A world of opportunities

Annual Report 2011
Millicom International Cellular S.A.

Introduction to Millicom

Millicom is a dedicated emerging markets telecoms operator. For our customers, present and future, we provide access to the world primarily through mobile devices. We develop innovative products and services that are affordable, useful and fun, and sell them from every street corner.

For our employees, we provide an exciting working environment, an outstanding team culture, progress on merit and attractive international opportunities.

To our shareholders, we can demonstrate an excellent track record of profitable growth, based on market-leading service innovation, a pioneering commitment to emerging markets and significant network investment.

Looking ahead, we believe that the significant growth that is forecast across all our markets in value-added services, from mobile internet to mobile financial services and entertainment products, represents an attractive long term growth opportunity that we are very well placed to capture.

Overview

Review of Operations

Corporate Governance

Financial Statements

Overview
At a Glance

Millicom provides voice, data, cable TV and value added services to 43 million customers in emerging markets in Latin America and Africa.

Central America

Population under license	28 million
Customers	14.6 million
Revenue (US$m)	1,842
EBITDA (US$m)	958
Cell sites ('000)	5.6
Outlets ('000)	133

South America

Population under license	61 million
Customers	11.2 million
Revenue (US$m)	1,706
EBITDA (US$m)	726
Cell sites ('000)	5.1
Outlets ('000)	177

Cable (Central America)

RGUs ('000)	721
Broadband customers as percentage of cable TV customers	39.8%
Homes passed	1.37 million

Africa

Population under license	176 million
Customers	17.3 million
Revenue (US$m)	981
EBITDA (US$m)	404
Cell sites ('000)	4.3
Outlets ('000)	371

2011 Highlights

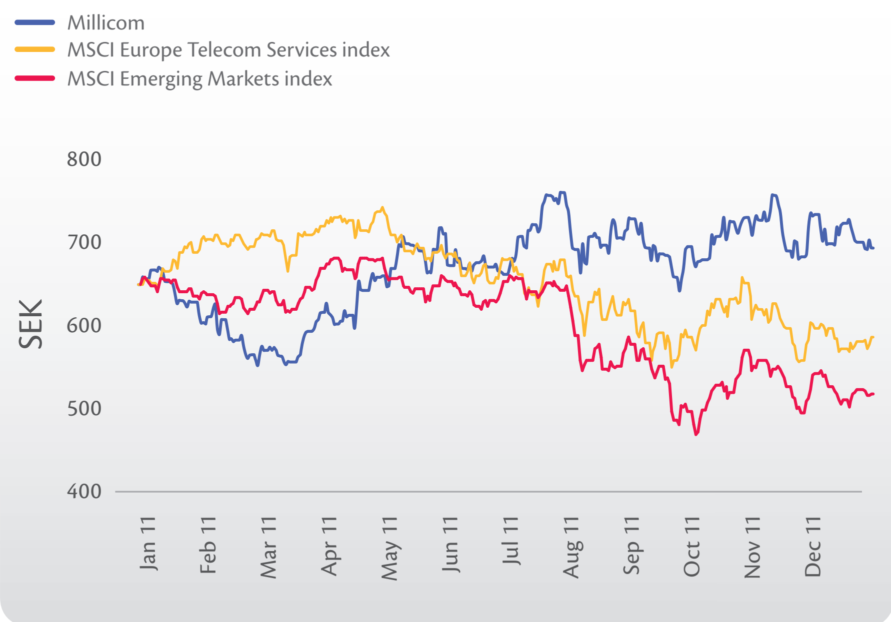
Financial Highlights

- Revenues up 12.7% to $4.5 billion
- Organic local currency revenue growth of 10.5%
- EBITDA margin of 46.1%
- Capex of $848 million, including spectrum
- Operating free cash flow of $1.2 billion or 26.6% of revenues

