Unaudited Interim Condensed Consolidated Financial Statements

For the three month period and year ended December 31st, 2017

6 February 2018

MILLICOM
THE DIGITAL LIFESTYLE

Unaudited interim condensed consolidated income statement for the year ended December 31st, 2017

US$ millions (unaudited)	Notes	Year ended December 31st, 2017	Year ended December 31st, 2016 (i)
Revenue	5	**4,133**	**4,105**
Cost of sales		(1,218)	(1,187)
Gross profit		**2,915**	**2,918**
Operating expenses		(1,623)	(1,661)
Depreciation		(711)	(698)
Amortisation		(150)	(178)
Share of profit in our joint ventures in Guatemala and Honduras	14	142	115
Other operating income (expenses), net	16	57	(15)
Operating profit	5	**629**	**481**
Interest expense	10	(401)	(377)
Interest and other financial income		16	21
Other non-operating (expenses) income, net	6	(4)	13
Income (loss) from other joint ventures and associates, net	15	(85)	(49)
Profit before taxes from continuing operations		**155**	**88**
Charge for taxes, net		(158)	(179)
Profit (loss) for the period from continuing operations		**(3)**	**(91)**
Profit for the period from discontinued operations, net of tax	4	71	1
Net profit (loss) for the period		**68**	**(90)**

Attributable to:			
Owners of the Company		85	(32)
Non-controlling interests		(17)	(58)

Earnings per common share for profit attributable to the owners of the Company:			
Basic (US$)	7	0.85	(0.32)
Diluted (US$)	7	0.85	(0.32)

(i) Re-presented for discontinued operations (see note 4).

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

Unaudited interim condensed consolidated income statement for the three-month period ended December 31st, 2017

US$ millions (unaudited)	Notes	Three months ended December 31st, 2017	Three months ended December 31st, 2016 (i) (ii)
Revenue	**5**	**1,069**	**1,051**
Cost of sales		(325)	(307)
Gross profit		**744**	**743**
Operating expenses		(408)	(443)
Depreciation		(181)	(181)
Amortisation		(32)	(46)
Share of profit in our joint ventures in Guatemala and Honduras	14	26	26
Other operating income (expenses), net	16	33	(14)
Operating profit	**5**	**182**	**84**
Interest expense	10	(87)	(109)
Interest and other financial income		4	7
Other non-operating (expenses) income, net	6	1	(37)
Income (loss) from other joint ventures and associates, net	15	(32)	(51)
Profit (loss) before taxes from continuing operations		**68**	**(106)**
Charge for taxes, net		(33)	(68)
Profit (loss) for the period from continuing operations		**35**	**(174)**
Profit (loss) for the period from discontinued operations, net of tax	4	46	(11)
Net profit (loss) for the period		**81**	**(185)**
Attributable to:			
Owners of the Company		69	(129)
Non-controlling interests		12	(56)
Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (US$)	7	0.69	(1.29)
Diluted (US$)	7	0.69	(1.29)

(i) Re-presented for discontinued operations (see note 4).

(ii) The interim condensed consolidated income statement for the three-month period ended December 31st, 2016 has been restated as a result of the completion of the fair value measurements of our investments in Guatemala and Honduras joint ventures (see note 14).

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

Unaudited interim condensed consolidated statement of comprehensive income for the year and for the three-month period ended December 31st, 2017

US$ millions (unaudited)	Year ended December 31st, 2017	Year ended December 31st, 2016
Net profit (loss) for the year	68	(90)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	85	(14)
Cash flow hedges	4	(3)
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:		
Remeasurements of pension obligations, net of taxes	(2)	(2)
Total comprehensive income for the year	**156**	**(109)**
Attributable to:		
Owners of the Company	171	(60)
Non-controlling interests	(15)	(49)
Total comprehensive income for the year arises from:		
Continuing operations	96	(108)
Discontinued operations	60	(1)

US$ millions (unaudited)	Three months ended December 31st, 2017	Three months ended December 31st, 2016 (i)
Net profit for the period	81	(185)
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	63	(66)
Cash flow hedges	—	(2)
Other comprehensive income (not to be reclassified to profit and loss in subsequent periods), net of tax:		
Remeasurements of pension obligations, net of taxes	(2)	(2)
Total comprehensive income for the period	**142**	**(255)**
Attributable to:		
Owners of the Company	131	(188)
Non-controlling interests	11	(67)
Total comprehensive income for the period arises from:		
Continuing operations	97	(248)
Discontinued operations	45	(7)

(i) The interim condensed consolidated statement of comprehensive income for the three month period ended December 31st, 2016 has been restated as a result of the completion of the fair value measurements of our investments in Guatemala and Honduras joint ventures (see note 14).

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

Unaudited interim condensed consolidated statement of financial position as at December 31st, 2017

US$ millions	Notes	December 31st, 2017	December 31st, 2016 (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,265	1,359
Property, plant and equipment, net	8	2,880	3,057
Investments in joint ventures	14	2,967	2,945
Investments in associates	15	241	331
Deferred tax assets		180	166
Derivative financial instruments	13	—	32
Other non-current assets	12	113	72
TOTAL NON-CURRENT ASSETS		**7,647**	**7,961**
CURRENT ASSETS			
Inventories		45	62
Trade receivables, net		386	387
Amounts due from non-controlling interests, associates and joint ventures	12	37	17
Prepayments and accrued income		145	171
Current income tax assets		99	101
Supplier advances for capital expenditure		18	23
Other current assets		90	110
Restricted cash		145	145
Cash and cash equivalents		619	646
TOTAL CURRENT ASSETS		**1,585**	**1,661**
Assets held for sale	4	233	5
TOTAL ASSETS		**9,465**	**9,627**

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

Unaudited interim condensed consolidated statement of financial position as at December 31st, 2017 (continued)

US$ millions	Notes	December 31st, 2017	December 31st, 2016 (audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		637	638
Treasury shares		(106)	(123)
Other reserves		(470)	(562)
Retained profits		2,950	3,247
Profit (loss) for the year attributable to equity holders		85	(32)
Equity attributable to owners of the Company		**3,096**	**3,167**
Non-controlling interests		185	201
TOTAL EQUITY		**3,282**	**3,368**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	3,600	3,821
Derivative financial instruments	13	—	84
Amounts due to non-controlling interests, associates and joint ventures	12	124	113
Provisions and other non-current liabilities		335	286
Deferred tax liabilities		56	57
Total non-current liabilities		**4,116**	**4,361**
Current liabilities			
Debt and financing	10	185	80
Payables and accruals for capital expenditure		304	326
Other trade payables		288	297
Amounts due to non-controlling interests, associates and joint ventures	12	296	273
Accrued interest and other expenses		353	376
Current income tax liabilities		81	68
Derivative financial instruments	13	56	—
Provisions and other current liabilities		425	477
Total current liabilities		**1,989**	**1,898**
Liabilities directly associated with assets held for sale	4	79	—
TOTAL LIABILITIES		**6,183**	**6,258**
TOTAL EQUITY AND LIABILITIES		**9,465**	**9,627**

