MILLICOM
THE DIGITAL LIFESTYLE

Unaudited Interim Condensed Consolidated Financial Statements

For the three month period ended March 31, 2018

April 24, 2018

Unaudited interim condensed consolidated income statement for the three-month period ended March 31, 2018

$ millions (unaudited)	Notes	Three months ended March 31, 2018	Three months ended March 31, 2017 (i)
Revenue	5	**1,042**	**997**
Cost of sales		(307)	(287)
Gross profit		**736**	**710**
Operating expenses		(409)	(385)
Depreciation		(171)	(170)
Amortisation		(36)	(38)
Share of profit in our joint ventures in Guatemala and Honduras	14	39	38
Other operating income (expenses), net	16	2	2
Operating profit	5	**160**	**156**
Interest expense	10	(85)	(94)
Interest and other financial income		3	5
Other non-operating (expenses) income, net	6	27	10
Income (loss) from other joint ventures and associates, net	15	(20)	(14)
Profit before taxes from continuing operations		**87**	**63**
Charge for taxes, net		(33)	(42)
Profit (loss) for the period from continuing operations		**54**	**21**
Profit (loss) for the period from discontinued operations, net of tax	4	(32)	3
Net profit (loss) for the period		**22**	**24**

Attributable to:			
Owners of the Company		17	24
Non-controlling interests		4	—

Earnings per common share for profit attributable to the owners of the Company:			
Basic ($)	7	0.17	0.24
Diluted ($)	7	0.17	0.24

(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 statement of comprehensive income for the three-month period ended March 31, 2018

$ millions (unaudited)	Three months ended March 31, 2018	Three months ended March 31, 2017
Net profit for the period	22	24
Other comprehensive income (to be reclassified to profit and loss in subsequent periods), net of tax:		
Exchange differences on translating foreign operations	73	26
Cash flow hedges	(1)	2
Total comprehensive income for the period	**94**	**52**
Attributable to:		
Owners of the Company	78	45
Non-controlling interests	15	6
Total comprehensive income for the period arises from:		
Continuing operations	96	54
Discontinued operations	(2)	(2)

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

Unaudited interim condensed consolidated statement of financial position as at March 31, 2018

$ millions	Notes	March 31, 2018	December 31, 2017 (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	1,304	1,265
Property, plant and equipment, net	8	2,853	2,880
Investments in joint ventures	14	3,020	2,967
Investments in associates	15	227	241
Contract costs, net	2	4	—
Deferred tax assets		195	180
Other non-current assets	12	130	113
TOTAL NON-CURRENT ASSETS		**7,732**	**7,647**
CURRENT ASSETS			
Inventories		50	45
Trade receivables, net		360	386
Contract assets, net	2	30	—
Amounts due from non-controlling interests, associates and joint ventures	12	36	37
Prepayments and accrued income		191	145
Current income tax assets		94	99
Supplier advances for capital expenditure		18	18
Other current assets		114	90
Restricted cash		142	145
Cash and cash equivalents		576	619
TOTAL CURRENT ASSETS		**1,612**	**1,585**
Assets held for sale	4	258	233
TOTAL ASSETS		**9,601**	**9,465**

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 March 31, 2018 (continued)

$ millions	Notes	March 31, 2018	December 31, 2017 (audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		635	637
Treasury shares		(86)	(106)
Other reserves		(422)	(470)
Retained profits		3,051	2,950
Profit for the period/ year attributable to equity holders		17	85
Equity attributable to owners of the Company		**3,196**	**3,096**
Non-controlling interests		197	185
TOTAL EQUITY		**3,393**	**3,282**
LIABILITIES			
Non-current liabilities			
Debt and financing	10	3,697	3,600
Derivative financial instruments	13	1	—
Amounts due to non-controlling interests, associates and joint ventures	12	139	124
Provisions and other non-current liabilities		357	335
Deferred tax liabilities		63	56
Total non-current liabilities		**4,257**	**4,116**
Current liabilities			
Debt and financing	10	124	185
Payables and accruals for capital expenditure		197	304
Other trade payables		250	288
Amounts due to non-controlling interests, associates and joint ventures	12	305	296
Accrued interest and other expenses		375	353
Current income tax liabilities		86	81
Contract liabilities	2, 13	68	—
Derivative financial instruments	13	60	56
Provisions and other current liabilities		396	425
Total current liabilities		**1,863**	**1,989**
Liabilities directly associated with assets held for sale	4	89	79
TOTAL LIABILITIES		**6,209**	**6,183**
TOTAL EQUITY AND LIABILITIES		**9,601**	**9,465**

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 period ended March 31, 2018