Operational/Strategic Highlights

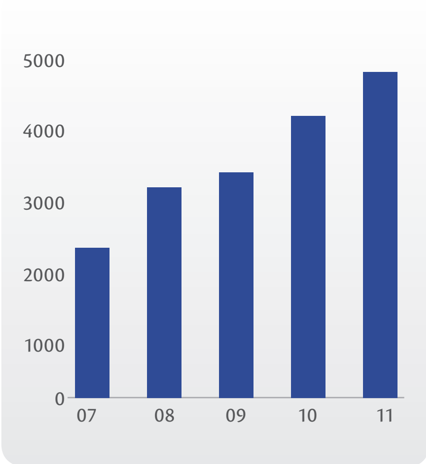
- In the fourth quarter of 2011, 30% of mobile customers had an ARPU above $10 and contributed 80% of revenues
- Value-added services generated in excess of $1.1 billion in revenues
- ROIC increased from 26% at YE 2010 to 28% at YE 2011 versus an average WACC of 11.5%
- Significant shareholder remuneration, close to $1 billion, for the second year in a row

Share Price Performance

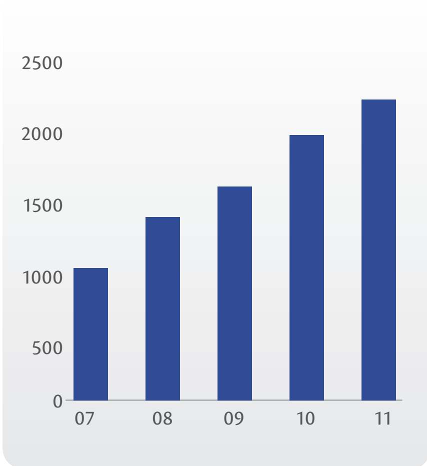


Key Performance Indicators

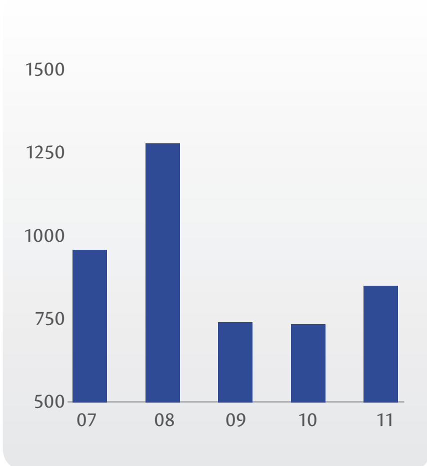
Revenue (US$m)



EBITDA (US$m)



Capex (US$m)



Chairman's Statement

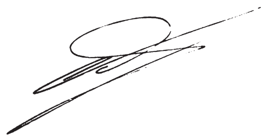
I am pleased to report that in 2011, Millicom once again delivered both strong growth and attractive returns to its stakeholders. Top line growth in local currency was 10.5% in 2011 thanks to continued innovation, not only in expanding our range of value-added services, but also in customer segmentation and in the packaging and pricing of traditional communication products. Innovation is the lifeblood of Millicom. Millicom was also able to achieve this growth by being close to its customers, understanding their needs and wants and, every day across 14 markets, offering them attractive solutions.

Not only did Millicom once again deliver above-sector average top line growth, but this was done while maintaining very high profitability and cash flow generation. In 2011, for the second year in a row, Millicom returned close to $1 billion to shareholders through a combination of a $1.80 per share ordinary dividend, a $3.00 per share special dividend and a $500 million share buy-back program. We were pleased also to see the share outperform its benchmarks for the third consecutive year. The share price rose circa 7% in 2011, while the European Telecom benchmark index declined by 10% and the MSCI Emerging Markets index lost 20%.

The Board is now proposing an ordinary dividend of $2.40 per share for 2011 to the Annual General Meeting to be convened on May 29. The Board has authorised a share buyback program of up to $300 million. Moreover, supported by the healthy growth of normalized net profit, Millicom has enhanced its dividend policy just some two years after the declaration of its first ordinary dividend in 2009. The policy now comprises of a dividend floor of $2.00 per share, and a payout ratio of no less than 30% of normalized net profit. As we have done in the past, in the absence of external growth opportunities, we aim to return excess cash to our shareholders.