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

Unaudited interim condensed consolidated statement of cash flows for the year ended December 31st, 2017

US$ millions (i)	Notes	December 31st, 2017	December 31st, 2016 (i)
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		155	88
Profit before taxes from discontinued operations		71	(5)
Profit before taxes		**226**	**83**
Adjustments to reconcile to net cash:			
Interest expense		416	397
Interest and other financial income		(16)	(22)
Adjustments for non-cash items:			
Depreciation and amortization	5	879	932
Share of profit in our joint ventures in Guatemala and Honduras		(142)	(115)
Loss (gain) on disposal and impairment of assets, net	4	(99)	19
Share based compensation		24	14
(Income) loss from other joint ventures and associates, net	15	85	49
Other non-cash non-operating (income) expenses, net		(2)	(22)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		6	102
(Increase) decrease in inventories		16	19
Increase (decrease) in trade and other payables		(83)	(109)
Total changes in working capital		**(61)**	**12**
Interest (paid)		(372)	(357)
Interest received		16	19
Taxes (paid)	5	(132)	(130)
Net cash provided by operating activities		**820**	**878**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	(22)	-
Proceeds from disposal of subsidiaries and associates, net of cash disposed		22	147
Purchase of intangible assets and licenses	9	(133)	(143)
Proceeds from sale of intangible assets	9	4	6
Purchase of property, plant and equipment	8	(650)	(719)
Proceeds from sale of property, plant and equipment	8	179	6
Dividend received from joint ventures		203	143
Cash (used in) provided by other investing activities, net	13	31	8
Net cash used in investing activities		**(367)**	**(552)**
Cash flows from financing activities (including discontinued operations):			
Proceeds from other debt and financing	10	996	713
Repayment of debt and financing	10	(1,195)	(821)
Advances for, and dividends to non-controlling interests		-	(68)
Dividends paid to owners of the Company		(265)	(265)
Net cash from (used by) financing activities		**(464)**	**(441)**
Exchange impact on cash and cash equivalents, net		4	(8)
Net (decrease) increase in cash and cash equivalents		**(8)**	**(123)**
Cash and cash equivalents at the beginning of the year		646	769
Effect of cash in disposal group held for sale	4	(19)	—
Cash and cash equivalents at the end of the year		**619**	**646**

(i) Re-presented for discontinued operations (see note 4).

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

Unaudited interim condensed consolidated statements of changes in equity for the periods ended December 31st, 2017, December 31st, 2016 and December 31st, 2016

US$ millions	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits (i)	Other reserves	Total	Non-controlling interests	Total equity
Balance on December 31st, 2015	**101,739**	**(1,574)**	**153**	**486**	**(143)**	**3,513**	**(531)**	**3,477**	**251**	**3,728**
Total comprehensive income for the period	—	—	—	—	—	(32)	(28)	(60)	(49)	(109)
Dividends	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(37)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation	—	—	—	—	—	—	14	14	—	14
Issuance of shares under share-based payment schemes	—	216	—	(1)	23	(1)	(17)	4	—	4
Balance on December 31st, 2016	**101,739**	**(1,395)**	**153**	**485**	**(123)**	**3,215**	**(562)**	**3,167**	**201**	**3,368**
Total comprehensive income for the period	—	—	—	—	—	85	87	171	(15)	156
Dividends (ii)	—	—	—	—	—	(265)	—	(265)	—	(265)
Purchase of treasury shares	—	(32)	—	—	(3)	—	—	(3)	—	(3)
Share based compensation	—	—	—	—	—	—	24	24	—	24
Issuance of shares under share-based payment schemes	—	233	—	(1)	21	1	(18)	1	—	1
Balance on December 31st, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(470)**	**3,096**	**185**	**3,282**

(i) Retained profits — includes profit attributable to equity holders, of which at December 31st, 2017, $345 million (2016: $321 million) are not distributable to equity holders.

(ii) Dividends — A dividend distribution of $2.64 per share was approved by the Annual General Meeting of shareholders and distributed in May 2017.

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

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

On February 6th, 2018, the Board of Directors authorised these interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements of the Group are unaudited. They are presented in US dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as adopted by the European Union. In the opinion of management, these unaudited interim condensed consolidated financial statements reflect all adjustments that are necessary for a proper presentation of the results for interim periods. Millicom's operations are not affected by significant seasonal or cyclical patterns.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31st, 2016. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2016 consolidated financial statements.

The following changes to standards effective for annual periods starting on January 1st, 2017 have not been applied by the Group as they have not yet been endorsed by the European Union. Millicom intends to adopt these changes as soon as they are endorsed. However, their adoption will not have a significant impact for the Group:

- IAS Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports;
- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses.

There are no other significant changes to standards effective for annual periods starting on January 1st, 2017.

The following Standards are effective as from January 1st, 2018:

- IFRS 15 establishes a five-step model related to revenue recognition from contracts with customers. Under IFRS 15, revenue is recognized at amounts that reflect the consideration that an entity expects to be entitled to in exchange for transferring goods or services to a customer. The Group will adopt the accounting standard on 1 January 2018 and identified a limited impact on its Group financial statements. IFRS 15 mainly affects the timing of recognition of revenue as it introduces more differences between the billing and the recognition of the revenue. However, it will not affect the cash flows generated by the Group.

  As a consequence of adopting this Standard in 2018:

  1) some revenue will be recognized earlier, as a larger portion of the total consideration received in a bundled contract will be attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this will produce a shift from service revenue (which will decrease) to the benefit of Telephone and Equipment revenue. This will result in the recognition of a Contract Asset on the statement of financial position as more revenue is recognized upfront while the cash will be received along the subscription period (which is usually between 12 to 36 months). Contract Assets (and liabilities) will be reported on a separate line in current assets even if their realization period is longer than 12 months. This is because they are realized / settled as part of the normal operating cycle of our core business.
  2) the cost incurred to obtain a contract (mainly commissions) will be capitalized in the statement of financial position and amortized over either the average customer retention period or the contract term, depending on the circumstances. This will result in the recognition of Contract Costs being capitalized under non-current assets on the statement of financial position.
  3) there will be no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.