$ millions (i)	Notes	March 31, 2018	March 31, 2017 (i)
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		87	63
Profit before taxes from discontinued operations	4	(32)	3
Profit before taxes		**55**	**65**
Adjustments to reconcile to net cash:			
Interest expense		87	100
Interest and other financial income		(3)	(5)
Adjustments for non-cash items:			
Depreciation and amortization	5	207	221
Share of profit in Guatemala and Honduras, joint ventures		(39)	(38)
Loss (gain) on disposal and impairment of assets, net	4	41	(2)
Share based compensation		7	6
(Income) loss from other joint ventures and associates, net	15	20	14
Other non-cash non-operating (income) expenses, net		(28)	(11)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets		(92)	(21)
(Increase) decrease in inventories		(4)	(15)
Increase (decrease) in trade and other payables		19	(16)
Total changes in working capital		**(76)**	**(52)**
Changes in contract assets, liabilities and costs, net		(1)	—
Interest (paid)		(88)	(93)
Interest received		1	4
Taxes (paid)	5	(14)	(10)
Net cash provided by operating activities		**167**	**198**
Cash flows from investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	—	(18)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	4	26	—
Purchase of intangible assets and licenses	9	(105)	(53)
Proceeds from sale of intangible assets	9	—	1
Purchase of property, plant and equipment	8	(151)	(163)
Proceeds from sale of property, plant and equipment	8	12	1
Dividend received from joint ventures		22	12
Cash (used in) provided by other investing activities, net	13	5	1
Net cash used in investing activities		**(191)**	**(220)**
Cash flows from financing activities (including discontinued operations):			
Proceeds from other debt and financing	10	100	—
Repayment of debt and financing	10	(130)	(16)
Net cash from (used by) financing activities		**(31)**	**(16)**
Exchange impact on cash and cash equivalents, net		8	4
Net (decrease) increase in cash and cash equivalents		**(46)**	**(34)**
Cash and cash equivalents at the beginning of the year		619	646
Effect of cash in disposal group held for sale	4	3	(7)
Cash and cash equivalents at the end of the period		**576**	**605**

(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 period and years ended March 31, 2018, December 31, 2017 and December 31, 2016

$ 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 31, 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 31, 2017	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(470)**	**3,096**	**185**	**3,282**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) (iii)	—	—	—	—	—	19	—	19	(4)	15
Total comprehensive income for the period	—	—	—	—	—	17	61	78	15	94
Purchase of treasury shares	—	(60)	—	—	(5)	—	—	(5)	—	(5)
Share based compensation	—	—	—	—	—	—	7	7	—	7
Issuance of shares under share-based payment schemes	—	281	—	(1)	25	(4)	(20)	—	—	—
Balance on March 31, 2018	**101,739**	**(973)**	**153**	**483**	**(86)**	**3,068**	**(422)**	**3,196**	**197**	**3,393**

(i) Retained profits — includes profit attributable to equity holders, of which at March 31, 2018, $335 million (2017: $345 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.
(iii) See note 2 for details about changes in accounting policies.

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 April 24, 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 audited consolidated financial statements for the year ended December 31, 2017. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the 2017 consolidated financial statements, except for the changes described below.

The following changes to standards effective for annual periods starting on January 1, 2018 have been adopted by the Group:

- IFRS 15 "Contracts with customers" 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 adopted the accounting standard on January 1, 2018 and identified 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 does not affect the cash flows generated by the Group.

  As a consequence of adopting this Standard:

  1) some revenue is recognized earlier, as a larger portion of the total consideration received in a bundled contract is attributable to the component delivered at contract inception (i.e. typically a subsidized handset). Therefore, this produces a shift from service revenue (which decreases) to the benefit of Telephone and Equipment revenue. This results 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) are reported on a separate line in current assets/liabilities 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) is now 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 results in the recognition of Contract Costs being capitalized under non-current assets on the statement of financial position.
  3) there is no material changes for the purpose of determining whether the Group acts as principal or an agent in the sale of products.
  4) the presentation of certain amounts in the balance sheet has been changed to reflect the terminology of IFRS 15:
     a. Contract assets recognized in relation to service contracts.
     b. Contract costs in relation to capitalised cost incurred to obtain a contract (mainly commissions).
     c. Contract liabilities in relation to service contracts were previously included in trade and other payables

  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 has adopted the standard using the cumulative catch-up transition method. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018 and comparatives have not be restated in accordance with the transitional provisions in IFRS 15. The impact on the opening balance of retained earnings as at January 1, 2018 is summarised in the table set out at the bottom of this section.

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

- Millicom does 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 is adjusted, if material.
- Millicom discloses 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 applies 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 applies 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.

Revenue recognition accounting policy applied from January 1, 2018 should now read as follows:

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Post-paid connection fees are derived from the payment of a non-refundable/one-time fee charged to customer to connect to the network (e.g. connection / installation fee). Usually, it does not represent a distinct good or service, therefore does not give rise to a separate performance obligation and revenue is recognised over the minimum contract duration. Unless the fee is paid by a customer to get the right to receive goods or services without having to pay this fee again over his tenure with the Group (e.g. the customer can readily extend his contract without having to pay the same fee again), it shall be accounted for as a material right and revenue should be recognized over the customer retention period.

