rate notes were issued for 100% of the principal amount and the fixed rate notes for 99.699% of the principal amount and both are repayable in five years. At the same time Millicom entered into various cross currency interest rate swap contracts whereby Millicom will receive SEK and sell USD to hedge against exchange and interest rate fluctuations. The early redemption options are embedded derivatives which have been valued and determined to be closely related to the underlying notes.

MIC S.A. may redeem the SEK Bonds in full at any time prior to the final maturity date, at 100% of the nominal amount plus accrued and unpaid interest plus the applicable premium or, if the redemption is financed at least 80% by way of another issuance of debt instruments, anytime from and including the date falling 60 business days prior to the final maturity date, at 100% of the nominal amount plus accrued and unpaid interest. The applicable premium represents the net present value of all interest due until maturity of the notes.

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

(2) USD 4.75% Senior Notes
On 22 May 2013 Millicom issued a $500 million fixed interest rate bond to refinance most of the external debt outstanding at the time in its African operations. Withheld costs of issuance of $10 million and paid costs of $9 million are amortized over the 7 year life of the notes (effective interest rate of 5.29%).

In August 2015 Millicom obtained consent from its noteholders to amend certain covenant terms and conditions to align to its other credit facilities. The covenant was increased to 3.0x Net Debt/EBITDA.

(3) USD 6% Senior Notes
On 11 March 2015 Millicom issued a $500 million 6% fixed interest rate bond repayable in 10 years, to repay the El Salvador 8% Senior Notes and for general corporate purposes. The bond was issued at 100% of the principal and has an effective interest rate of 6.132%. $7.2 million of withheld and upfront costs are being amortized over the 10 year life of the bond.

(4) USD 6.625% Senior Notes
On 16 October 2013 Millicom issued an $800 million bond. The funds were used to finance the Colombian Merger (see note A.1.2.) and released from the escrow account prior to completion of the merger on 14 August 2014 (effective interest rate of 7.17%).

In August 2015 Millicom obtained consent from its noteholders to amend certain covenant terms and conditions to align to its other credit facilities. The covenant was increased to 3.0x Net Debt/EBITDA.

(5) USD 6.75% Senior Notes
On 7 December 2012, Telefónica Celular del Paraguay S.A., Millicom's fully owned subsidiary in Paraguay issued $300 million of notes at 100% of the aggregate principal amount. Distribution and other transaction fees of $7 million reduced the total proceeds from issuance to $293 million. The 6.75% Senior Notes have a 6.75% per annum coupon with interest payable semi-annually in arrears on 13 June and 13 December. The effective interest rate is 7.12%.

The 6.75% Senior Notes are general unsecured obligations of Telefónica Celular del Paraguay S.A. and rank equal in right of payment with all future unsecured and unsubordinated obligations of Telefónica Celular del Paraguay S.A. The 6.75% Senior Notes are unguaranteed.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.3.1. Bond financing (continued)

(6) USD 6.875% Senior Notes

In January 2014, Intertrust SPV (Cayman) Limited, acting as trustee of the Comcel Trust, a trust established and consolidated by Comcel for the purposes of the transaction, issued a bond to refinance existing local and MIC S.A. corporate debt. The bond was issued at 98.233% of the principal and has an effective interest rate of 7.168%. The bond is guaranteed by Comcel and listed on the Luxembourg Stock Exchange. Simultaneously with, and using the proceeds from, the bond, Comcel entered into an $800 million senior unsecured loan with a bank. The proceeds of the bond were used by Intertrust SPV to purchase a 100% participation interest in the loan pursuant to a credit and guarantee.

The loan agreements between Intertrust, the bank and Comcel remove any risk to the bank connected to the loans, and as such the Group has offset its asset against its liability towards the bank from the date of the agreement. Following the deconsolidation of Guatemala as of 31 December 2015, the asset and liability have both been deconsolidated at that date.

(7) USD 8% Senior Notes

On 23 September 2010, Telemóvil Finance Co. Ltd., issued $450 million aggregate principal amount 8% Senior Notes due on 1 October 2017. The 8% Senior Notes have an 8% per annum coupon with an 8.25% yield and were payable semi-annually in arrears on 1 April and 1 October. The effective interest rate was 8.76%.

The proceeds were loaned to a bank which then financed Telemóvil El Salvador until December 2014 when the payable and receivable from the bank were settled. The 8% Senior Notes are general unsecured obligations of Telemóvil Finance Co. Ltd and rank equal in right of payment with all future unsecured and unsubordinated obligations of Millicom. The 8% Senior Notes are guaranteed by Telemóvil El Salvador, S.A., Millicom's operating subsidiary in El Salvador.

On 15 April 2014 $139 million of the $450 million bonds issued 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. $2.5 million of related unamortized costs were expensed during 2014.

On 18 March 2015 Millicom tendered an offer to early redeem the outstanding $311 million of the $450 million bond issued by Telemóvil Finance Co. Ltd in 2010 for $323 million including an early redemption premium of $12 million over the face value of the bonds. The repurchase was completed on 20 April 2015. The early redemption premium of $12 million premium and $4 million of related unamortized costs were expensed in 2015.

(8) BOB Notes

In May 2012, Telefónica Celular de Bolivia S.A. issued BOB 1.36 billion of notes repayable in instalments until 2 April 2020. Distribution and other transaction fees of BOB 5 million reduced the total proceeds from issuance to BOB 1.32 billion ($191 million). The bond has a 4.75% per annum coupon with interest payable semi-annually in arrears in May and November each year. The effective interest rate is 4.79%.

In November 2015, Telefónica Celular de Bolivia S.A. issued Boliviano 696 million (approximately USD 100 million) of notes in two series, A for Boliviano 104.4 million (approximately USD 15 million), with a fixed annual interest rate of 4.05%, maturing in August 2020 and serie B for Boliviano 591.6 million (approximately USD 85 million) with a fixed annual interest rate of 4.85%, maturing in August 2023. The bond has coupon with interest payable semi-annually in arrears in March and September during the first two years, thereafter each February and August. The effective interest rate is 4.84%. In the placement, the final interest rate was reduced as Telefónica Celular de Bolivia S.A. took advantage of strong demand for the bonds resulting in a reduction of the average interest rate to 4.55%. Telefónica Celular de Bolivia S.A. received Boliviano 4.59 million in excess of the Boliviano 696 million issued (upfront premium).

(9) UNE Bonds

In March 2010, UNE issued a COP 300 billion (approximately $126 million) 5 and 10-year bond consisting of two tranches. Interest rates are either fixed or variable depending on the tranche. Tranche A bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on Fixed Term Deposits, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A matured in March 2015 and Tranche B will mature in March 2020.

In May 2011, UNE issued a COP 300 billion (approximately $126 million) 5 and 12-year bond consisting of two equal tranches. Interest rates are variable and depend on the tranche. Tranche A bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on Fixed Term Deposits, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A will mature in October 2016 and Tranche B will mature in October 2023.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.3.2. Bank financing

Bank Financing (US$ millions)	Country	Maturity	Interest rate	2015	2014
Fixed rate loans					
Long-term loans	Paraguay	2020/2023	9%	**92**	—
USD Long-term loans	Honduras	2015/2021	3.96% – 6.45%	**—**	77
Other Long-term loans	Various		Various	**—**	19
Variable rate loans					
USD Long-term loans	Costa Rica	2021	4.6% variable	**104**	114
USD Long-term loans	Chad	2019	4% variable	**11**	12
USD Long-term loans	Rwanda	2016/2019	2.9% variable	**119**	119
USD Long-term loans	Tanzania (Zantel)	2020	4.1% variable	**100**	—
BOB Long-term loans	Bolivia	2019	6% variable	**1**	—
USD Short-term loans	Ghana	2016	3.5% variable	**40**	30
USD Long-term loans(ii)	Honduras	2015/2022	1.7% – 6% variable	**—**	126
COP Syndicated loan	Colombia	2020	IBR+7.10% (i)	**—**	274
COP Long-term loans	Colombia (UNE)	2023/2025	5.7% – 8.8% variable	**381**	229
HNL variable rate loans(ii)	Honduras	2015/2022	9% – 16% variable	**—**	131
Other Long-term loans	Various		Various	**118**	99
Total Bank financing				**966**	1,230

(i) IBR – Colombia Interbank Rate.
(ii) No amounts appear in 2015 for Guatemala and Honduras because of their deconsolidation.