  Management identified some other adjustments that are much less meaningful than the adjustments explained above.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The Group will adopt the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the Standard will be recognized as an adjustment to the opening balance of retained earnings as at January 1st, 2018 and comparatives will not be restated. The Group expects an increase of approximately $50 million on the retained earnings as of January 1st, 2018 (approximately 2% of total equity). The expected impact has been determined based on outstanding contracts as of September 30th, 2017 and are therefore estimates. The cumulative effect that will be recorded on January 1st, 2018 will be based on December 31st, 2017 figures.

Additionally, the Group has decided to take some of the practical expedients foreseen in the Standard, such as:

- Millicom will not adjust the transaction price for the means of a financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; when the period is more than one year the significant financing component will be adjusted, if material.
- Millicom will disclose in the Group Financial Statements the transaction price allocated to unsatisfied performance obligations only for contracts that have an original expected duration of more than one year (e.g. unsatisfied performance obligations for contracts that have an original duration of one year or less will not be disclosed).
- Millicom will apply the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer directly corresponds to the value to the customer of the entity's performance to date (i.e, if billing = accounting revenue).
- Millicom will apply the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that Millicom otherwise would have recognized is one year or less.

- IFRS 9: IFRS 9 addresses the classification, measurement and recognition, and impairments of financial assets and financial liabilities as well as hedge accounting. 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. IFRS 9 also clarifies the accounting for certain modifications and exchanges of financial liabilities measured at amortised cost.

  The application of IFRS 9 will not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to current rules, but it will have a limited impact on impairment of trade receivables and contracts assets (IFRS 15) as well as on amounts due from joint ventures and related parties – with the application of the expected credit loss model instead of the current incurred loss model. Similarly to IFRS 15 adoption, the Group will adopt the standard using the cumulative catch-up transition method and will therefore not restate comparative periods. Hence, the cumulative effect of initially applying the Standard will be recognized as an adjustment to the opening balance of retained earnings as at January 1st, 2018 and comparatives will not be restated. The Group expects a decrease of approximately $20 million on the retained earnings as of January 1st, 2018. Additionally, the Group will continue applying IAS 39 rules with respect to hedge accounting. Finally, the clarification introduced by IFRS 9 on the accounting for certain modifications and exchanges of financial liabilities measured at amortised cost will have no impact for the Group.

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

Acquisitions

During the year ended December 31st, 2017, Tigo Paraguay completed the acquisition of TV Cable Parana for a total consideration of approximately $18 million, net of cash acquired. The purchase accounting was finalised in March 2017. The purchase price has been mainly allocated to a customer list ($14 million) and to other tangible and intangible fixed assets ($3 million). As a result, the final goodwill amounted to $1 million.

During 2016 Millicom did not complete any significant acquisitions.

Disposals – Rwanda

On December 19th, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA, payable over two years, consisting of a mix of cash, vendor loan note and earn out. The transaction was subject to regulatory approvals whose obtention remained uncertain as of December 31st, 2017 and, as a consequence, operations had not been classified as assets held for sale and discontinued operations as of year-end. Necessary approvals have been obtained mid-January.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Ghana merger

On March 3rd, 2017, Millicom and Airtel have signed a Combination Agreement, whereby both investors decided to combine their respective subsidiaries in Ghana, namely Tigo Ghana Limited and Airtel Ghana Limited under an existing company - Bharti Airtel Ghana Holdings B.V. (the 'JV') both Millicom and Airtel owning each 50%. Necessary regulatory approvals were received on September 28th, 2017. As a result, our operations in Ghana have been classified as assets held for sale and discontinued operations as from that date. As part of the transaction, Millicom, to a certain extent, and Bharti granted to the government of Ghana an option to acquire a 25% stake in the newly combined entity for a period of 2 years. The transaction completed on October 12th, 2017. See note 14 for further details.

Discontinued operations – Senegal

On February 2nd, 2017, Millicom announced that it had agreed to sell its Senegal business to Wari Group, a financial services company, for a cash consideration of $129 million, subject to regulatory approvals and customary closing conditions. The Senegal business was accounted for as a discontinued operation since that date. However, on July 28th, 2017, Millicom exercised its right to terminate that agreement and subsequently agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group, subject to customary closing conditions and regulatory approvals.

While the transaction is still subject to regulatory approval at December 31st, 2017, Millicom believe there is still a high probability that the sale will be completed. Management have concluded that, given the conditions and circumstances, the operations in Senegal should remain classified as discontinued operations and assets held for sale.

Discontinued operations – DRC

On February 8th, 2016, Millicom announced that it had signed an agreement for the sale of its businesses in the Democratic Republic of Congo (DRC) to Orange S.A. The transaction was completed in respect of the mobile business (Oasis S.A.) on April 20th, 2016 and includes certain indemnity and warranty clauses as well as other expenses directly linked with the disposal, which have been provided for as of December 31st, 2017. The separate disposal of DRC Mobile Cash was completed in September 2016. The sale of these operations generated a cash inflow of $147 million, net of $33 million of cash disposed.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (Continued)

In accordance with IFRS 5, the Group's businesses in DRC, Senegal and Ghana have been classified as assets held for sale and their results were classified as discontinued operations. Comparative figures of the income statement have been represented accordingly. Financial information relating to the discontinued operations for the years ended ended December 31st, 2017 and 2016 is set out below. Figures shown below are after intercompany eliminations.