Post-paid mobile/cable subscription fees are recognised over the relevant enforceable/subscribed service period (recurring monthly access fees that do not vary based on usage). The service provision is usually considered as a series of distinct services that have the same pattern of transfer to the customer. Remaining unrecognised subscription fees are fully recognised once the customer has been disconnected.

Prepaid scratch/SIM cards are services where customers purchase a specified amount of airtime or other credit in advance. Revenue is recognized as the credit is used. Unused credit is carried in the statement of financial position as contract liability within other current liabilities. Upon expiration of the validity period, the portion of the contract liability relating to the expiring credit is recognized as revenue, since there is no longer an obligation to provide those services.

Telephone and equipment sales are recognised as revenue once the customer obtains control of the good. That criteria is fulfilled if the customer has the ability to direct the use and obtain substantially all of the remaining benefits from that good.

Revenue from provision of Mobile Financial Services (MFS) is recognized once the primary service has been provided to the customer.

Customer premise equipment (CPE) are provided to customers as a prerequisite to receive the subscribed Home services and shall be returned at the end of the contract duration. Since CPEs provided over the contract term do not provide benefit to the customer on their own, they do not give rise to separate performance obligations and therefore are accounted for as part of the service provided to the customers.

Bundled offers are considered arrangements with multiple deliverables or elements, which can lead to the identification of separate performance obligations. Revenue is recognised in accordance to the transfer of goods or services to customers in an amount that reflects the relative standalone selling price of the performance obligation (e.g. sale of telecom services, revenue over time + sale of handset, revenue at a point in time).

Principal-Agent, some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. In these instances, the Group determines whether it has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). In cases the Group determines that it acts as a principal, revenue is recognized in the gross amount, whereas in cases the Group acts as an agent revenue is recognized in the net amount (i.e. provision payment).

Revenue from the sale of cables, fiber, wavelength or capacity contracts, when part of the ordinary activities of the operation, is recognized as recurring revenue. Revenue is recognized when the cable, fiber, wavelength or 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 recognized over the period of the underlying lease contracts. Finance leases revenue is apportioned between lease of tower space and interest income.

- IFRS 9 “Financial Instruments” 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 Group’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 did not have an impact for the Group on classification, measurement and recognition of financial assets and financial liabilities compared to IAS 39, but it has 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 adopted the standard using the cumulative catch-up transition method and therefore not restated comparative periods. Hence, the cumulative effect of initially applying the Standard has been recognized as an adjustment to the opening balance of retained earnings as at January 1, 2018 and comparatives have not be restated in accordance with the transitional provisions in IFRS 9. The impact on the opening balance of retained earnings as at January 1, 2018 is summarised in the table set out at the bottom of this section. Additionally, the Group continues 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 did not have an impact for the Group.

<u>Financial Instruments accounting policies applied from January 1, 2018 should now read as follows:</u>

i) Equity and debt instruments

Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through Other Comprehensive Income (OCI), or through profit or loss], and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other non-operating (expenses) income, net'. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as 'Other non-operating (expenses) income, net' in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within 'Other non-operating (expenses) income, net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in 'Other non-operating (expenses) income, net' in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

The provision is recognized in the consolidated income statement within Cost of sales.

ii) Derivative financial instruments and hedging activities

The Group has opted to continue applying IAS 39 for hedge accounting. The accounting policy disclosed in the Group consolidated financial statements for the year ended December 31, 2017 remains therefore similar after IFRS 9 implementation.

The application of the following new standards or interpretations did not have an impact for the Group:

- Amendments to IFRS 2, Share based payments', on clarifying how to account for certain types of share-based payment transactions.
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments'.
- Annual improvements to IFRS Standards 2014–2016.

There are no other significant changes to standards effective for annual periods starting on January 1, 2018.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

The application of IFRS 15 and IFRS 9 had the following impact on the Group financial statements as of January 1, 2018:

FINANCIAL POSITION $ millions	As at January 1, 2018 before application	Effect of adoption of IFRS 15	Effect of adoption of IFRS 9	As at January 1, 2018 after application	Reason for the change
ASSETS					
Investment in joint ventures (non-current)	2,967	27	(3)	2,991	*(i)*
Contract costs, net (non-current) **NEW**	—	4	—	4	*(ii)*
Deferred tax asset	180	—	8	188	*(viii)*
Other non-current assets	113	—	(1)	112	*(iii)*
Trade receivables, net (current)	386	—	(35)	351	*(iv)*
Contract asset, net (current) **NEW**	—	29	(1)	28	*(v)*
LIABILITIES					
Contract liabilities (current) **NEW**	—	51	—	51	*(vi)*
Provisions and other current liabilities (current)	425	(46)	—	379	*(vii)*
Deferred tax liability (non-current)	56	7	—	63	*(viii)*
EQUITY					
Retained profits	3,035	48	(29)	3,054	*(ix)*
Non-controlling interests	185	1	(5)	181	(ix)