MIC S.A. Revolving Credit Facility

In June 2014, MIC S.A. entered into a $500 million revolving credit facility with a consortium of banks, including each Initial Purchaser, of which $200 million (Facility A) is for a 2-year term and $300 million (Facility B) is for a 3-year term. In May 2015 both facilities were extended for one year.

Subject to the terms of the revolving credit facility, the maturity date of all or a portion of the amounts outstanding under Facility A may be extended for one year and under Facility B may be extended for either one or two years. Amounts drawn under the revolving credit facility may be used for general corporate and working capital purposes of the Millicom Group, including financing acquisitions, licenses, capital expenditure, and payment of dividends to the extent permitted under the revolving credit facility agreement. Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.3% (for Facility A) or 1.4% (for Facility B), provided that the margin may be reduced or increased if the net leverage ratio of MIC S.A. in respect of the most recently completed financial year is within a specified range. As of 31 December 2015, the facility was committed and fully undrawn.

Right of set-off and de-recognition

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

A financial asset (or a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- Rights to receive cash flows from the asset have expired; or
- Rights to receive cash flows from the asset or obligations to pay the received cash flows in full without material delay have been transferred to a third party under a "pass-through" arrangement; and the Group has either transferred substantially all the risks and rewards of the asset or the control of the asset.

When rights to receive cash flows from an asset have been transferred or a pass-through arrangement concluded, an evaluation is made if and to what extent the risks and rewards of ownership have been retained. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. (See USD 6.875% Senior Notes in note C.3.1.).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.3.2. Bank financing (continued)

In addition to the bank financing arrangements described above, in 2015 a Millicom subsidiary has an agreement with a bank whereby the bank provided loans amounting to Euro 134 million (2014: Euro 176 million) to the Millicom subsidiary with a maturity date in 2020. Simultaneously Millicom deposited the same amount with the bank and entered into total return swaps. The total return swaps remove any risk of the banks connected to the loans, and as such Millicom have derecognised both its deposit asset and the loan liabilities from the date of the total return swap (see D.1.2.). In March 2015 one financing facility was repaid and the swap contracts terminated.

C.3.3. Finance leases

Millicom's finance leases mainly consist of long-term lease of tower space from tower companies or competitors on which Millicom locate its network equipment.

Finance lease liabilities

Leases which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee are capitalized at the inception of the lease. The amount capitalized is the lower of the fair value of the asset or the present value of the minimum lease payments.

Lease payments are allocated between finance charges (interest) and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded as financial expenses in the income statement.

Finance Lease Liabilities (US$ millions)	Country/operation	Maturity	**2015**	2014[(i)]
Lease of tower space	Tanzania	2023	**90**	105
Lease of tower space	Colombia Móvil	2023	**66**	79
Lease of tower space	DRC	2017/2023	**40**	35
Lease of tower space	Ghana	2023/2025	**21**	20
Lease of poles	Colombia (UNE)	2015/2029	**67**	94
Other finance lease liabilities	various	various	**52**	33
Total finance lease liabilities			**336**	366

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

C.3.4. Guarantees and Pledged Assets

Guarantees

Millicom and its subsidiaries issue guarantees to secure certain obligations under financing agreements (primarily bonds and bank loans). Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortization.

Liabilities to which guarantees are related are recorded in the consolidated statement of financial position under the caption "Debt and financing" and liabilities covered by supplier guarantees are recorded under the caption "Trade payables" or "Debt and financing" depending on the underlying terms and conditions.

Maturity of Guarantees (US$ millions) Term	**At 31 December 2015**		At 31 December 2014	
	Outstanding exposure[(i)]	**Maximum Exposure[(ii)]**	Outstanding exposure[(i)]	Maximum Exposure[(ii)]
0-1 year	**100**	**100**	111	150
1-3 years	**143**	**143**	50	50
3-5 years	**393**	**393**	70	70
More than 5 years	**7**	**7**	56	55
Total Guarantees	**643**	**643**	287	325

(i) The outstanding exposure represents the carrying amount of the related liability at 31 December.
(ii) The maximum exposure represents the total amount of the Guarantee at 31 December.

Pledged assets

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 by the Company at 31 December 2015 was $646 million (2014: $1,409 million). Assets pledged by the Group over this debt and financing at the same date amounted to $3 million (2014: $8 million).

C.3.5. Covenants

Millicom's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, debt to earnings ratios, and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At 31 December 2015 there were no breaches in financial covenants.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.4. Cash and deposits

C.4.1. Cash and cash equivalents

(US$ millions)	2015	2014
Cash and cash equivalents in USD	**467**	278
Cash and cash equivalents in other currencies	**302**	416
Total cash and cash equivalents	**769**	694

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Cash deposits with bank with maturities of more than three months that generally earn interest at market rates are classified as time deposits.

C.4.2. Restricted cash

(US$ millions)	2015	2014
Mobile financial services	**134**	121
Others	**8**	7
Restricted cash	**142**	128

Cash held with banks related to mobile financial services which is restricted in use due to local regulations is denoted as restricted cash.

C.4.3. Pledged deposits

Pledged deposits represent contracted cash deposits with banks that are held as security for debts at corporate or operational entity level. Millicom is unable to access these funds until either the relevant debt is repaid or alternative security is arranged with the lender.

At 31 December 2015, non-current pledged deposits amounted to $nil (2014: $2 million mainly related to security over financing of Millicom's operation in Guatemala (see note C.3.1.)).

At 31 December 2015, current pledged deposits amounted to $3 million (2014: $6 million).

C.5. Net debt

Net Debt (US$ millions)	2015	2014[i]
Total debt and financing	**4,010**	4,923
Less:		
Cash and cash equivalents	**(769)**	(694)
Restricted cash	**(142)**	(128)
Pledged deposits	**(3)**	(8)
Time deposits related to bank borrowings	**(2)**	(2)
Net debt at the end of the year	**3,094**	4,091
Add (less) derivatives related to debt	**39**	43
Net debt including derivatives related to debt	**3,133**	4,134

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

C.6. Financial instruments

Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial instruments held for trading. Their fair value is determined by reference to quoted market prices on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions, reference to the current market value of a substantially similar instrument, discounted cash flow analysis and option pricing models. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial instruments that contain obligations to purchase own equity instruments

Contracts that contain obligations for the Company to purchase its own equity instruments for cash or other financial assets are initially recorded as financial liabilities based on the present value of the redemption amounts with a corresponding reserve in equity. Subsequently the carrying value of the liability is remeasured at the present value of the redemption amount with changes in carrying value recorded in other non-operating (expenses) income, net. If the contracts expire without delivery, the carrying amounts of the financial liabilities are reclassified to equity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.6. Financial instruments (continued)

The put options that Millicom granted to its local shareholders in Honduras and Guatemala represented obligations to purchase the shares held by the local partners (see note C.6.3.).

Financial instruments that contain call options over non-controlling interests

Contracts over non-controlling interests that require gross cash settlement are also classified as equity instruments. Such call options are initially recognised at fair value and not subsequently remeasured. If a call option is exercised, this initial fair value is included as part of the cost of the acquisition of the non-controlling interest. If an unexercised call option expires or otherwise lapses, the fair value of the call option remains within equity.

Call option contracts over non-controlling interests that require net cash settlement or provide a choice of settlement are classified as financial assets. Contracts over non-controlling interests that require physical settlement of a variable number of own shares for a variable price are classified as financial assets and changes in the fair value are reported in the income statement. If such a call option is exercised, the fair value of the option at that date is included as part of the cost of the acquisition of the non-controlling interest. If an unexercised call option expires or otherwise lapses, its carrying amount is expensed in the income statement.

The call options that Millicom obtained from its local shareholders in Honduras and Guatemala provided Millicom with control over the operations in those countries until 31 December 2015 and were classified as financial assets. Changes in the fair value of the call options were recorded in other non-operating (expenses) income, net.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value at each subsequent closing date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

For transactions designated and qualifying for hedge accounting, at the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging instrument is classified as a non-current asset or liability when the period to maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when the remaining period to maturity of the hedged item is less than 12 months.