At the end of May 2011, the listing of Millicom shares was consolidated onto a single exchange, NASDAQ OMX Stockholm, as we sought to eliminate some of the administrative and time demands related to a US listing and second registration. Millicom expects to meet the necessary criteria to seek deregistration in the second half of 2012 at the earliest. Thereafter, Millicom will continue to maintain the high level of internal control as is required under US second registration.

On behalf of the Board, I would like to congratulate all Tigo Employees and thank them for their outstanding contribution to a successful year. We look forward to taking the company to new heights with them in the years to come.



Allen Sangines-Krause
Non-Executive Chairman

"Innovation is the lifeblood of Millicom"

Chief Executive Officer's Statement

Millicom's focus throughout 2011 shifted further to attracting and retaining higher value customers by offering innovative products and services in order to drive growth and to increase our revenue market share. In the fourth quarter, 30% of our customers had an ARPU of $10 or more and generated 80% of our revenues.

Today our business is no longer only about basic communication; voice is maturing, demand for data is accelerating and new mobility-related services are emerging. In this fast-moving industry, we have consistently innovated to differentiate ourselves from our global competitors. While we have grown rapidly in recent years, our business has become more complex, presenting many opportunities and exciting challenges. Non-voice products already account for more than one fifth of group revenues and one third of those in Latin America. We expect these non-voice services to be our primary source of revenues in Latin America in a few years' time.

This evolution in our business requires that we accelerate the development of new products and services, deepen our consumer understanding skills and innovate in our go-to-market strategies. In order to support our strategic goals we will, throughout the course of 2012, be implementing a new organization structure. This organization structure is based on three key components; 1) our 14 in-market organizations, 2) our five global categories of Communication, Information, Entertainment, Solutions and Mobile Financial Services (MFS) and 3) centralised global support functions. As we implement this new organization structure, we will ensure we have the best possible mix of local experience and global expertise for our next phase of growth.

"As we implement our new organization structure, we will ensure we have the best possible mix of local experience and global expertise for our next phase of growth"

Our Strategy

We believe in local, in-market scale. To continue to lead in our markets, we constantly have to innovate to offer our customers new services that meet their needs now and in the future. In 2012, we will focus on deepening further our consumer understanding skills in our markets so that we can accelerate the development of new products and services in our five categories. With our new organization structure, we aim to shorten the 'Time to Revenue', or the time between the moment one idea proves successful in one market, and the time it generates meaningful revenues across the group. In 2012, we will again aim to find the right balance between growth and returns: growth in revenues, EBITDA and operating free cash flow, return on invested capital and return to our shareholders.

As we work towards achieving these goals within the framework of our new organization structure, we are focused on maintaining 4 'A's: the affordability and accessibility of our services, the availability of our network and an affinity with our customers. We believe these are vital and inter-dependent ingredients that are needed to sell our services successfully in our markets.

Affordability does not simply mean offering competitive prices for our services but rather offering services that fit our customers' wallets and represent the best value for money. For example, one of our most successful data packages is our Social Plan in which we provide access to social networking sites. This package is primarily aimed at meeting the needs of the youth market in Latin America to stay connected.

Chief Executive Officer's Statement (Continued)

Accessibility means providing easy access to our goods and services which we are delivering through more than 680,000 Tigo points of sale, direct sales forces, pre and post paid offerings and simple activation processes. We also have Tigo ambassadors whose job is to demonstrate to customers how to use our services as soon as they subscribe to them.