(i) *Impact of application of IFRS 15 and IFRS 9 for our joint ventures in Guatemala, Honduras and Ghana.*
(ii) *This mainly represents commissions capitalised and amortised over the average contract term.*
(iii) *Effect of the application of the expected credit losses required by IFRS 9 on amounts due from joint ventures.*
(iv) *Effect of the application of the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.*
(v) *Contract asset mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received along the subscription period (which is usually between 12 to 36 months).*
(vi) *This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognised upon the goods are delivered and the services are provided to customers. The balance also comprises the revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognised over the average customer retention period or the contract term.*
(vii) *Reclassification of deferred revenue to contract liabilities – see previous paragraph.*
(viii) *Tax effects of the above adjustments.*
(ix) *Cumulative catch-up effect.*

As of January 1, 2018, there is no impact on the statement of cash flows and on the EPS.

The following summarises the amount by which each financial statement line item is affected in the current reporting period by the application of IFRS 15 as compared to previous standard and interpretations:

	For the three month period ended March 31, 2018			
INCOME STATEMENT **$ millions**	As reported	Without adoption of IFRS 15	Effect of Change Higher/(Lower)	Reason for the change
Revenue	1,042	1,040	2	*(i)*
Cost of sales	(307)	(298)	(10)	*(ii)*
Operating expenses	(409)	(418)	10	*(ii)*
Share of profit in Guatemala and Honduras, joint ventures	39	40	(1)	*(iii)*

(i) *Mainly for the shifting in the timing of revenue recognition due to the reallocation of revenue from service (over time) to telephone and equipment revenue (point in time).*
(ii) *Mainly for the reallocation of cost for selling devices due to shift from service revenue to telephone and equipment revenue.. Also for the capitalisation and amortisation of contract costs.*
(iii) *Impact of IFRS 15 in our share of profit in our joint ventures in Guatemala and Honduras.*

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

FINANCIAL POSITION $ millions	As at March 31, 2018 As reported	 Without adoption of IFRS 15	 Effect of Change Higher/(Lower)	 Reason for the change
ASSETS				
Investment in joint ventures (non-current)	3,020	2,994	25	*(iv)*
Contract costs, net (non-current)	4	—	4	*(v)*
Contract asset, net (current)	30	—	30	*(vi)*
LIABILITIES				
Contract liabilities (current)	68	—	68	*(vii)*
Provisions and other current liabilities (current)	396	450	(64)	*(viii)*
Deferred tax liability (non-current)	63	56	7	*(ix)*
EQUITY				
Retained profits	3,051	3,002	47	*(x)*
Non-controlling interests	197	196	1	*(x)*

(iv) *Impact of application of IFRS 15 for our joint ventures in Guatemala, Honduras and Ghana.*

(v) *This mainly represents commissions capitalised and amortised over the average contract term.*

(vi) *Contract asset mainly represents subsidised handsets as more revenue is recognised upfront while the cash will be received along the subscription period (which are usually between 12 to 36 months). Throughout the period ended March 31, 2018 no material impairment loss has been recognised.*

(vii) *This mainly represents deferred revenue for goods and services not yet delivered to customers that will be recognised upon the goods are delivered and the services are provided to customers. The balance also comprises the revenue from the billing of subscription fees or 'one-time' fees at the inception of a contract that are deferred and will be recognised over the average customer retention period or the contract term.*

(viii) *Reclassification of deferred revenue to contract liabilities – see previous paragraph.*

(ix) *Tax effects of the above adjustments.*

(x) *Cumulative catch-up effect and IFRS 15 effect in the current period.*

The following Standard, which is expected to materially affect the Group, will be effective beginning January 1, 2019:

- IFRS 16 "Leases" will affect primarily the accounting for the Group's operating leases. As of December 31, 2017, the Group had operating lease commitments of $808 million. The Group is still assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. This said, the application of this standard will affect the Group's EBITDA, net debt and leverage ratios.

  As part of the IFRS 16 implementation journey, the Group has already taken decisions on the following points:

  - IFRS 16 will be adopted using the modified retrospective approach,with the cumulative effect of adoption being recognised at the date of initial application (IFRS16.C5.b)
  - Non-lease components will be capitalised (IFRS16.15)
  - Intangible assets are out of IFRS 16 scope (IFRS16.4)

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

Acquisitions

During the three month period ended March 31, 2018, Millicom did not complete any significant acquisitions.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations – Rwanda

On December 19, 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 of the Rwandan operation, payable over two years, consisting of a mix of cash, vendor loan note and earn out.