The change in fair value of hedging instruments that are designed and qualify as fair value hedges is recognised in the income statement as finance costs or income. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement as finance costs or income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. Gains or loss relating to any ineffective portion is recognised immediately in the income statement within "Other non-operating (expenses) income, net". Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recycled to the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "Other non-operating (expenses) income, net".

C.6.1. Fair Value Measurement Hierarchy

Millicom uses the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
Derivative financial instruments are measured with reference to Level 2, except for the call options for Honduras and in Guatemala (see note C.6.3.) which were measured with reference to level 3. The fair value of the call options were determined using an option pricing model (Monte Carlo simulation using the Longstaff Schwartz algorithm). The Honduras and Guatemala put option liabilities were carried at the present value of their redemption amounts and were therefore excluded from the fair value hierarchy. No other financial instruments are measured at fair value.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

C.6.2. Fair value of financial instruments

The fair value of Millicom's financial instruments are shown at amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of all financial assets and all financial liabilities except debt and financing approximate their carrying value largely due to the short-term maturities of these instruments. The fair values of all debt and financing have been estimated by the Group based on discounted future cash flows at market interest rates.

Fair values of financial instruments at 31 December (US$ millions)	Note	Carrying Value		Fair Value(i)	
		2015	2014(ii)	2015	2014(ii)
Financial Assets					
Pledged deposits	C.4.3.	—	2	—	2
Derivative financial instruments		26	—	26	—
Other non-current assets		75	113	75	113
Trade receivables, net		398	492	398	492
Amounts due from non-controlling interests, associates and joint venture partners	G.5.	16	325	16	325
Prepayments and accrued income		193	274	193	274
Supplier advances for capital expenditures		39	64	39	64
Call option		—	74	—	74
Other current assets		98	93	98	93
Restricted cash	C.4.2.	142	128	142	128
Cash and cash equivalents	C.4.1.	769	694	769	694
Total		**1,756**	2,259	**1,756**	2,259
Current		1,655	2,070	1,655	2,144
Non-current		101	189	101	115
Financial Liabilities					
Debt and financing(iii)	C.3.	4,010	4,923	3,872	5,094
Trade payables		334	386	334	386
Payables and accruals for capital expenditure		285	371	285	371
Derivative financial instruments		65	43	65	43
Put options		—	2,260	—	—
Amounts due to non-controlling interests, associates and joint venture partners	G.5.	644	56	644	56
Accrued interest and other expenses		425	500	425	500
Other liabilities		352	347	352	347
Net financial liabilities		**6,115**	8,886	**5,977**	6,797
Current		2,125	4,165	2,125	1,905
Non-current		3,990	4,721	3,852	4,892

(i) Fair values are measured with reference to Level 1 (for listed bonds) or 2, except for call option assets which were measured with reference to Level 3.
(ii) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(iii) Fair values of certain bonds have been restated using Level 1 compared to Level 2 over the previous years (2014: $3,652 million).

C.6.3. Call and put options

Honduras Call Option

For Celtel, the call option price was a fixed multiple of the EBITDA of Celtel. On 31 December 2015, Celtel's call option to acquire the remaining 33.3% of the Honduras business has expired unexercised and Celtel has been deconsolidated as a result. The fair value of the call option was immaterial. For further details, see note A.2.2..

Honduras Put Option

For Celtel the liability was measured at the present value of the redemption price of the put option which amounted to $573 million at 31 December 2014. The redemption price of the put option was based on a multiple of the EBITDA of Celtel. The multiple is based on a change of control transaction multiple of Millicom. Management estimated the change of control transaction multiple of Millicom from a trading multiple of Millicom adding a control premium (based upon comparable transactions from the industry).

During the year 2015, Millicom recorded an income of $117 million under 'other non-operating (expenses) income, net' due to the decrease in value of the put option liability. At the same time as the unconditional call option, the conditional put option Millicom provided to the other shareholders also lapsed. This resulted in the carrying value of the put option liability of $456 million being settled against the put option reserve for $737 million (amount recognised at inception) and against retained profits for the residual difference of $(281) million. See note A.2.2..

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015 (continued)

C.6.3. Call and put options (continued)
Guatemala call Option
For Comcel, the call option price was a fixed multiple of the EBITDA of Comcel, with a gold price index in the event that the gold price increased by more than 40%. Millicom's two year unconditional call option to acquire the remaining 45% of the Guatemalan business expired on 31 December 2015. Millicom's call option has therefore been derecognised at 31 December 2015 (31 December 2014: $74 million). As a result, a total loss of $71 million was recorded in 2015 under 'other non-operating (expenses) income, net'. For further details, see note A.2.2..

Guatemala Put Option
For Comcel the liability was measured at the present value of the redemption price of the put option which amounted to $1,687 million at 31 December 2014.

The redemption price of the put option was based on a multiple of the EBITDA of Comcel. The multiple was 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).

During the year 2015, Millicom recorded an income of $8 million under 'other non-operating (expenses) income, net' due to the decrease in value of the put option liability.

At the same time as the unconditional call option, the conditional put option Millicom provided to the other shareholders also lapsed. This resulted in the carrying value of the put option liability of $1,679 million being settled against the put option reserve for $1,775 million (amount recognised at inception) and against retained profits for the residual difference of $(96) million. See note A.2.2..

D. Financial risk management
Exposure to interest rate, foreign currency, non-repatriation, liquidity, capital management and credit risks arise in the normal course of Millicom's business. The Group analyses each of these risks individually as well as on an interconnected basis and defines and implements strategies to manage the economic impact on the Group's performance in line with its financial risk management policy. Millicom's risk management strategies may include the use of derivatives. Millicom's policy prohibits the use of such derivatives in the context of speculative trading.

Accounting policies for derivatives is further detailed in note C.6..

On 31 December 2015, fair value of derivatives held by the Group can be summarized as follows:

Derivatives (US$ millions)	2015	2014
Cash flow hedge derivatives	—	—
Fair value hedge derivatives (on SEK Bond)	(65)	(44)
Derivatives held for trading (on swap on Euro denominated debt)	26	1
Net derivative asset (liability)	**(39)**	(43)

D.1. Interest rate risk
Debt and financing issued at floating interest rates expose the Group to cash flow interest rate risk. Debt and financing issued at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to risk of changes in market interest rates relate to both of the above. To manage this risk, the Group's policy is to maintain a combination of fixed and floating rate debt with target for the debt to be distributed between fixed (75%) and variable (25%) rates. The Group actively monitors borrowings against this target and applies a dynamic interest rate hedging approach. The target mix between fixed and floating rate debt is reviewed periodically. The purpose of Millicom's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy. At 31 December 2015, approximately 68% of the Group's borrowings are at a fixed rate of interest or for which variable rates have been swapped for fixed rates with interest rate swaps (2014: 69%).

D.1.1. Fixed and Floating rate debt

Financing at 31 December 2015 (US$ millions)	Amounts due within:						
	1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Fixed rate financing	48	75	65	92	581	1,876	2,737
Weighted average nominal interest rate	9.17%	8.36%	9.56%	8.78%	5.44%	7.58%	7.26%
Floating rate financing	173	245	99	170	229	357	1,273
Weighted average nominal interest rate	4.97%	3.33%	4.16%	3.95%	5.66%	12.06%	5.08%
Total	**221**	**320**	**164**	**262**	**810**	**2,233**	**4,010**
Weighted average nominal interest rate	5.87%	4.51%	6.30%	5.64%	5.50%	7.93%	7.01%

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

D.1.1. Fixed and Floating rate debt (continued)

Financing at 31 December 2014 (US$ millions)(i)	Amounts due within: 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Fixed rate financing	75	76	353	302	49	2,582	3,437
Weighted average nominal interest rate	6.37%	8.81%	8.61%	5.32%	8.75%	7.33%	7.31%
Floating rate financing	283	272	204	187	181	359	1,486
Weighted average nominal interest rate	5.89%	7.30%	6.92%	7.60%	7.14%	8.25%	7.23%
Total	358	348	557	489	230	2,941	4,923
Weighted average nominal interest rate	5.99%	7.63%	7.99%	6.19%	7.48%	7.59%	7.31%

(i) Restated after finalisation of UNE purchase accounting.

A one hundred basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at 31 December 2015, would increase or reduce profit before tax from continuing operations for the year by approximately $13 million (2014: $15 million).