Results from Discontinued Operations (US$ millions)	Year ended December 31st, 2017	Year ended December 31st, 2016
Revenue	242	309
Cost of sales	(81)	(106)
Operating expenses	(103)	(141)
Depreciation and amortisation	(18)	(54)
Other operating income (expenses), net	7	(5)
Gross gain on disposal of discontinued operations	39	32
Other expenses linked to the disposal of discontinued operations	(7)	(19)
Operating profit	**79**	**16**
Interest income (expense), net	(15)	(18)
Other non-operating (expenses) income, net	6	(3)
Profit before taxes	**71**	**(5)**
Credit (charge) for taxes, net	—	5
Net profit from discontinued operations	**71**	**1**

Results from Discontinued Operations (US$ millions)	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Revenue	37	68
Cost of sales	(14)	(22)
Operating expenses	(11)	(30)
Depreciation and amortisation	—	(14)
Other operating income (expenses), net	—	(4)
Gross gain on disposal of discontinued operations	39	1
Other expenses linked to the disposal of discontinued operations	(5)	—
Operating profit	**46**	**(1)**
Interest income (expense), net	(1)	(5)
Other non-operating (expenses) income, net	1	(5)
Profit before taxes	**46**	**(11)**
Credit (charge) for taxes, net	—	—
Net profit from discontinued operations	**46**	**(11)**

Cash Flows from Discontinued Operations (US$ millions)	Year ended December 31st, 2017	Year ended December 31st, 2016
Cash from (used in) operating activities, net	26	10
Cash from (used in) investing activities, net	(33)	(53)
Cash from (used in) financing activities, net	(22)	18
Net cash inflows/(outflows)	(29)	(25)

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (Continued)

Assets held for sale and liabilities directly associated with assets held for sale

The following table summarises the nature of the assets and liabilities reported under assets held for sale and liabilities directly associated with assets held for sale as at December 31st, 2017:

Assets and liabilities reclassified as held for sale (US$ millions)	**As at December 31st, 2017**	**As at December 31st, 2016**
Senegal operations	223	—
Towers Paraguay	7	—
Towers Colombia	1	—
Other	2	5
Total assets of held for sale	**233**	**5**
Senegal operations	77	—
Towers Paraguay	2	—
Total liabilities directly associated with assets held for sale	**79**	**—**
Net assets held for sale / book value	**154**	**5**

Ghana

The assets and liabilities deconsolidated on the date of the merger were as follows:

Assets and liabilities reclassified as held for sale – Ghana (US$ millions)	**October 12th, 2017**
Intangible assets, net.	12
Property, plant and equipment, net	77
Current assets	29
Cash and cash equivalents	8
Total assets of disposal group held for sale	**126**
Non-current financial liabilities	51
Current liabilities	50
Total liabilities of disposal group held for sale	**102**
Net assets / book value	**24**

Senegal

The assets and liabilities were transferred to assets held for sale in relation to our operations in Senegal as at February 7th, 2017. The following assets and liabilities are classified as assets held for sale as at December 31st, 2017:

Assets and liabilities reclassified as held for sale – Senegal (US$ millions)	**December 31st, 2017**
Intangible assets, net.	50
Property, plant and equipment, net	124
Other non-current assets	1
Current assets	37
Cash and cash equivalents	11
Total assets of disposal group held for sale	**223**
Non-current financial liabilities	17
Current liabilities	60
Total liabilities of disposal group held for sale	**77**
Net assets held for sale / book value	**148**

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (Continued)

Tower Sale and Leaseback - Paraguay

On April 26th, 2017, the Group announced an agreement to sell and leaseback approximately 1,400 wireless communications towers in Paraguay to a subsidiary of American Tower Corporation (“ATC”) 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. As a result of this transaction, our operation in Paraguay will receive approximately Gs700 billion (equivalent to $125 million) in cash. The portions of the assets that will be transferred and that will not be leased back by our operation in Paraguay are classified as assets held for sale as completion of their sale is highly probable.

The first closing of 836 towers occurred in August 2017 and ATC paid Gs426 billion (approximately $76 million). This triggered the recognition of an upfront gain on sale of $26 million under ‘Other operating income (expenses), net’. The financial lease liability recognised in respect of the lease back of a portion of these towers amount to $20 million. An additional closing has occured early January 2018.

Tower Sale and Leaseback - Colombia

On July 18th, 2017, the Group announced that its subsidiary Colombia Móvil S.A. E.S.P ("Tigo") agreed to sell approximately 1,200 wireless communications towers to a subsidiary of ATC in Colombia. As a result of the transaction, Tigo will receive approximately COP 448 billion, equivalent to US$147 million, in cash.

The first closing of 696 towers occurred in December 2017 and ATC paid COP 258 billion (approximately $85 million). This triggered the recognition of an upfront gain on sale of $37 million under ‘Other operating income (expenses), net’. The financial lease liability recognised in respect of the lease back of a portion of these towers amount to $7 million. The next closing is expected to occur early 2018.

5. SEGMENT INFORMATION

Millicom presents segmental information based on its two geographical regions (Latin America and Africa) and the figures below include Honduras and Guatemala as if they are fully consolidated by the Group as this reflects the way management reviews and uses internally reported information to make decisions about operating matters. Honduras and Guatemala are shown under the Latin America segment. Our joint venture in Ghana is not reported as if fully consolidated. Revenue, operating profit (loss), EBITDA and other segment information for the years and three month periods ended December 31st, 2017 and 2016 were as follows:

Year ended December 31st, 2017 (US$ millions)	**Latin America**	**Africa**	**Unallo -cated**	**Total (a)**	**Guatemala and Honduras (vi) (b)**	**Eliminations and transfers (c)**	**Sub-Total (a)+(b)+(c)**	**Disc Ops (vii)**	**Total**
Revenue	**5,441**	**582**	**—**	**6,024**	**(1,892)**	**—**	**4,133**	**242**	**4,375**
Operating profit (loss)	**1,025**	**44**	**(150)**	**919**	**(431)**	**142**	**629**	**79**	**709**
Add back:									
Depreciation and amortization	1,174	129	6	1,310	(450)	—	861	18	878
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(142)	(142)	—	(142)
Other operating income (expenses), net	(49)	—	10	(39)	(18)	—	(57)	(39)	(96)
EBITDA *(i)*	**2,151**	**174**	**(134)**	**2,190**	**(899)**	**—**	**1,291**	**58**	**1,349**
EBITDA from discontinued operations	—	58	—	58					
EBITDA incl discontinued operations	**2,151**	**232**	**(134)**	**2,248**					
Capital expenditure *(ii)*	(855)	(99)	(1)	(955)					
Changes in working capital and others (iii)	(59)	(7)	(2)	(69)					
Taxes paid	(239)	(18)	1	(256)					
Operating free cash flow *(iv)*	**998**	**108**	**(136)**	**969**					
Total Assets *(v)*	**10,411**	**1,298**	**782**	**11,556**	**(5,400)**	**3,309**	**9,465**		
Total Liabilities	**5,484**	**1,673**	**1,465**	**7,687**	**(1,941)**	**439**	**6,183**		