The Group received regulatory approvals on January 23, 2018 and the sale was subsequently completed on January 31, 2018. In accordance with Group practices, the Rwanda operation have been classified as assets held for sale and discontinued operations as from January 23, 2018. On January 31, 2018, our operations in Rwanda have been deconsolidated and no material loss on disposal was recognized (its carrying value was aligned to its fair value less costs of disposal as of December 31, 2017). However, a loss of $32 million has been recognized in Q1 2018 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the Group. This loss has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'. The final sale consideration is still subject to final agreement with Airtel.

Discontinued operations – Senegal

On July 28, 2017, Millicom announced that it had 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. On April 19, 2018, the President of Senegal issued an approval decree in respect of the proposed sale by Millicom of its Tigo operation in Senegal to a consortium consisting of NJJ, Sofima (a telecom investment vehicle managed by the Axian Group) and Teyliom Group. Finally, in accordance with IFRS 5, a value adjustment of $10 million has been recorded as of March 31, 2018 on our assets in Senegal as their carrying value exceeded their fair value less cost of disposal.

In accordance with IFRS 5, the Group's businesses in Rwanda, Ghana and Senegal 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 three-month periods ended March 31, 2018 and 2017 is set out below. Figures shown below are after inter-company eliminations.

Results from Discontinued Operations ($ millions)	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Revenue	48	80
Cost of sales	(16)	(24)
Operating expenses	(20)	(36)
Depreciation and amortisation	—	(12)
Other operating income (expenses), net	(10)	1
Gross gain/(loss) on disposal of discontinued operations	(32)	—
Other expenses linked to the disposal of discontinued operations	—	—
Operating profit (loss)	**(30)**	**8**
Interest income (expense), net	(2)	(6)
Profit (loss) before taxes	**(32)**	**3**
Credit (charge) for taxes, net	—	—
Net profit (loss) from discontinued operations	**(32)**	**3**

Cash Flows from Discontinued Operations ($ millions)	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Cash from (used in) operating activities, net	(2)	1
Cash from (used in) investing activities, net	(4)	(10)
Cash from (used in) financing activities, net	—	(4)
Net cash inflows/(outflows)	(7)	(13)

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 March 31, 2018:

Assets and liabilities reclassified as held for sale ($ millions)	As at March 31, 2018	As at December 31, 2017
Senegal operations	236	223
Towers Paraguay	6	7
Towers Colombia	1	1
Towers El Salvador	12	—
Others	3	2
Total assets of held for sale	**258**	**233**
Senegal operations	87	77
Towers Paraguay	1	2
Towers El Salvador	1	—
Total liabilities directly associated with assets held for sale	**89**	**79**
Net assets held for sale / book value	**169**	**154**

Rwanda

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

Assets and liabilities reclassified as held for sale – Rwanda ($ millions)	January 31, 2018
Intangible assets, net.	12
Property, plant and equipment, net	53
Other non-current assets	4
Current assets	14
Cash and cash equivalents	2
Total assets of disposal group held for sale	**85**
Non-current financial liabilities	11
Current liabilities	28
Total liabilities of disposal group held for sale	**40**
Net assets / book value	**46**

Senegal

The assets and liabilities that were transferred to assets held for sale in relation to our operations in Senegal are as follows:

Assets and liabilities reclassified as held for sale – Senegal ($ millions)	March 31, 2018
Intangible assets, net	40
Property, plant and equipment, net	127
Other non-current assets	2
Current assets	61
Cash and cash equivalents	6
Total assets of disposal group held for sale	**236**
Non-current financial liabilities	9
Current liabilities	78
Total liabilities of disposal group held for sale	**86**
Net assets held for sale / book value	**150**

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

Tower Sale and Leasebacks

In 2017 and 2018, the Group announced agreements to sell and leaseback wireless communications towers in Paraguay, Colombia and El Salvador to subsidiaries of American Tower Corporation ("ATC") and SBA Communications whereby Millicom agreed the cash sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment. The portions of the assets that will be transferred and that will not be leased back by our operations are classified as assets held for sale as completion of their sale is highly probable.