D.1.2. Interest rate swaps

Millicom enters into currency and interest rate swap contracts to manage its exposure to fluctuations in interest rates and currency fluctuations in accordance with its risk management policies. Details of these arrangements are provided below.

Interest rate and currency swaps on SEK denominated debt

In October 2012, Millicom issued senior unsecured floating rate notes of Swedish Krona ('SEK') 1.75 billion and senior unsecured fixed rate notes of SEK 0.25 billion (see note C.3.1.). At the same time Millicom entered into various cross currency interest swap contracts whereby Millicom receives SEK and sells USD to hedge against exchange rate fluctuations for the notional amount of SEK 2 billion and interest payments on this principal. Millicom also hedged against interest rate fluctuations on the floating rate notes of SEK 1.75 billion, receiving variable interest at STIBOR +3.5% and paying a fixed rate of 5.125%.

The currency portion of the swap has been accounted for as a fair value hedge and $20 million of loss were recorded within the caption "other non-operating expenses, net" for the year ended 31 December 2015 (2014: losses of $56 million). 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 31 December 2015 the fair value of the swap amounts to a liability of $65 million (2014: a liability of $43 million) (level 2).

At 31 December 2015 the cash flow hedge reserve on these hedges amounted to $1 million. (December 31, 2014: $2 million) (level 2).

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 31 December 2015 the fair value of the swap amounts to an asset of $26 million (2014: an asset of $1 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. In March 2015 the financing facility was repaid and the swap contracts terminated. A gain on the swap including termination of $4 million was recorded in other non-operating income (expenses), net.

These financings are connected to the downstreaming of a portion of Millicom's 4.75% bond (see note C.3.1.). These hedges do not qualify for hedge accounting. Fluctuations in the value of those instruments are recorded through profit and loss. $32 million of income was recorded from the fluctuations in fair value in 2015 (2014: $21 million) in other non-operating income (expenses), net. (See note B.5.)

D.2. Foreign currency risks

The Group is exposed to foreign exchange risk arising from various currency exposures in the countries in which it operates. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Millicom seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies, or entering into agreements that limit the risk of exposure to currency fluctuations against the US dollar reporting currency. In some cases, Millicom may also borrow in US dollars where it is either commercially more advantageous for joint ventures and subsidiaries to incur debt obligations in US dollars or where US dollar denominated borrowing is the only funding source available to a joint venture or subsidiary. In these circumstances, Millicom accepts the remaining currency risk associated with financing its joint ventures and subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the Group operates.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

D.2.1. Debt denominated in $US and other currencies

Debt denomination at 31 December (US$ millions)	2015	2014(i)
Debt denominated in $US	**2,798**	3,480
Debt denominated in currencies of the following countries:		—
Colombia	**660**	942
Chad	**94**	55
Tanzania	**94**	105
Honduras	**—**	145
Bolivia	**236**	162
Ghana	**21**	20
Paraguay	**92**	—
Other	**15**	14
Total debt denominated in other currencies	**1,212**	1,443
Total debt	**4,010**	4,923

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.).

At 31 December 2015, if the US dollar had weakened/strengthened by 10% against the other functional currencies of our operations and all other variables held constant, then profit before tax from continuing operations would have increased/decreased by $29 million and $35 million respectively (2014: $50 million and $61 million respectively). This increase/decrease in profit before tax would have mainly been as a result of the conversion of the results of our operations with functional currencies other than the US dollar.

D.2.2. Foreign currency swaps

See note D.1.2. Interest rate swaps.

D.3. Non-repatriation risk

Most of Millicom's operating subsidiaries generate most of the revenue of the Group and in the currency of the countries in which they operate. Millicom is therefore dependent on the ability of its subsidiaries and joint venture operations to transfer funds to the Company.

Although foreign exchange controls exist in some of the countries in which Millicom Group companies operate, none of these controls currently significantly restrict the ability of these operations to pay interest, dividends, technical service fees, royalties or repay loans by exporting cash, instruments of credit or securities in foreign currencies. However, existing foreign exchange controls may be strengthened in countries where the Group operates, or foreign exchange controls may be introduced in countries where the Group operates that do not currently impose such restrictions. If such events were to occur, the Company's ability to receive funds from the operations could be subsequently restricted, which would impact the Company's ability to make payments on its interest and loans and, or pay dividends to its shareholders.

In addition, in some countries it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. The practical effects of this may be time delays in accumulating significant amounts of foreign currency and exchange risk, which could have an adverse effect on the Group.

D.4. Credit and counterparty risk

Financial instruments that subject the Group to credit risk include cash and cash equivalents, pledged deposits, letters of credit, trade receivables, amounts due from joint venture partners and associates, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Group's cash and cash equivalents, pledged deposits and letters of credit are significant financial institutions with investment grade ratings. Management does not believe there are significant risks of non-performance by these counterparties and maintain a diversified portfolio of banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set based on each banks credit rating.

A large portion of revenue of the Group comprises prepaid products and services. For postpaid customers, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors.

Accounts receivable also comprise balances due from other telecom operators. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licenses are normally only issued to credit worthy companies. The Group maintains a provision for impairment of trade receivables based upon expected collectability.

As the Group has a large number of internationally dispersed customers, there is no significant concentration of credit risk with respect to trade receivables.

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D.5. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group has significant indebtedness but also has significant cash balances. Millicom evaluates its ability to meet its obligations on an ongoing basis using a recurring liquidity planning tool. This tool considers the operating net cash flows generated from its operations and the future cash needs for borrowing, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Group manages its liquidity risk through use of bank overdrafts, bank loans, bonds, vendor financing, Export Credit Agencies and Development Finance Institutions ("DFI") loans, and finance leases. Millicom believes that there is sufficient liquidity available in the markets to meet ongoing liquidity needs. Additionally, Millicom is able to arrange offshore funding through the use of Export Credit Agency guarantees and DFIs (IFC and FMO), who have been established specifically to finance development in the Group's markets. Millicom has a diversified financing portfolio with commercial banks representing about 24% of its gross financing (2014: 23%), bonds 64% (2014: 69%), Development Finance Institutions 3% (2014: 2%), finance leases 8% (2014: 6%), and vendor financing 1% (2014: nil).

Maturity Profile of Net Financial Liabilities at 31 December 2015 (US$ millions)	**Less than 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Total debt and financing	**(221)**	**(1,555)**	**(2,233)**	**(4,010)**
Cash and cash equivalents	**769**	**—**	**—**	**769**
Restricted cash	**142**	**—**	**—**	**142**
Pledged deposits (related to bank borrowings)	**3**	**—**	**—**	**3**
Time deposits	**2**	**—**	**—**	**2**
Derivative financial instruments (SEK currency swap)	**—**	**(65)**	**—**	**(65)**
Net cash (debt) including derivatives related to debt	**695**	**(1,620)**	**(2,233)**	**(3,159)**
Future interest commitments	**(257)**	**(881)**	**(83)**	**(1,221)**
Trade payables (excluding accruals)	**(420)**	**—**	**—**	**(420)**
Other financial liabilities (including accruals)	**(1,693)**	**—**	**—**	**(1,693)**
Trade receivables	**398**	**—**	**—**	**398**
Other financial assets	**130**	**75**	**—**	**205**
Net financial liabilities	**(1,147)**	**(2,426)**	**(2,316)**	**(5,889)**

Maturity Profile of Net Financial Liabilities at 31 December 2014 (US$ millions)(i)	Less than 1 year	1 to 5 years	> 5 years	Total
Total debt and financing	(358)	(1,624)	(2,941)	(4,923)
Cash and cash equivalents	694	—	—	694
Restricted cash	128	—	—	128
Pledged deposits (related to bank borrowings)	6	2	—	8
Time deposits	2	—	—	2
Derivative financial instruments (SEK currency swap)	—	(43)	—	(43)
Net cash (debt) including derivatives related to debt	472	(1,665)	(2,941)	(4,134)
Future interest commitments(ii)	(348)	(1,091)	(109)	(1,548)
Trade payables (excluding accruals)	(481)	—	—	(481)
Put option liabilities	(2,260)	—	—	(2,260)
Other financial liabilities (including accruals)	(1,326)	—	—	(1,326)
Call option	74	—	—	74
Trade receivables	492	—	—	492
Other financial assets	378	113	—	491
Net financial liabilities	(2,999)	(2,643)	(3,050)	(8,692)

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(ii) Includes unamortised difference between carrying amount and nominal amount of debts.