Year ended December 31st, 2016 (US$ millions)	**Latin America**	**Africa**	**Unallo -cated**	**Total (a)**	**Guatemala and Honduras (vi) (b)**	**Eliminations and transfers (c)**	**Sub-Total (a)+(b)+(c)**	**Disc Ops (vii)**	**Total**
Revenue	**5,352**	**626**	**—**	**5,979**	**(1,875)**	**—**	**4,105**	**309**	**4,414**
Operating profit (loss)	**848**	**60**	**(150)**	**759**	**(394)**	**115**	**481**	**16**	**497**
Add back:									
Depreciation and amortization	1,173	137	7	1,317	(440)	—	877	54	931
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(115)	(115)	—	(115)
Other operating income (expenses), net	42	3	(6)	39	(24)	—	15	(9)	6
EBITDA *(i)*	**2,063**	**200**	**(148)**	**2,114**	**(858)**	**—**	**1,257**	**62**	**1,319**
EBITDA from discontinued operations	—	62	—	62					
EBITDA incl discontinued operations	**2,063**	**262**	**(148)**	**2,176**					
Capital expenditure *(ii)*	(886)	(161)	(6)	(1,053)					
Changes in working capital and others *(iii)*	37	(2)	(33)	2					
Taxes paid	(233)	(33)	(9)	(275)					
Operating free cash flow *(iv)*	**981**	**66**	**(197)**	**850**					
Total Assets *(v)*	**10,386**	**1,406**	**1,357**	**11,883**	**(5,589)**	**3,332**	**9,627**		
Total Liabilities	**5,229**	**1,852**	**1,997**	**7,812**	**(1,942)**	**388**	**6,258**		

(i) EBITDA is used by the management to monitor the segmental performance and for capital management. EBITDA is defined in the Group's Annual Report.
(ii) Excluding spectrum and licenses of $53 million (2016: $39 million) and cash received on tower deals of $167 million (2016: nil).
(iii) 'Changes in working capital and others' include changes in working capital as stated in the cash flow statement as well as share based payments expense.
(iv) Operating Free Cash Flow is EBITDA less capex (excluding spectrum and license costs) less change in working capital, other non-cash items (share-based payment expense) and taxes paid.
(v) Segment assets include goodwill and other intangible assets.
(vi) Including eliminations for Guatemala and Honduras as reported in the Latin America segment.
(vii) See note 4. DRC, Senegal and Ghana operations were part of the Africa segment.
(viii) Restated as a result of the completion of the fair value measurements of our investments in Guatemala and Honduras joint ventures and of the classification of our operations in Senegal as discontinued operations (see notes 4 and 14)

5. SEGMENT INFORMATION (Continued)

Three-month period ended December 31st, 2017 (US$ millions)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (vi) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vii)	Total
Revenue	**1,407**	**150**	**—**	**1,558**	**(489)**	**—**	**1,069**	**37**	**1,106**
Operating profit (loss)	**292**	**18**	**(54)**	**256**	**(100)**	**26**	**182**	**46**	**228**
Add back:									
Depreciation and amortization	289	33	2	325	(112)	—	213	—	213
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(26)	(26)	—	(26)
Other operating income (expenses), net	(28)	(3)	11	(19)	(14)	—	(33)	(33)	(66)
EBITDA *(i)*	**552**	**49**	**(41)**	**561**	**(226)**	**—**	**335**	**13**	**348**
EBITDA from discontinued operations	—	13	—	13					
EBITDA incl discontinued operations	**552**	**62**	**(41)**	**574**					
Capital expenditure *(ii)*	(241)	(13)	2	(252)					
Changes in working capital and others (iii)	62	(17)	12	56					
Taxes paid	(69)	(8)	(1)	(79)					
Operating free cash flow *(iv)*	**306**	**22**	**(28)**	**299**					

Three—month period ended December 31st, 2016 (US$ millions) (viii)	Latin America	Africa	Unallo-cated	Total (a)	Guatemala and Honduras (vi) (b)	Eliminations and transfers (c)	Sub-Total (a)+(b)+(c)	Disc Ops (vii)	Total
Revenue	**1,365**	**161**	**—**	**1,526**	**(475)**	**—**	**1,051**	**69**	**1,119**
Operating profit (loss)	**156**	**20**	**(33)**	**143**	**(84)**	**26**	**84**	**(1)**	**83**
Add back:									
Depreciation and amortization	303	36	2	341	(115)	—	227	14	241
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(26)	(26)	—	(26)
Other operating income (expenses), net	42	3	(8)	36	(22)	—	14	3	18
EBITDA *(i)*	**501**	**58**	**(39)**	**520**	**(220)**	**—**	**300**	**16**	**316**
EBITDA from discontinued operations	—	16	—	16					
EBITDA incl discontinued operations	**501**	**74**	**(39)**	**536**					
Capital expenditure *(ii)*	(213)	(38)	(2)	(253)					
Changes in working capital and others *(iii)*	86	1	19	106					
Taxes paid	(42)	(24)	(3)	(68)					
Operating free cash flow *(iv)*	**332**	**12**	**(23)**	**321**					

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

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

US$ millions	Year ended December 31st, 2017	Year ended December 31st, 2016
Change in fair value of derivatives (see note 13)	(22)	3
Exchange gains (losses), net	18	19
Other non-operating income (expenses), net	(1)	(8)
Total	**(4)**	**13**

US$ millions	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Change in fair value of derivatives (see note 13)	—	6
Exchange gains (losses), net	(1)	(42)
Other non-operating income (expenses), net	1	(1)
Total	**1**	**(37)**

7. EARNINGS PER COMMON SHARE

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

US$ millions	Year ended December 31st, 2017	Year ended December 31st, 2016
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	14	(33)
Net profit attributable to owners of the Company from discontinuing operations	71	1
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	85	(32)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,384**	**100,337**
Potential incremental shares	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,384**	**100,337**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.14	(0.33)
- EPS from discontinuing operations attributable to owners of the Company	0.71	0.01
- EPS for the period attributable to owners of the Company	0.85	(0.32)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.14	(0.33)
- EPS from discontinuing operations attributable to owners of the Company	0.71	0.01
- EPS for the period attributable to owners of the Company	0.85	(0.32)

US$ millions	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	23	(118)
Net profit (loss) attributable to owners of the Company from discontinuing operations	46	(11)
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	69	(129)
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,550**	**100,341**
Potential incremental shares	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,550**	**100,341**
US$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.23	(1.18)
- EPS from discontinuing operations attributable to owners of the Company	0.46	(0.11)
- EPS for the period attributable to owners of the Company	0.69	(1.29)
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.23	(1.18)
- EPS from discontinuing operations attributable to owners of the Company	0.46	(0.11)
- EPS for the period attributable to owners of the Company	0.69	(1.29)

8. PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31st, 2017, Millicom added property, plant and equipment for $824 million (December 31st, 2016: $683 million) and received $179 million in cash from disposal of property, plant and equipment (December 31st, 2016: $6 million).