The table below summarises the main aspects of these deals and impacts on the Group financial statements:

	Paraguay	Colombia	El Salvador
Signature date	April 26, 2017	July 18, 2017	February 6, 2018
Total number of towers expected to be sold	1,410	1,207	811
Total number of towers transferred so far	957	696	—
Expected total cash proceeds ($ millions)	125	147	145
Cash proceeds for the year 2017 ($ millions)	76	85	—
Cash proceeds for the year 2018 ($ millions) – as of March 31	11	—	—
Upfront gain on sale recognized for the year 2017 ($ millions)	26	37	—
Upfront gain on sale recognized for the year 2018 ($ millions) – as of March 31	4	—	—

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. This presentation considers both the materiality and strategic importance of these operations for the Group, and it 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. However, given its smaller size and lack of materiality and strategic importance to the Group, our joint venture in Ghana is not reported as if fully consolidated and is therefore not included in the numbers below. As from March 31, 2018, the Group is including in its segment EBITDA inter-company management fees and incentive compensation paid to local management teams. These items, were previously included in unallocated corporate costs. This change in presentation has no impact on Group level EBITDA. Revenue, operating profit (loss), EBITDA and other segment information for the three month periods ended March 31, 2018 and 2017 were as follows:

Three-month period ended March 31, 2018 ($ millions) *(ix)*	**Latin America**	**Africa**	**Unallo-cated**	**Total (a)**	**Guatemala and Honduras (vii) (b)**	**Eliminations and transfers (c)**	**Sub-Total (a)+(b)+(c)**	**Disc Ops (viii)**	**Total**
Service revenue *(i)*	1,288	134	—	1,422	(430)	—	992	48	1,041
Telephone and equipment revenue *(i)*	94	—	—	94	(44)	—	50	—	50
Total Revenue	**1,382**	**134**	—	**1,516**	**(474)**	—	**1,042**	**48**	**1,090**
Operating profit (loss)	**229**	**8**	**1**	**238**	**(116)**	**39**	**160**	**(30)**	**130**
Add back:									
Depreciation and amortization	288	27	1	317	(110)	—	207	—	207
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(39)	(39)	—	(39)
Other operating income (expenses), net	(3)	2	—	—	(2)	—	(2)	43	41
EBITDA *(ii)*	**514**	**37**	**3**	**554**	**(227)**	—	**327**	**12**	**339**
EBITDA from discontinued operations	—	12	—	12					
EBITDA incl discontinued operations	**514**	**49**	**3**	**566**					
Capital expenditure *(iii)*	(245)	(21)	—	(267)					
Changes in working capital and others (iv)	(66)	5	(25)	(86)					
Taxes paid	(36)	(2)	—	(38)					
Operating free cash flow *(v)*	**164**	**31**	**(20)**	**175**					
Total Assets *(vi)*	**10,699**	**1,421**	**568**	**11,688**	**(5,569)**	**3,382**	**9,601**		
Total Liabilities	**5,658**	**1,583**	**1,419**	**7,660**	**(1,905)**	**453**	**6,209**		

Three-month period ended March 31, 2017 (US$ millions) *(ix)*	**Latin America**	**Africa**	**Unallo-cated**	**Total (a)**	**Guatemala and Honduras (vii) (b)**	**Eliminations and transfers (c)**	**Sub-Total (a)+(b)+(c)**	**Disc Ops (viii)**	**Total**
Service revenue *(i)*	1,246	128	—	1,374	(421)	—	953	80	1,032
Telephone and equipment revenue *(i)*	84	—	—	84	(40)	—	44	—	44
Total Revenue	**1,329**	**128**	—	**1,459**	**(462)**	—	**997**	**80**	**1,076**
Operating profit (loss)	**211**	**10**	**(1)**	**220**	**(102)**	**38**	**156**	**8**	**164**
Add back:									
Depreciation and amortization	294	26	2	322	(114)	—	209	12	221
Share of profit in our joint ventures in Guatemala and Honduras	—	—	—	—	—	(38)	(38)	—	(38)
Other operating income (expenses), net	1	(1)	(1)	(1)	(1)	—	(2)	(1)	(2)
EBITDA *(ii)*	**506**	**36**	**(1)**	**542**	**(216)**	—	**325**	**20**	**345**
EBITDA from discontinued operations	—	20	—	20					
EBITDA incl discontinued operations	**506**	**56**	**(1)**	**561**					
Capital expenditure *(iii)*	(249)	(28)	(1)	(277)					
Changes in working capital and others (iv)	(67)	(10)	6	(71)					
Taxes paid	(35)	(2)	4	(33)					
Operating free cash flow *(v)*	**156**	**16**	**8**	**180**					
Total Assets *(vi)*	**10,353**	**1,373**	**1,511**	**11,830**	**(5,542)**	**3,366**	**9,654**		
Total Liabilities	**5,444**	**1,827**	**2,010**	**7,874**	**(2,190)**	**546**	**6,230**		

5. SEGMENT INFORMATION (Continued)

(i) *Service revenue is Group revenue related to the provision of ongoing services such as 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 excluding telephone and equipment sales. Revenues from other sources comprises rental, sub-lease rental income and other non recurrent revenues. The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:*

Revenue from contracts with customers from continuing operations

$ millions	***Timing of revenue recognition***	***Three months ended March 31, 2018***
Mobile	*Over time*	*530*
Home	*Over time*	*416*
Mobile Financial Services	*Point in time*	*34*
Other	*Over time*	*11*
Service Revenue		*992*
Telephone and equipment	*Point in time*	*50*
Revenue from contracts with customers		***1,042***