D.6. Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and solid capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure with reference to economic conditions and imposed restrictions such as debt covenants and local regulations. To maintain or adjust its capital structure, the Group may make dividend payments to shareholders, return capital to shareholders through share repurchases or issue new shares. At 31 December 2015 Millicom is rated at one notch below investment grade by the independent rating agencies Moody's (Ba1 negative) and Fitch (BB+ stable). The Group primarily monitors capital using net debt to adjusted operating profit as well as a set of other indicators.

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for the year ended 31 December 2015 (continued)

D.6. Capital management (continued)

The Group reviews its gearing ratio (net debt divided by total capital plus net debt) periodically. Net debt includes interest bearing loans and borrowings, less cash and cash equivalents (included restricted cash) and pledged and time deposits related to bank borrowings. Capital represents equity attributable to the equity holders of the parent.

Net debt to EBITDA (US$ millions)	Note	2015	2014(i)
Net debt(ii)	C.5.	**4,295**	4,091
EBITDA	B.3.	**2,178**	2,093
Net debt to EBITDA		**1.97**	1.95

Gearing ratio (US$ millions)	Note	2015	2014(i)
Net debt(ii)	C.5.	**4,295**	4,091
Equity	C.1.	**3,477**	2,339
Net debt and Equity		**7,772**	6,430
Gearing ratio		**55%**	63 %

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(ii) Including net debt of Guatemala and Honduras operations for $1,201 million at 31 December 2015.

E. Long-term assets

E.1. Intangible Assets

Millicom's intangible assets mainly consist of goodwill arising from acquisitions, customer lists acquired through acquisitions, licenses and rights to operate and use spectrum.

E.1.1. Accounting for Intangible Assets

Intangible assets acquired in business acquisitions are initially measured at fair value at the date of acquisition, and those which are acquired separately are measured at cost. Internally generated intangible assets, excluding capitalized development costs, are not capitalized but expensed to the income statement in the expense category consistent with the function of the intangible assets. Subsequently intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in expected useful lives or the expected beneficial use of the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Amortization expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition over the Group's share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired subsidiary, at the date of the acquisition. If the fair value or the cost of the acquisition can only be determined provisionally, then goodwill is initially accounted for using provisional values. Within twelve months of the acquisition date any adjustments to the provisional values are recognised. This is done when the fair values and the cost of the acquisition have been finally determined. Adjustments to provisional fair values are made as if the adjusted fair values had been recognised from the acquisition date. Goodwill on acquisition of subsidiaries is included in "intangible assets, net". Goodwill on acquisition of joint ventures or associates is included in "investments in joint ventures and associates". Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

Licenses

Licenses are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Cost includes cost of acquisition and other costs directly related to acquisition and retention of licenses over the license period. These costs may include estimates related to fulfillment of terms and conditions related to the licenses such as service or coverage obligations, and may include up-front and deferred payments.

Licenses have a finite useful life and are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives.

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for the year ended 31 December 2015 (continued)

E.1.1. Accounting for Intangible Assets (continued)

The terms of licenses, which have been awarded for various periods, are subject to periodic review for, amongst other things, rate setting, frequency allocation and technical standards. Licenses are initially measured at cost and are amortized from the date the network is available for use on a straight-line basis over the license period. Licenses held, subject to certain conditions, are usually renewable and generally non-exclusive. When estimating useful lives of licenses, renewal periods are not usually included.

Trademarks and customer lists

Trademarks and customer bases are recognised as intangible assets only when acquired or gained in a business combination. Their cost represents fair value at the date of acquisition. Trademarks and customer bases have indefinite or finite useful lives. Indefinite useful life trademarks are tested for impairment annually. Finite useful life trademarks are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the trademarks and customer bases over their estimated useful lives. The estimated useful lives for trademarks and customer bases are based on specific characteristics of the market in which they exist. Trademarks and customer bases are included in "Intangible assets, net".

Estimated useful lives are:

Estimated useful lives	Years
Trademarks	1 to 15
Customer lists	4 to 9

Programming and Content Rights

Programming and content master rights which are purchased or acquired in business combinations which meet certain criteria are recorded at cost as intangible assets. The rights must be exclusive, related to specific assets which are sufficiently developed, and probable to bring future economic benefits and have validity for more than one year. Cost includes consideration paid or payable and other costs directly related to the acquisition of the rights, and are recognised at the earlier of payment or commencement of the broadcasting period to which the rights relate.

Programming and content rights capitalised as intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the rights over their estimated useful lives.

Non-exclusive and programming and content rights for periods less than one year are expensed over the period of the rights.

Indefeasible rights of use

Indefeasible rights of use ("IRU") agreements are mainly composed of purchase and/or sale of specified infrastructure, purchase and/or sale of lit fiber capacity and exchange of network infrastructure or lit fiber capacity. These arrangements are either accounted for as leases, service contracts, or partly as leases and partly as service contracts. Determination of the appropriate classification depends on an assessment of the characteristics of the arrangements.

A network capacity contract is accounted for as a lease if, and when:

- The purchaser has an exclusive right to the capacity for a specified period and has the ability to resell (or sub-let) the capacity; and
- The capacity is physically limited and defined; and
- The purchaser bears all costs related to the capacity (directly or not) including costs of operation, administration and maintenance; and
- The purchaser bears the risk of obsolescence during the contract term.

If all of these criteria are not met, the IRU is treated as a service contract.

If the arrangement is, or contains a lease, the lease is accounted for as either an operating lease or a financial lease (see policy note Leases C.3.3.). A financial lease of an IRU of network infrastructure is accounted for as a tangible asset. A financial lease of an IRU on capacity is accounted for as an intangible asset.

Estimated useful lives of finance leases of IRU's of capacity are between 12 and 15 years, or shorter if the estimated useful life of the underlying cable is shorter.

E.1.2. Impairment of non-financial assets

At each reporting date Millicom assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, an estimate of the asset's recoverable amount is made. The recoverable amount is determined based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value less cost to sell is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset. The foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses of continuing operations are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

E.1.2. Impairment of non-financial assets (continued)

At each reporting date an assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognised impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

E.1.3. Movements in Intangible Assets

Movements in intangible assets in 2015 (US$ millions)	**Goodwill**	**Licenses**	**Customer Lists**	**Capacity Contracts**	**Broadcast and other rights**	**Other(i)**	**Total**
Opening balance, net	**3,076**	**774**	**486**	**167**	**30**	**982**	**5,515**
Change in the Group (see note A.1.2.)(ii)	**40**	**17**	**8**	**19**	**—**	**—**	**84**
Additions	**—**	**47**	**—**	**31**	**—**	**116**	**194**
Effect of deconsolidation	**(2,358)**	**(345)**	**(343)**	**(13)**	**—**	**(754)**	**(3,813)**
Amortization charge	**—**	**(53)**	**(99)**	**(17)**	**(5)**	**(72)**	**(246)**
Impairment	**—**	**(18)**	**—**	**—**	**—**	**(1)**	**(19)**
Disposals, net	**—**	**—**	**—**	**(2)**	**—**	**—**	**(2)**
Transfers	**—**	**(3)**	**2**	**(6)**	**7**	**—**	**—**
Exchange rate movements	**(114)**	**(55)**	**(11)**	**(50)**	**—**	**(70)**	**(300)**
Closing balance, net	**644**	**364**	**43**	**129**	**32**	**201**	**1,413**
At 31 December 2015							
Cost or valuation	**644**	**616**	**196**	**192**	**51**	**483**	**2,182**
Accumulated amortization and impairment	**—**	**(252)**	**(153)**	**(63)**	**(19)**	**(282)**	**(769)**
Net	**644**	**364**	**43**	**129**	**32**	**201**	**1,413**