Availability means providing our customers with an extensive and robust network and sufficient capacity so that mobile and fixed services are readily available to them. In 2010, we came to the conclusion that owning passive infrastructure no longer conferred a competitive advantage. We decided, where possible, to outsource or share towers with other operators in order to bring additional benefits to our customers in the form of an even higher quality of service and coverage, whilst also improving the return on invested capital for our shareholders. To date, in addition to tower sharing agreements, we have committed over 4,500 of our towers in Ghana, Tanzania, DRC and Colombia (representing one third of the group total) to be outsourced to tower companies. We continue to seek further opportunities to share part of our infrastructure and spectrum assets when and where appropriate.

Lastly, and perhaps most importantly of all, Affinity means being close to our customers and creating an emotional link with them that extends beyond product functionality and value for money. Tigo is developing solutions that solve customers' day to day issues, such as four alternate ways to continue talking when they run out of balance: Tigo Lends You, Peer to Peer balance lending, SMS Gift and SMS Collect, and our bundled offers, 'paquetigos', tailored to customer usage profiles. These solutions are the building blocks to customers perceiving Tigo as a brand that understands their needs and one that they would recommend to friends and family.

Integrity and Corporate Responsibility

By offering access to communication, data and mobile financial services under the Tigo brand and ensuring that these services are affordable, accessible and readily available, Millicom is making an active and positive contribution to the sustainable economic and social development of its markets. We value greatly the reputation that the Tigo brand has earned in our markets and the trust that our customers place in it. We endeavor to enhance this reputation by continually improving our service offering and fulfilling our duty to be a responsible corporate citizen, guided by our core values of Passion, Integrity and Respect.

At our 2011 Capital Markets Day, we presented our new Integrity strategy which clearly articulates our ambition and commitment to move beyond compliance with applicable local laws and company policy to seek social return as a desired by-product of our financial investment by 2016. The Integrity strategy is based on our core values and aligns with the principles and aims of the United Nations Global Compact.

Consistent with this strategy, it was decided at the end of 2011 that the Integrity function, working under the Chief Integrity Officer, would be tasked to manage all of Millicom's corporate social and environmental responsibility and health and safety activities in addition to compliance. You will find further information on our policies and initiatives in the Integrity and Corporate Responsibility section of this report.

Outlook

2012 will be a year of investment in services, products, infrastructure and people as we see numerous growth opportunities in our markets. As a result, we anticipate further erosion of our EBITDA margin and guide for an EBITDA margin around the mid-40s in 2012 and an OFCF margin of around 20% of revenues. We anticipate capex to increase but not to exceed 20% of our revenues in 2012 excluding spectrum acquisitions. As we invest to bring further innovative and affordable services to our customers, we aim to continue delivering above sector average growth in revenues, cash flow generation and returns.

I would like to thank all our Tigo People throughout the organization who contributed to the success achieved in 2011, and who will continue to drive the next phase of growth and returns. I would also like to take this opportunity to thank all our shareholders for their continued interest in and support of Millicom.

Mikael Grahne
President and CEO

Review of Operations
Financial Review

Customer growth in 2011 was 12%, with 4.9 million new customers added in the year, bringing our total base to 43.1 million. Group revenues were up 12.7% to $4,530 million. Restating for the full consolidation of Honduras, local currency organic revenues increased by 10.5% which was in line with our expectations.

Our focus in 2011 remained on up-selling and cross selling new services to our existing customers rather than increasing their absolute number. As penetration of voice services is already high in most of our markets, we believe offering innovative services to our existing customers will enable us to grow faster than our competitors. In the fourth quarter, the categories of Information, Solution and MFS combined contributed in excess of 15% of recurring revenues. Overall, non-voice services grew by 33% year-on-year and now account for more than 28% of our recurring revenues.

In the fourth quarter, 30% of our customers had an ARPU of $10 or more and generated 80% of revenues but only 12% of our customers were data users. We therefore have the opportunity to up-sell data services to more than half of the addressable, high value customer base who are not currently enjoying these services.

ARPU remained a key focus for management throughout 2011 and this will continue in 2012. Thanks to the development of innovative VAS, we have seen a slow down in the rate of ARPU erosion and we reported only a -2.4% decline in ARPU in local currency in 2011 versus -5.7% in 2010.