(ii) *EBITDA is used by the management to monitor the segmental performance and for capital management. EBITDA is defined in the Group's 2017 Annual Report.*
(iii) *Excluding spectrum and licenses of $48 million (2017: $nil) and cash received on tower deals of $11 million (2017: nil).*
(iv) *'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.*
(v) *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.*
(vi) *Segment assets include goodwill and other intangible assets.*
(vii) *Including eliminations for Guatemala and Honduras as reported in the Latin America segment.*
(viii) *See note 4. DRC, Senegal, Ghana and Rwanda operations were part of the Africa segment.*
(ix) *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).*

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

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

$ millions	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Change in fair value of derivatives (see note 13)	—	(2)
Exchange gains (losses), net	27	16
Other non-operating income (expenses), net	1	(3)
Total	**27**	**10**

7. EARNINGS PER COMMON SHARE

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

$ millions	Three months ended March 31, 2018	Three months ended March 31, 2017
Basic and Diluted		
Net profit (loss) attributable to owners of the Company from continuing operations	50	23
Net profit (loss) attributable to owners of the Company from discontinuing operations	(32)	1
Net profit (loss) attributable to owners of the Company used to determine the earnings per share	17	24
in thousands		
Weighted average number of ordinary shares for basic earnings per share	**100,744**	**100,380**
Potential incremental shares	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,744**	**100,380**
$		
Basic		
- EPS from continuing operations attributable to owners of the Company	0.49	0.23
- EPS from discontinuing operations attributable to owners of the Company	(0.32)	0.01
- EPS for the period attributable to owners of the Company	0.17	0.24
Diluted		
- EPS from continuing operations attributable to owners of the Company	0.49	0.23
- EPS from discontinuing operations attributable to owners of the Company	(0.32)	0.01
- EPS for the period attributable to owners of the Company	0.17	0.24

8. PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended March 31, 2018, Millicom added property, plant and equipment for $151 million (March 31, 2017: $163 million) and received $12 million in cash from disposal of property, plant and equipment (March 31, 2017: $1 million).

9. INTANGIBLE ASSETS

During the three-month period ended March 31, 2018, Millicom added intangible assets of $105 million (March 31, 2017: $53 million) and did not received proceeds from disposal of intangible assets (March 31, 2017: $1 million).

10. DEBT AND FINANCING

El Salvador

In January 2018, Telemovil El Salvador entered into a second amendment and restatement with Scotiabank to add an additional $50 million variable rate loan, with a 5-year bullet repayment.

In March 2018,Telemovil El Salvador entered into a $100 million variable rate facility with DNB and Nordea with a 5-year bullet repayment. $50 million remain undisbursed as of March 31, 2018. In addition, Telemovil El Salvador entered into a swap with Scotiabank to fix rates for up to $100 million of the outstanding debt

Colombia

In March 2018, TigoUne prepaid $34 million equivalent in COP on bank financing debt.

MICSA

In Januray 2018, MIC SA repaid $25 million of an outstanding debt facility with DNB and Nordea.

Rwanda

In January 2018, the Group repaid the remaining $40 million loan with DNB and Nordea.

10. DEBT AND FINANCING (Continued)

Senegal

In 2013, a Millicom holding entered into an agreement with a bank, whereby the bank provided loans amounting to EUR134 million to the Senegal operation with a maturity date in 2020. Simultaneously, Millicom deposited the same amount with the bank. In January 2018, this back-to-back agreement has been unwound and all loans reimbursed.

In 2015, the Senegal operation entered into a $24 million ECA facility guaranteed by Millicom of which $13 million remained outstanding at year end 2017 and the remaining amount was fully repaid in February 2018.

Analysis of debt and other financing by maturity

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

$ millions	As at March 31, 2018	As at December 31, 2017
Due within:		
One year	125	185
One-two years	552	500
Two-three years	334	347
Three-four years	220	431
Four-five years	743	584
After five years	1,848	1,738
Total debt	**3,821**	**3,785**

As at March 31, 2018, 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 $706 million (December 31, 2017: $671 million). Assets pledged by the Group for these debts and financings amounted to $1 million at March 31, 2018 (December 31, 2017: $1 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 March 31, 2018 and December 31, 2017.

	Bank and financing guarantees (i)			
$ millions	As at March 31, 2018		As at December 31, 2017	
Terms	Outstanding exposure	Theoretical maximum exposure	Outstanding exposure	Theoretical maximum exposure
0-1 year	131	131	159	159
1-3 years	389	389	368	368
3-5 years	186	186	144	144
More than 5 years	—	—	—	—
Total	**706**	**706**	**671**	**671**

(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:

$ millions	Three months ended March 31, 2018	Three months ended March 31, 2017
Interest expense on bonds and bank financing	(56)	(70)
Interest expense on finance leases	(20)	(16)
Others	(8)	(8)
Total	**(85)**	**(94)**

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 March 31, 2018, the total amount of claims and litigation risks against Millicom and its operations was $465 million, of which $5 million related to its share in joint ventures (December 31, 2017: $438 million, of which $5 million related to its share in joint ventures).