Movements in intangible assets in 2014 (US$ millions)	Goodwill	Licenses	Customer Lists	Capacity Contracts	Broadcast and other rights	Other(i)	Total
Opening balance, net	1,382	480	250	125	37	184	2,458
Change in the Group (see note A.1.2.)(ii)	1,874	388	350	87	—	835	3,534
Additions	—	88	—	22	—	90	200
Amortization charge	—	(77)	(97)	(15)	(6)	(44)	(239)
Impairment	—	(1)	—	(6)	—	(7)	(14)
Transfers	—	(48)	(1)	(14)	—	63	—
Exchange rate movements	(180)	(56)	(16)	(32)	(1)	(139)	(424)
Closing balance, net	3,076	774	486	167	30	982	5,515
At 31 December 2014							
Cost or valuation	3,076	1,058	886	248	42	1,354	6,664
Accumulated amortization and impairment	—	(284)	(400)	(81)	(12)	(372)	(1,149)
Net	3,076	774	486	167	30	982	5,515

(i) The caption "Other" includes intangible assets identified in business combinations (including trademarks – see note E.1.1.).
(ii) The change in the composition of the Group corresponded to the acquisition of Zantel in 2015 and acquiring control of Guatemala, and the merger with UNE in 2014 as well as other minor investments. Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

E.1.4. Cash used for the purchase of intangible assets

Cash used for intangible asset additions (US$ millions)	**2015**	2014
Additions	**194**	200
Change in accruals and payables for intangibles	**(8)**	(16)
Cash used from continuing operations for additions	**186**	184

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

E.1.5. Goodwill

Allocation of Goodwill to CGUs, net of exchange rate movements and after impairment (US$ millions)

	Note	2015	2014(i)
Guatemala	A.2.2.	—	1,571
Honduras	A.2.2.	—	817
El Salvador		**194**	194
Costa Rica		**129**	129
Paraguay		**53**	65
Colombia		**189**	242
DRC		**11**	11
Tanzania (Zantel)		**34**	—
Other		**34**	37
Total		**644**	3,066

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

E.1.6. Impairment testing of goodwill

Goodwill is tested for impairment at least each year and more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill arising on business combinations is allocated to each of the Group's cash generating units (CGU's) or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

Impairment is determined by assessing the recoverable amount (value in use) and, if appropriate, the fair value less costs to sell of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount and fair value less costs to sell of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognised for the lower amount.

Impairment testing at 31 December 2015

Goodwill was tested for impairment by assessing the recoverable amount (first using a value in use model) against the carrying amount for CGU based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital, capital expenditure and license renewal cost) are extracted from financial budgets approved by management and the Board covering a period of five years or more. This planning horizon reflects industry practice in the countries where the Group operates and stage of development or redevelopment of the business in those countries. Cash flows beyond this period are extrapolated using a perpetual growth rate of 2.0%-2.5% (2014: 2.0%-2.5%). When value in use model resulted in the carrying values of the CGUs being higher than their recoverable amount, management has determined the fair value less cost of disposal ('FVLCD') of the CGUs. Fair value less cost of disposal has been determined either by using recent offers received from third parties (level 1) or by using discounted cash flow projections (still based on the 5YR plans) and applying a multiple of EBITDA on the terminal year of the 5YR plan to derive the terminal value for the CGU (ranging between 3.0x to 4.0x) (level 3).

As a result of the annual impairment testing on goodwill, management concluded that the Senegal cash generating unit (CGU), part of Africa segment, should be impaired. Hence, in accordance with IAS 36, an impairment loss of $54 million has been allocated to reduce the carrying amount of the other assets of our operations in Senegal (the goodwill allocated to Senegal was already fully impaired in 2013) pro rata on the basis of the carrying amount of each asset to the extent the carrying amount of each asset was not below the highest of its fair value less costs to sell, its value in use and zero. Management has determined that the impairment loss should be allocated to property, plant and equipment and intangible assets for $36 million and $18 million, respectively. The impairment has been classified within the caption "other operating expenses, net". At 31 December 2015, the carrying value of the CGU corresponds to its fair value less costs of disposal (level 3).

No impairment losses were recorded on goodwill for the year ended 31 December 2014.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

E.1.6. Impairment testing of goodwill (continued)

Discount rates used in determining recoverable amount (US$ millions)	Discount rate after tax	
	2015	2014
Bolivia	10.8%	11.0%
Chad	17.3%	12.6%
Colombia	9.5%	9.5%
Costa Rica	11.1%	10.1%
DRC	17.6%	13.1%
El Salvador	11.4%	11.5%
Ghana	16.9%	13.7%
Guatemala	10.2%	10.8%
Honduras	11.0%	12.0%
Paraguay	10.1%	10.5%
Rwanda	13.1%	11.7%
Senegal	13.9%	11.5%
Tanzania	13.8%	11.4%

E.2. Property, Plant and Equipment

E.2.1. Accounting for Property, Plant and Equipment

Items of property, plant and equipment are stated at either historical cost, or the lower of fair value and present value of the future minimum lease payments for assets under finance leases, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to acquisition of items. The carrying amount of replaced parts is derecognised.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset and the remaining life of the license associated with the assets, unless the renewal of the license is contractually possible.

Estimated useful lives	Years
Buildings	40 years or lease period, if shorter
Networks (including civil works)	5 to 15 years or lease period, if shorter
Other	2 to 7

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labour and other direct costs associated with property, plant and equipment being constructed by the Group, or purchased assets which have yet to be deployed. When the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and depreciation commences.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Ongoing routine repairs and maintenance are charged to the income statement in the financial period in which they are incurred. Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognised.

Equipment installed on customer premises which is not sold to customers is capitalized and amortized over the customer contract period.

A liability for the present value of the cost to remove an asset on both owned and leased sites (for example cell towers) and for assets installed on customer premises (for example set-top boxes), is recognised when a present obligation for the removal exists. The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset, or lease period if shorter.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset when it is probable that such costs will contribute to future economic benefits for the Group and the costs can be measured reliably.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

E.2.2. Movements in Tangible Assets

Movements in tangible assets in 2015 (US$ millions)	**Network Equipment(iii)**	**Land and Buildings**	**Construction in Progress**	**Other(i)**	**Total**
Opening balance, net	**3,749**	**193**	**490**	**319**	**4,751**
Change in the Group (see note A.1.2.)(ii)	**32**	**4**	**4**	**—**	**40**
Additions	**103**	**4**	**962**	**34**	**1,103**
Effect of deconsolidation	**(850)**	**(18)**	**(122)**	**(40)**	**(1,030)**
Impairments	**(33)**	**—**	**(5)**	**(1)**	**(39)**
Disposals, net	**(9)**	**(2)**	**—**	**(4)**	**(15)**
Depreciation charge	**(952)**	**(15)**	**—**	**(108)**	**(1,075)**
Asset retirement obligations	**6**	**3**	**—**	**—**	**9**
Transfers	**916**	**12**	**(956)**	**28**	**—**
Transfers from (to) assets held for sale	**9**	**—**	**—**	**—**	**9**
Exchange rate movements	**(485)**	**(34)**	**58**	**(86)**	**(547)**
Closing balance, net	**2,486**	**147**	**431**	**142**	**3,206**
Cost or valuation	**5,702**	**180**	**431**	**448**	**6,761**
Accumulated amortization and impairment	**(3,216)**	**(33)**	**—**	**(306)**	**(3,555)**
Net at 31 December 2015	**2,486**	**147**	**431**	**142**	**3,206**

Movements in tangible assets in 2014 (US$ millions)	Network Equipment(iii)	Land and Buildings	Construction in Progress	Other(i)	Total
Opening balance, net	2,151	74	374	172	2,771
Change in the Group (see note A.1.2.)(ii)	1,721	137	163	291	2,312
Additions	127	7	929	31	1,094
Impairments and net disposals	(17)	(1)	(4)	(8)	(30)
Depreciation charge	(812)	(9)	—	(99)	(920)
Asset retirement obligations	26	—	—	—	26
Transfers	929	13	(926)	(16)	—
Transfers from (to) assets held for sale	(1)	—	—	—	(1)
Exchange rate movements	(375)	(28)	(46)	(52)	(501)
Closing balance, net	3,749	193	490	319	4,751
Cost or valuation	7,873	232	490	695	9,290
Accumulated amortization and impairment	(4,124)	(39)	—	(376)	(4,539)
Net at 31 December 2014	3,749	193	490	319	4,751

(i) "Other" mainly includes office equipment and motor vehicles.
(ii) The change in the composition of the Group corresponded to the acquisition of Zantel in 2015 and acquiring control of Guatemala, and the merger with UNE in 2014 as well as other minor investments. Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(iii) The net carrying amount of network equipment under finance leases at 31 December 2015 was $258 million (2014: $226 million).