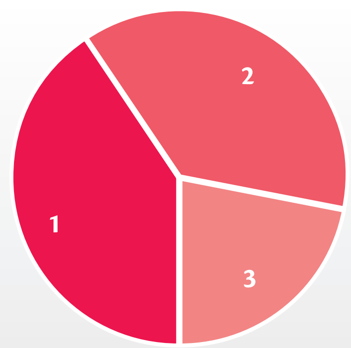
Despite our continued investments in new services, we managed to achieve a healthy EBITDA margin of 46.1%, around one percentage point lower than for the prior year. Most of this decline is the result of a change in mix with more revenues from regions and categories with lower margins. We expect this trend to continue as we grow further in categories such as Information and, in particular, MFS which has a structurally lower EBITDA margin than Communication services. We also anticipate that growth will still be faster for some time in South America and Africa, where EBITDA margins are slightly lower than the group average.

In 2011 we invested 18.6% of our revenues or $848 million in capex, of which $44 million was spent on spectrum. Investment in our 3G network during the year accounted for 30% of our capex excluding spectrum acquisitions. We also spent $40 million on upgrading our IT and billing platforms in 2011. This is a three year project in which we will invest a total of $300 million.

We made considerable progress with our asset productivity measures during 2011. By the end of the year we had completed all tower closings in Ghana and had transferred close to two-thirds of committed towers in Tanzania and Colombia.

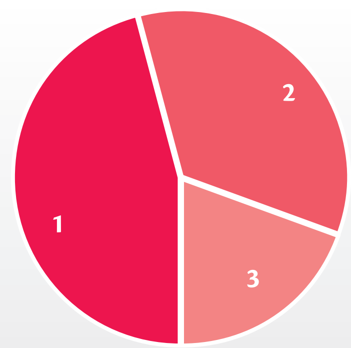
We also completed the first closing in the Democratic Republic of Congo (DRC) with the transfer of 50% of the towers.

Revenue by Region (US$m)



1	Central America	1,842
2	South America	1,706
3	Africa	981

EBITDA by Region (US$m)



1	Central America	958
2	South America	726
3	Africa	404

Financial Review (Continued)

We already have several direct agreements in place with operators in Latin America to share towers which bring additional cost efficiencies.

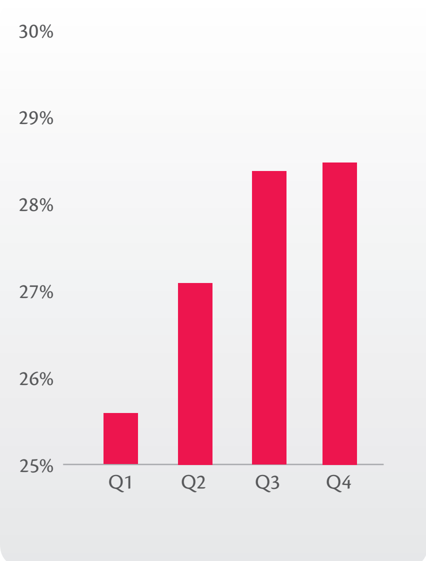
We expect our tower outsourcing deals to generate an NPV in excess of $600 million, estimated on a conservative DCF basis and including cash proceeds. Total cash proceeds for tower outsourcing in 2011 were $163 million. Overall, we estimate that we will receive about $360 million in cash from the tower outsourcing deals signed in Ghana, Tanzania, DRC and Colombia from 2010 to 2013. We will continue to pursue other opportunities to share passive infrastructure which could include 3G or 4G networks and spectrum, enabling us to focus on our core activities.

Despite the 20% year-on-year increase in capex, our cash flow generation in 2011 was the highest ever, at over $1.2 billion, even excluding the contribution from tower disposals. Our operating free cash flow margin for the year was 26.6%.