9. INTANGIBLE ASSETS

During the year ended December 31st, 2017, Millicom added intangible assets of $130 million (December 31st, 2016: $192 million) and received $4 million of proceeds from disposal of intangible assets (December 31st, 2016: $6 million).

10. DEBT AND FINANCING

USD 6.625% Senior Notes

On September 11th, 2017, the Group made a tender offer for the outstanding 6.625% Senior Notes due 2021. On September 20th, 2017, MIC S.A. repurchased $186 million in principal amount in the tender offer using the proceeds of the issue of the 5.125% Notes – see below. Also on September 11th, 2017, the Group delivered a redemption notice for the 6.625% Senior Notes. MIC S.A. redeemed the remaining $473 million in principal amount on October 15th, 2017. The total early redemption fees amounting to $22 million and $6 million of related unamortized costs have been expensed in September 2017 under interest expenses. At December 31st, 2017, there are no Notes outstanding.

USD 5.125% Senior Notes

On September 20th, 2017, MIC S.A. issued a $500 million, ten-year bond with an interest rate of 5.125% at an issue price of 100% (the "5.125% Notes") and will mature in 2028. Withheld costs of issuance of US$7 million are amortized over the seven-year life of the notes (effective interest rate is 5.24%).

USD 4.75% Senior Notes

In June 2017, the Company announced the redemption of all of the aggregate principal amount of the outstanding 4.750% Senior Notes due 2020 ($341 million). The early redemption fees amounting to $8 million and $7 million of related unamortized costs have been expensed in June 2017 under interest expenses. At December 31st, 2017, there are no Notes outstanding.

Colombia

In June 2017, Colombia Movil completed a $300 million syndicated loan. The loan, denominated in US dollars, which carries an interest rate of 250 basis points over LIBOR will be repaid in three tranches of $100 million in June and December 2021 for the two first tranches, and in June 2022 for the last tranche. Proceeds have been used to repay an inter-company loan from Millicom, which used the funds to reduce holding company debt (see above) and for general corporate purposes.

Paraguay

On July 4th, 2017, our Paraguayan subsidiary signed a five-year loan agreement with the IPS (Instituto de Prevision Social) and the Inter-American Development Bank for a total amount of PYG 367,000 million (approximately US$66 million). The loan, denominated in local currency carries a 9.75% interest rate and start amortizing in the fourth quarter of 2019.

Bolivia

On October 12th, 2017, Tigo Bolivia placed approximately US$80 million of local currency debt in three tranches, with an average term of 6.6 years and an average interest rate of 4.66%.

MIC SA Revolving Credit Facility

On January 30th, 2017, the Company announced the closing of a new $600 million, 5 years Revolving Credit Facility ("RCF") and notified the lenders in the 2014 RCF of the formal cancellation of the commitments outstanding under the 2014 RCF (none of which were drawn at such date). Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.5%. As of December 31st, 2017, the committed facility was fully undrawn.

10. DEBT AND FINANCING (Continued)

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

US$ millions	As at December 31st, 2017	As at December 31st, 2016
Due within:		
One year	185	80
One-two years	500	252
Two-three years	347	518
Three-four years	431	649
Four-five years	584	850
After five years	1,738	1,552
Total debt	**3,785**	**3,901**

As at December 31st, 2017, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued was $671 million (December 31st, 2016: $643 million). Assets pledged by the Group for these debts and financings amounted to $1 million at December 31st, 2017 (December 31st, 2016: $3 million).

Analysis of debt and other financing by maturity

The table below describes the outstanding and maximum exposure under these guarantees and the remaining terms of the guarantees as at December 31st, 2017 and December 31st, 2016.

	Bank and financing guarantees (i)			
US$ millions	As at December 31st, 2017		As at December 31st, 2016	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	159	159	38	38
1-3 years	368	368	348	348
3-5 years	144	144	250	250
More than 5 years	—	—	4	4
Total	**671**	**671**	**640**	**640**

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

The Group's interest expense comprised the following:

US$ millions	Year ended December 31st, 2017	Year ended December 31st, 2016
Interest expense on bonds and bank financing	(246)	(262)
Interest expense on finance leases	(70)	(54)
Early redemption charges	(43)	(25)
Others	(42)	(36)
Total	**(401)**	**(377)**

US$ millions	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Interest expense on bonds and bank financing	(53)	(74)
Interest expense on finance leases	(22)	(15)
Early redemption charges	—	(16)
Others	(12)	(5)
Total	**(87)**	**(109)**

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of December 31st, 2017, the total amount of claims and litigation risks against Millicom and its operations was $438 million, of which $5 million related to its share in joint ventures (December 31st, 2016: $406 million, of which $3 million related to its share in joint ventures).

As at December 31st, 2017, $29 million, of which $2 million related to its share in joint ventures (December 31st, 2016: $43 million, of which $1 million related to its share in joint ventures), has been provided for these 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 2016, Millicom was served with claims by a third party seeking to exert rights as a shareholder of Millicom Tanzania Ltd (Tigo Tanzania). In June 2015, Millicom identified that an incorrect filing related to Tigo Tanzania had been made in the commercial register, causing the register to incorrectly indicate that shares in the local subsidiary were owned by this third party. Millicom remains engaged in legal proceedings regarding this issue. Millicom believes that these claims are entirely without merit and, moreover, maintains that there is no valid basis whatsoever for any third party to claim any interest in Tigo Tanzania or be registered as one of its shareholders. Millicom continues to fully consolidate Tigo Tanzania and no provision has been recorded in relation of this claim.

On July 14th, 2017, the International Commission Against Impunity in Guatemala (CICIG), disclosed an ongoing investigation into alleged illegal campaign financing that includes a competitor of Comcel, our Guatemalan joint venture. The CICIG further indicated that the investigation would include Comcel. On November 23rd and 24th, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. As at December 31st, 2017, the matter is still under investigation and Management has not been able to assess the potential impact on these interim condensed 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. Accordingly, no provision has been recorded as of December 31st, 2017.