Borrowing costs capitalized for the years ended December 31, 2015 and 2014 were not significant.

E.2.3. Cash used for the purchase of tangible assets

Cash used for property, plant and equipment additions (US$ millions)	**2015**	2014
Additions	**1,103**	1,094
Change in advances to suppliers	**8**	(14)
Change in accruals and payables for property, plant and equipment	**(62)**	48
Vendor financing and finance leases	**(30)**	—
Cash used from continuing operations for additions	**1,019**	1,128

E.3. Assets Held for Sale

If Millicom decides to sell subsidiaries, investments in joint ventures or associates, or specific non-current assets in its businesses, these items qualify as assets held for sale if certain conditions are met. Millicom's assets held for sale are towers which have been sold and leased back from tower companies, and the 4G spectrum that it was required to sell on the merger of UNE.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

E.3.1. Classification of Assets Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is expected to be recovered principally through sale, not through continuing use. Liabilities of disposal groups are classified as "Liabilities directly associated with assets held for sale".

E.3.2. Millicom's Assets Held for Sale

(US$ millions)	2015	2014(i)
Tower assets held for sale	—	12
4G Spectrum (UNE) held for sale	12	15
Liabilities directly associated with assets held for sale	—	(2)
Net assets held for sale	**12**	25

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

Tower assets held for sale

Between 2009 and 2011 Millicom signed sale and leaseback agreements with tower companies in Africa and South America whereby Millicom agreed the sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment in exchange for cash and investments in the tower companies. When sale and leaseback agreements are concluded, the portions of assets that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable. Asset retirement obligations related to the towers are classified as liabilities directly associated.

By 31 December 2015, towers previously classified as held for sale were finally not transferred to tower companies and were reclassified as fixed assets by the operations, DRC, Colombia, Ghana and Tanzania (31 December 2014: $12 million). Asset retirement obligations related to these towers (31 December 2014: $2 million) were reclassified as liabilities.

4G Spectrum (UNE)

In accordance with the merger approval (see note A.1.2.) spectrum to be returned to the Colombian government with carrying value of $12 million (31 December 2014: $15 million) at the date of the merger, was classified to assets held for sale at 31 December 2015 and 2014.

F. Other assets and liabilities

F.1. Trade receivables

Millicom's trade receivables mainly comprise interconnect receivables from other operators, postpaid mobile and residential cable subscribers as well as B2B customers. The nominal value of receivables adjusted for impairment approximates the fair value of trade receivables.

(US$ millions)	2015	2014
Gross trade receivables	599	735
Less: provisions for impairment of receivables	(201)	(243)
Trade receivables, net	**398**	492

Ageing of trade receivables (US$ millions)	Neither past due nor impaired	Past due (net of impairments)			Total
		< 30 days	30-90 days	>90 days	
2015:					
Telecom operators	32	20	14	1	67
Own customers	153	54	48	—	255
Others	52	14	6	4	76
Total	**237**	**88**	**68**	**5**	**398**
2014:					
Telecom operators	63	19	21	4	107
Own customers	186	55	27	—	268
Others	78	16	12	11	117
Total	327	90	60	15	492

Trade receivables are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are indicators of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognised in the consolidated income statement within "Cost of sales".

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

F.1. Trade receivables (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing more than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortized cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortization process.

F.2. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories (US$ millions)	2015	2014(i)
Telephone and equipment	**59**	135
SIM cards	**7**	6
Other	**14**	7
Inventory at December 31	**80**	148

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

F.3. Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method where the effect of the passage of time is material.

F.4. Current and non-current provisions and other liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognised as interest expenses.

F.4.1. Current provisions and other liabilities

Current (US$ millions)	Note	2015	2014(i)
Deferred revenue		**121**	190
Customer deposits		**8**	13
Current legal provisions		**18**	6
Tax payables		**60**	83
Other current provisions		**—**	2
Customer and MFS distributor cash balances		**130**	115
Other current liabilities		**151**	112
Total		**488**	521

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

F.4.2. Put Options

The put options were financial liabilities as defined in IAS 32 and recorded as current liabilities.

F.4.3. Non-Current provisions and other liabilities

Non-Current (US$ millions)	Note	2015	2014(i)
Non-current legal provisions		**24**	16
Long-term portion of asset retirement obligations		**70**	100
Long-term portion of deferred income on tower sale and leasebacks		**24**	30
Long-term employment obligations		**56**	69
Other non-current liabilities		**73**	83
Total		**247**	298

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

Notes to the Consolidated Financial Statements
for the year ended 31 December 2015 (continued)

G. Additional disclosure items
G.1 Fees to auditors

(US$ millions)	2015	2014
Audit fees	4.7	5.1
Audit related fees	0.3	0.2
Tax fees	0.3	0.4
Other fees	0.9	0.6
Total	**6.2**	6.3

G.2. Capital and operational commitments
Millicom has a number of capital and operational commitments to suppliers and service providers in the normal course of its business. These commitments are mainly contracts for acquiring network and other equipment, and leases for towers and other operational equipment.

G.2.1. Capital Commitments
At 31 December 2015 the Company, its subsidiaries had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $326 million of which $309 million are due within one year (December 31, 2014: $336 million of which $308 million are due within one year). Out of these commitments, respectively $59 million and $49 million related to Millicom's joint ventures. (December 31, 2014: $40 million of which $31 million are due within one year).

G.2.2. Lease Commitments
Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and involves an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset. The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements. On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses.

Operating leases

Operating leases are all other leases that are not finance leases. Operating lease payments are recognised as expenses in the consolidated income statement on a straight-line basis over the lease term.

Operating leases mainly comprise land in which cell towers are located (including those related to towers sold and leased back) and buildings. Total operating lease expense from continuing operations for the year ended 31 December 2015 was $193 million (2014: $180 million—see note B.2.).

Annual Operating Lease Commitments

(US$ millions)	2015[ii]	2014[i]
Within one year	111	156
Between one and five years	310	512
After five years	214	331
Total	**635**	999

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).
(ii) Joint ventures operating lease commitments amount to $262 million (2014: nil) and are excluded from the table above.

Finance leases

Finance leases, which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Where a finance lease results from a sale and leaseback transaction, any excess of sales proceeds over the carrying amount of the assets is deferred and amortised over the lease term. Capitalised leased assets are depreciated over the shorter of the estimated useful lives of the assets, or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Finance leases mainly comprise lease of tower space in Ghana, Tanzania, DRC and Colombia (see note C.3.3.), lease of poles in Colombia and tower sharing in other countries. Other financial leases mainly consist of lease agreements relating to vehicles and IRUs.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

G.2.2. Lease Commitments (continued)

Annual Minimum Finance Lease Commitments (US$ millions)	2015(ii)	2014(i)
Within one year	**64**	62
Between one and five years	**273**	270
After five years	**331**	374
Total	**668**	706

(i) Comparative information has been restated after finalisation of the UNE purchase accounting (note A.1.2.).

The corresponding finance lease liabilities at 31 December 2015 were $336 million (2014: $366 million).

G.3. Contingent liabilities

G.3.1. Litigation and legal risks

The Company and its operations are contingently liable with respect to lawsuits and other legal risks that arise in the normal course of business. As of 31 December 2015, the total amount of claims and litigation risks against Millicom and its operations was $492 million, of which $nil related to its joint ventures (31 December 2014: $359 million).

As at 31 December 2015, $42 million (31 December 2014: $22 million), of which $nil related to its joint ventures, has been provided for litigation and legal risks in the consolidated statement of financial position. While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

In June 2015, Millicom identified that an incorrect filing related to one of its African operations had been made in the commercial register. As a result of that erroneous entry, the register incorrectly indicates that shares in Millicom's operation were transferred to a third party. At 31 December 2015, Millicom is engaged in legal proceedings and believes there is no valid basis whatsoever for this entry to have been made.