As at March 31, 2018, $29 million, of which $2 million related to its share in joint ventures (December 31, 2017: $29 million, of which $2 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.

Improper filling of shareholding in Millicom Tanzania Ltd

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 nor to be registered as one of its shareholders. Millicom continues to operate and fully consolidate Tigo Tanzania, and no provision has been recorded in relation to this claim.

Ongoing investigation by the International Commission Against Impunity in Guatemala (CICIG)

On July 14, 2017, the 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 23 and 24, 2017, Guatemala's attorney general and CICIG executed search warrants on the offices of Comcel. As at March 31, 2018, 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 March 31, 2018.

Taxation

At March 31, 2018, the Group estimates potential tax claims amounting to $362 million and tax provisions of $51 million which have been assessed as probable and have been recorded (December 31, 2017: claims amounting to $313 million and provisions of $53 million). Out of these potential claims and provisions, respectively $43 million and $2 million relate to Millicom's share in joint ventures (December 31, 2017: claims amounting to $38 million and provisions of $2 million).

Potential improper payments on behalf of the Guatemala joint venture

On October 21, 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 4, 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 March 31, 2018, 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 March 31, 2018.

Capital commitments

At March 31, 2018, 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 31, 2017: $194 million of which $182 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 31, 2017: $25 million and $23 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the three-month period ended March 31, 2018:

$ millions (unaudited)	Three months ended March 31, 2018	Three months ended March 31, 2017
Expenses		
Purchases of goods and services from Miffin	(41)	(50)
Purchases of goods and services from EPM	(10)	(5)
Lease of towers and related services from HTA	(7)	(3)
Other expenses	—	(2)
Total	**(58)**	**(60)**

$ millions (unaudited)	Three months ended March 31, 2018	Three months ended March 31, 2017
Income / gains		
Sale of goods and services to Miffin	68	66
Sale of goods and services to EPM	4	4
Other income / gains	1	1
Total	**73**	**71**

As at March 31, 2018 the Group had the following balances with related parties:

$ millions (unaudited)	At March 31, 2018	At December 31, 2017
Liabilities		
Payables to Guatemala joint venture (i)	285	273
Payables to Honduras joint venture (i)	142	135
Payables to EPM	3	3
Other accounts payable	14	10
Sub-total	**444**	**421**
Finance lease liabilities to Helios (ii)	106	108
Total	**550**	**529**

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

$ millions (unaudited)	At March 31, 2018	At December 31, 2017
Assets		
Receivables from Guatemala and Honduras joint ventures	25	25
Receivables from EPM	4	3
Advance payments to Helios Towers Tanzania	7	8
Receivable from TigoAirtel Ghana (i)	39	40
Other accounts receivable	—	1
Total	**75**	**77**

(i) Disclosed under 'Other non-current assets' in the statement of financial position.

13. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at March 31, 2018 and December 31, 2017:

$ millions	Carrying Value		Fair Value (i)	
	March 31, 2018 (unaudited)	December 31, 2017 (audited)	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Financial liabilities				
Debt and financing	3,821	3,785	3,927	3,971

(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 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 March 31, 2018, the fair values of the swaps amount to a liability of $60 million (December 31, 2017: a liability of $56 million). These swaps were unwound against a cash settlement of $63 million at their maturity in April 2018.

No other financial instruments have a significant fair value at March 31, 2018.

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:

	2018		
$ millions	Guatemala	Honduras	Ghana (i)
Opening balance at January 1, 2018	**2,145**	**726**	**96**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax)	18	5	—
Results for the period	36	2	(5)
Dividends declared during the period	—	—	—
Currency exchange differences	(2)	(2)	—
Closing balance at March 31, 2018	**2,196**	**732**	**91**

(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.

15. 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 31, 2016. As of March 31, 2018, 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 March 31, 2018.

16. SUBSEQUENT EVENTS

Senegal

On April 19, 2018, the President of Senegal issued an approval decree in respect of the proposed sale by Millicom of its Tigo operation in Senegal to a consortium consisting of NJJ, Sofima (a telecom investment vehicle managed by the Axian Group) and Teyliom Group.

Potential improper payments on behalf of the Guatemala joint venture

As disclosed in note 11, in October 2015, Millicom voluntarily reported to the U.S. Department of Justice potential improper payments made on behalf of the company's joint venture in Guatemala and, since then, has cooperated fully with the Justice Department's investigation. On April 23, 2018, the Justice Department informed Millicom that it is closing its investigation.