Taxation

At December 31st, 2017, the Group estimates potential tax claims amounting to $313 million and tax provisions of $53 million which have been assessed as probable and have been recorded (December 31st, 2016: claims amounting to $311 million and provisions of $65 million). Out of these potential claims and provisions, respectively $38 million and $2 million relate to Millicom's share in joint ventures (December 31st, 2016: claims amounting to $96 million and provisions of $9 million).

Potential improper payments on behalf of the Guatemala joint venture

On October 21st, 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. On May 4th, 2016, Millicom received notification from the Swedish Public Prosecutor that its preliminary investigation has been discontinued on jurisdictional grounds. Millicom continues to cooperate with law enforcement authorities in the United States. As at December 31st, 2017, the matter is still under investigation and Management has not been able to assess the potential impact on these interim condensed 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. Accordingly, no provision has been recorded as of December 31st, 2017.

Capital commitments

At December 31st, 2017, the Company and its subsidiaries and joint ventures had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $194 million of which $182 million are due within one year (December 31st, 2016: $179 million of which $162 million are due within one year). Out of these commitments, respectively $25 million and $23 million related to Millicom's share in joint ventures. (December 31st, 2016: $17 million and $14 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the year and three-month periods ended December 31st, 2017:

US$ millions (unaudited)	Year ended December 31st, 2017	Year ended December 31st, 2016
Expenses		
Purchases of goods and services from Miffin	(181)	(167)
Purchases of goods and services from EPM	(36)	(22)
Lease of towers and related services from Helios	(28)	(35)
Other expenses	(4)	(9)
Total	**(250)**	**(233)**

US$ millions (unaudited)	Year ended December 31st, 2017	Year ended December 31st, 2016
Income / gains		
Sale of goods and services to EPM	18	18
Sale of goods and services to Miffin	277	261
Other income / gains	1	10
Total	**295**	**289**

US$ millions (unaudited)	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Expenses		
Purchases of goods and services from Miffin	(49)	-
Purchases of goods and services from EPM	(26)	(6)
Lease of towers and related services from Helios	—	(8)
Other expenses	(1)	(2)
Total	**(76)**	**(16)**

US$ millions (unaudited)	Three months ended December 31st, 2017	Three months ended December 31st, 2016
Income / gains		
Sale of goods and services to EPM	5	5
Sale of goods and services to Miffin	77	70
Other income / gains	(3)	2
Total	**79**	**77**

12. RELATED PARTY TRANSACTIONS (Continued)

As at December 31st, 2017 the Company had the following balances with related parties:

US$ millions (unaudited)	At December 31st, 2017	At December 31st, 2016
Liabilities		
Payables to Guatemala joint venture (i)	273	245
Payables to Honduras joint venture (i)	135	118
Finance lease liabilities to Helios (ii)	108	85
Payables to EPM	3	3
Other accounts payable	10	20
Total	**529**	**471**

(i) *Amount payable mainly consist in dividend advances for which dividend is expected to be declared in 2018 and/or shareholder loans.*
(ii) *Disclosed under "Debt and other financing" in the statement of financial position.*

US$ millions (unaudited)	At December 31st, 2017	At December 31st, 2016
Assets		
Receivables from Guatemala and Honduras joint ventures	25	—
Receivables from EPM	3	4
Receivables from Helios Towers	8	10
Receivable from TigoAirtel Ghana	40	—
Other accounts receivable	1	3
Total	**77**	**17**

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at December 31st, 2017 and December 31st, 2016:

US$ millions	Carrying Value		Fair Value (i)	
	December 31st, 2017 (unaudited)	December 31st, 2016 (audited)	December 31st, 2017 (unaudited)	December 31st, 2016 (audited)
Financial liabilities				
Debt and financing	3,785	3,901	3,971	4,234

(i) *Fair values are measured with reference to Level 1 (for listed bonds) or 2.*

Currency and interest rate swap contracts

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

Interest rate and currency swaps on SEK denominated debt

These swaps are accounted for as a cash flow hedge as the timing and amounts of the cash flows under the swap agreements match the cash flows under the SEK bond. Their maturity date is April 2018 but might be extended. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At December 31st, 2017, the fair values of the swaps amount to a liability of $56 million (December 31st, 2016: a liability of $84 million).

Interest rate and currency swaps on Euro denominated debt

In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euro's and receive USD to hedge against exchange rate fluctuations on an intercompany seven-year Euro 134 million principal and related interest financing of its operation in Senegal. The outstanding 2020 Notes were repaid in August 2017 (see note 10) and as a result these swaps have been settled. The year-to-date revaluation of the swap resulted in a $22 million loss. The Group finally received $10 million in cash on settlement date. The above hedge was considered ineffective, with fluctuations in the fair value of the hedge recorded through profit and loss.

No other financial instruments have a significant fair value at December 31st, 2017.

14. INVESTMENTS IN JOINT VENTURES

The table below summarises the movements for the year in respect of the material Group's joint ventures carrying values in Guatemala and Honduras:

	2017		
US$ millions	**Guatemala**	**Honduras**	**Ghana (i)**
Opening balance at January 1st, 2017	**2,180**	**765**	**—**
Change in scope	—	—	102
Results for the period	127	16	(6)
Dividends declared during the period	(168)	(46)	—
Currency exchange differences	7	(6)	—
Closing balance at December 31st, 2017	**2,145**	**726**	**96**

(i) *The Group share of loss from our joint venture in Ghana is disclosed under 'Income (loss) from other joint ventures and associates, net' in the income statement.*

AirtelTigo Ghana

On October 12th, 2017, both parties announced the completion of the transaction to combine their respective operations in Ghana as disclosed in note 4. As consideration received, each party owns 50% of the equity capital and voting rights of the JV, and Millicom owns a $40 million loan against Tigo Ghana (the "Millicom Note"), which shall rank in priority to all other obligations of the Group owed to its shareholders. The Millicom Note bears interest. The Millicom Note bears interest and is classified under 'other non-current assets' in the statement of financial position.

Decisions about the relevant activities require the unanimous consent of the parties sharing control. Therefore, this agreement results in Millicom and Airtel having joint control over the new combined entity, which is a joint venture. Millicom therefore uses the equity method to account for its investment in the combined entity since October 12th, 2017.

On the same date, each investor agreed and committed to fund the operations of the JV in accordance with the approved Business Plan on an equal basis and on the same terms. In this regard, both parties have agreed, to provide, on an equal basis a committed credit facility in the total aggregate amount of $50 million, with Millicom providing a commitment of $25 million and Airtel providing the same. The credit facility would bear interest and would be subordinated to the Millicom Note.