Ghana

A lawsuit filed against our subsidiary in Ghana (Millicom Ghana) by E-Talk Limited (E-Talk) in November 2011, alleging that Millicom Ghana terminated a July 2006 contract with insufficient notice. The total value of the claim is approximately $30 million, including various general damages, loss of expected revenues and punitive damages. Management considers this claim as opportunistic and without foundation, in so far as it was filed more than four years after the events on which the plaintiff bases its claim. A provision of less than $1 million has been made for legal costs related to this claim.

The following specific risks are excluded from the $492 million above:

Colombia

A claim filed with the Civil Chamber of Bogota in Colombia against all mobile operators in Colombia in 2013, including our subsidiary in Colombia, by a group of approximately twenty individuals of approximately $753 million. The claimants allege damages and losses suffered from third parties through illegal use of cellular phones in extortion attempts against the claimants.

The case has been inactive, with the exception of a mandatory settlement conference held among the parties under the court's supervision, which did not result in a settlement agreement. This claim is considered by management to be entirely spurious and without foundation or substance. As a result, no provision has been made for this claim.

Arbitration

At 31 December 2015 Millicom has various other claims, mainly related to licenses subject to arbitration processes.

Potential improper payments on behalf of the Guatemala joint venture

On 21 October 2015, Millicom reported to law enforcement authorities in the United States and Sweden potential improper payments made on behalf of the Company's joint venture in Guatemala. The matter is currently under investigation and is at an early stage of development. Management has not been able to assess the potential impact on these consolidated financial statements of any remedial actions that may need to be taken as a result of the investigations, or penalties that may be imposed by law enforcement authorities.

G.3.2. Tax related risks

The Group operates in countries where the tax systems, regulations and enforcement processes have varying stages of development. As a result the Group operates in certain countries with varying levels of uncertainty regarding application of tax law and interpretation of tax treatments, and is subject to regular tax audits.

At 31 December 2015 potential tax risks estimated by the Group amount to $300 million of which provisions of $92 million have been recorded representing the probable amount of eventual claims and required payments related to those risks (2014: $339 million of which provisions of $63 million were recorded). Out of these potential claims and provisions, respectively $95 million and $13 million related to Millicom's joint ventures.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

G.4. Non-cash investing and financing activities

Non-cash investing and financing activities from continuing operations (US$ millions)	Note	2015	2014
Investing Activities			
Acquisition of property, plant and equipment	E.2.3.	**(54)**	(60)
Asset retirement obligations	E.2.3.	**(9)**	(26)
Financing Activities			
Vendor financing and finance leases	G.2.2.	**30**	—
Share based compensation	B.4.1.	**19**	22

G.5. Related party balances and transactions

The Company conducts transactions with certain related parties on normal commercial terms and conditions. Included are:

Investment AB Kinnevik ("Kinnevik") and subsidiaries, Millicom's principal shareholder.

Tower companies in Ghana, DRC, Tanzania (until October 2015), Colombia (until July 2014) and in Helios Towers Africa Ltd (since October 2015), in which Millicom holds a direct or indirect equity interest (see note A.3.2.).

EPM and subsidiaries, the non-controlling shareholder in our Colombian operation (since the merger on 14 August 2014 (see note A.1.2.)).

Miffin Associates Corp and subsidiaries, our joint venture partner in Guatemala.

Kinnevik

Millicom's principal shareholder is Kinnevik. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries. At 31 December 2015, Kinnevik owned approximately 38% of Millicom (2014: 38%). During 2015 and 2014, Kinnevik did not purchase any Millicom shares. There are no significant loans made by Millicom to or for the benefit of Kinnevik or Kinnevik controlled entities.

During 2015 and 2014 the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

Helios Towers

Millicom acquired 40% shareholdings in Helios Towers Ghana, Helios Towers Tanzania and Helios Towers DRC as part of the compensation agreed for the sale and lease back of its towers in those countries. Millicom sold its tower assets and leased back a portion of space on the towers in each of these countries and contracted for related operation and management services. As described in note A.3.2., as a result of a reorganisation, Millicom has exchanged shares which were previously held in HTA's tower companies in Ghana, DRC and Tanzania, into shares in HTA's parent company and retains a significant influence on HTA. The Group has future lease commitments in respect of the tower companies (see note G.2.2.).

In October 2011, Millicom's operating subsidiary in DRC provided Helios Towers DRC with a financing facility for a maximum of $38 million (principal of $30 million). Amounts under the facility were guaranteed by Helios Towers Africa, the parent company of Helios Towers DRC, as well as by pledge of its shares in Helios Towers DRC. The principal and interest payable were repaid by Helios DRC in March 2014.

In 2013 Millicom provided Helios Towers Tanzania with a $12 million unsecured loan bearing interest at 15% per annum and repayable by the end of 2019. During 2014 Millicom's interest in Helios Towers Tanzania was diluted from 40% to 24.15%, and as compensation for the dilution Millicom received additional loans from Helios Towers Tanzania of $7 million.

ATC BV

From 2012 until disposal in July 2014, the Group provided its 40% owned associate company, ATC BV, with various US dollar denominated loans bearing a fixed rate interest at 8.3% per annum. The loans were converted to equity in 2014 prior to the Group selling its investment in ATC BV (see note A.3.2.).

UNE EPM Telecomunicaciones S.A.

The Group's mobile operation in Colombia leased portions of its tower assets (owned or leased) under finance leases to UNE EPM Telecomunicaciones S.A. ('UNE'), until August 2014, and since that date UNE is a subsidiary of the Group (see note A.1.2.).

Miffin Associates Corp

The Group purchases and sells products and services from Miffin Associates Corp. Transactions with Miffin represent recurring commercial operations such as purchase of handsets, and sale of airtime.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

G.5. Related party balances and transactions (continued)

Expenses from transactions with related parties (US$ millions)	2015	2014
Purchases of goods and services from Kinnevik	3	3
Purchases of goods and services from Miffin	148	155
Purchases of goods and services from EPM	17	1
Lease of towers and related services from Helios and ATC(i)	36	102
Lease of towers and related services from UNE(i)	—	13
Other expenses	2	—
Total	**206**	274

Income and gains from transactions with related parties (US$ millions)	2015	2014
Sale of goods and services to EPM	19	8
Sale of goods and services to Miffin	253	213
Gain on sale of towers to Helios and ATC(i)	—	42
Lease of towers and related services to UNE(i)	—	22
Interest income on loans to Helios Towers DRC and Tanzania and ATC(i)	—	7
Other revenue related to Helios Towers Tanzania	4	—
Total	**276**	292

(i) Until acquisition/disposal date.

As at 31 December 2015 the Company had the following balances with related parties:

US$ millions	Year ended 31 December 2015	Year ended 31 December 2014
Liabilities		
Payables to Guatemala	335	—
Payables to Honduras	225	—
Finance lease liabilities to tower companies(i)	122	127
Payables to EPM	66	—
Payables to Miffin	—	10
Payable to AIH for 13.33% shareholding increase	—	31
Other accounts payable	18	16
Total	**766**	184

(i) Disclosed under "Debt and other financing" in the statement of financial position.

US$ millions	Year ended 31 December 2015	Year ended 31 December 2014
Assets		
Receivables from EPM	5	—
Loan to Helios Towers Tanzania	7	18
Other loans	—	6
Advances to Miffin	—	212
Advances to Centrotel (joint partner in Honduras operations)	—	88
Other accounts receivable	4	25
Total	**16**	349

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015 (continued)

H. Subsequent events

Dividend

On 10 February 2016 Millicom announced that the Board will propose to the Annual General Meeting of the Shareholders a dividend distribution of $2.64 per share to be paid out of Millicom profits for the year ended 31 December 2015 subject to the Board's approval of the 2015 Consolidated Financial Statements of the Group.

Millicom to sell its Democratic Republic of Congo business to Orange

On 8 February 2016, Millicom announced that it has signed an agreement for the sale of its business in DRC to Orange S.A. The transaction is subject to regulatory approvals. Millicom agreed to sell 100% of the share capital in Oasis SA for total cash consideration of $160 million.

Millicom signs agreement to acquire TV Cable Paraná in Paraguay

On 15 February, 2016, Millicom announced that it will acquire TV Cable Paraná, the leading cable platform in Ciudad del Este, Paraguay's second largest city. TV Cable Paraná covers around 40,000 homes passed with approximately 15,000 clients. The transaction is subject to regulatory approval.