As a consequence, on that date, Millicom deconsolidated its investments in Ghana operations and accounted for its investment in the combined entity under the equity method, initially at fair value of $102 million, resulting in a gain on the deconsolidation of these operations amounting to US$118 million, excluding recycling of foreign currency exchange losses accumulated in equity of US$79 million and costs of disposal. The net gain of US$36 million has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. Fair value has been determined using valuation techniques such as discounted cash flows and comparable transaction multiples. As of December 31st, 2017, Millicom determined the fair value of the option granted to the government to be immaterial. As of December 31st, 2017, the purchase price allocation is still provisional.

14. INVESTMENTS IN JOINT VENTURES (Continued)

Purchase price allocation for Honduras and Guatemala

In the fourth quarter of 2016, the Group completed the measurement at fair value of identifiable assets and liabilities for both Guatemala and Honduras operations as of December 31st, 2015, the date of recognition of the Group's investment in both operations as joint ventures. This impacted the "Income (loss) from joint ventures". On December 31st, 2016, the purchase accounting was therefore still provisional. In accordance with IFRS, adjustments to provisional amounts that are made during the measurement period are recognised as if the purchase accounting had been completed at the date of change of control i.e. December 31st, 2015. As a result, the Group has restated the comparative financial information for the three months period ended December 31st, 2016. The income statement for the year already included these adjustments and was therefore not restated.

Three months ended December 31st, 2016			
US$ millions	**As reported**	**Adjustments**	**As adjusted**
Interim condensed consolidated income statement:			
Share of profit in our joint ventures in Guatemala and Honduras	12	14	26
Operating profit...	69	14	83
Loss before taxes from continuing operations	(131)	14	(117)
Loss for the period from continuing operations......................................	(199)	14	(185)
Net loss for the period	(199)	14	(185)
Attributable to:			
Owners of the Company..	(143)	14	(129)
Earnings per common share for (loss) profit attributable to the owners of the Company:			
Basic (in US$)...	(1.43)	0.14	(1.29)
Diluted (in US$)	(1.43)	0.14	(1.29)
Interim condensed consolidated statement of comprehensive income:			
Total comprehensive income (loss) for the period..................................	(268)	14	(254)
Attributable to:			
Owners of the Company..	(201)	14	(188)

15. INVESTMENTS IN ASSOCIATES

Milvik AB ('BIMA')

On December 19th, 2017, Millicom announced that it sold a portion of its ownership stake in BIMA (from 20.4% to 12.0% - on a fully diluted basis) to Kinnevik and a new investor. The transaction also sees the new investor contributing $97 million in the micro-insurance business. As a result of the transaction, Millicom received $24 million in cash, from Kinnevik and the new investor, and recognized a gain on disposal of $21 million. In addition, and as a consequence of the subsequent capital increase made by the new investor, the Group recognized a gain on dilution of $11 million. Both gains have been recorded under the caption 'Income (loss) from other joint ventures and associates, net'in the income statement. Both transactions were carried out at the same fair value on an arm's length basis.

Helios Towers Africa (HTA)

On February 8th, 2017, Millicom announced that it initiated a process to sell its 22% stake in HTA. At December 31st, 2017, this process is still ongoing.

MKC Brilliant Holding GmbH (LIH)

In April 2017, LIH completed the disposal of its shareholding in Easy Taxi to Cabify. As a result, and ultimately, LIH received cash and shares in Cabify. The transaction resulted in Millicom recognizing a loss of $11 million (Millicom's share). Additionally, as a result of the annual impairment test conducted in 2017, Management decided to fully impair the remaining carrying value of its investment in LIH for US$48 million. These losses are recorded under the caption 'Income (loss) from other joint ventures and associates, net'.

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

As a result of the annual impairment testing, management concluded that the Rwanda cash generating unit (CGU), part of the Africa segment, should be impaired. Hence, in accordance with IAS 36, an impairment loss of $8 million has been allocated to reduce the carrying amount of the fixed assets of our operations in Rwanda (there was no goodwill remaining) 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, for most of it, to intangible assets. In addition, the Group recorded an impairment of $7 million on a minor investment held in Guatemala. The impairments have been classified within the caption “other operating expenses, net”. At December 31st, 2017, the carrying values of the CGUs correspond to its fair value less costs of disposal (level 1).

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.

No impairment losses were recorded on goodwill for the year ended December 31st, 2016.

17. IPO – MILLICOM’S OPERATIONS IN TANZANIA

In June 2016, an amendment to the Electronic and Postal Communications Act (“EPOCA”) in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorised share capital in a public offering on the Dar Es Salaam Stock Exchange by December 31st, 2016. As of December 31st, 2017, only one company had completed a public offering. Early 2017, Tigo Tanzania, Zantel and Telesis each received from the Tanzanian Communications Regulatory Authority (“TCRA”) a notice of material breach of the license giving thirty-days to comply. Millicom has signaled its intention for its subsidiaries to comply with the law and list its businesses but did not complete the public offerings by such time and will not be able to do so until the incorrect filing related to Tigo Tanzania made in the commercial register are corrected (see Note 11). Accordingly, Millicom’s businesses in Tanzania may face sanctions from the regulator or other government bodies, which could include financial penalties, or even suspension or cancellation of its license although to-date there has been no notification from the TCRA of any indication or intention to proceed with sanctions. Management is currently not able to assess the financial impact on its consolidated financial statements (although the Company deems the suspension or cancellation of the license to be unlikely) and therefore no provision has been recorded as of December 31st, 2017.

18. SUBSEQUENT EVENTS

Dividend

On 6 February 2018, Millicom’s Board decided to propose to the Annual General Meeting of the Shareholders a dividend distribution of US$2.64 per share to be paid in two equal instalments in May and November 2018, out of Millicom profits for the year ended December 31st, 2017 subject to the Board’s approval of the 2017 Consolidated Financial Statements of the Group.

Africa disposals

On January 31st, 2018, the Group announced that it has completed the transaction announced on December 19th, 2017 for the sale of its Rwanda operation to subsidiaries of Bharti Airtel Limited.

Tower sale and lease back – El Salvador

On February 6th, 2018, we entered into a sale-leaseback agreement with SBA Communications related to a portfolio of approximately 800 towers in El Salvador. As a result of the transaction, Millicom expects to receive cash proceeds of around $145 million.