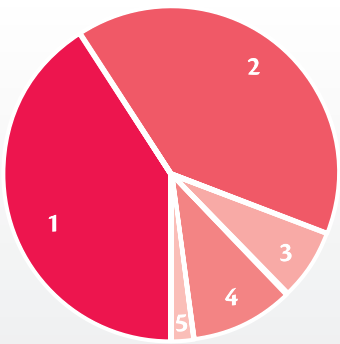
At the end of the year our cash position was approximately $0.9 billion and our leverage ratio stood at 0.7x net debt to EBITDA, slightly up from YE 2010 when it was 0.6x.

In line with our strategy of finding the right balance between growth and returns, in 2011, we delivered revenue growth in excess of 10% in local currency, a high EBITDA margin at 46.1% and an increase in our ROIC to 28%, up from 26% last year. We returned around $1 billion to shareholders for the second year in a row through a combination of dividends and share buy-backs. In 2012, we will again aim to find the right balance between revenue growth, profitability, cash flow generation, return on invested capital and returns to shareholders.

VAS as % of Revenue 2011

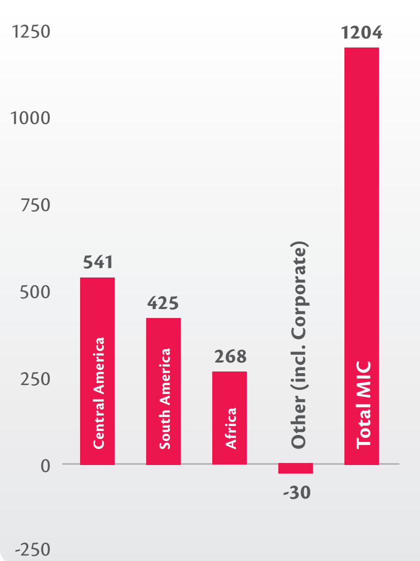


Contribution to 2011 Recurring Revenue Growth by Category



1	Communication	41%
2	Information	40%
3	Entertainment	7%
4	Solutions	10%
5	Mobile Financial Services	2%

OFCF for 2011 by Operation (US$m)



Financial Review (Continued)

Focus on Regions

Central America

Central America financial highlights

US$m unless otherwise stated	2011	2010	% Change
Mobile customers (millions)	14.6	13.5	8.1%
Mobile ARPU (local currency at constant exchange rates)	11.9	12.0	-1.1%
Revenue	1,842	1,642	12.2%
EBITDA	958	893	7.3%
EBITDA margin %	52.0%	54.4%	-2.4pp
Capex	222	208	6.7%
OFCF	541	586	-7.7%
OFCF margin %	29.4	35.7	-6.3pp

Revenues in Central America totalled $1,842 million in 2011, up 4.6% year-on-year in local currency. Local currency ARPU was down 1.1% on last year, despite the addition of 1.1 million customers, or close to twice the number added in 2010, bringing the total at year end to 14.6 million.

Our focus remains on cross-selling and up-selling more services to existing customers rather than growing their absolute number, especially in Central America where mobile voice penetration is high.

Our cable business is demonstrating good growth while maintaining a healthy margin, reflecting the attractive opportunity in cable broadband and television services. We have significantly increased the speed offered to our broadband customers. Today around two thirds of broadband customers are enjoying speeds in excess of 1Mbps, compared to only one third two years ago. This improved quality of service enabled us to grow average revenue per household by 8% in 2011.

EBITDA for the year was $958 million and the EBITDA margin was 52%, down year-on-year, due primarily to higher subsidy levels in order to drive the uptake of 3G data services and to the decline of higher margin incoming international calls in the overall revenue mix.

Capex in 2011 amounted to $222 million or 12% of revenues.

Cash generation continued to be very good, with OFCF at $541 million or 29.4% of revenues.

In 2012, we expect handset prices to continue to decline enabling the further penetration of 3G services. We will continue to invest in our 2G and 3G networks in Central America as we continue to see strong demand for data services with an attractive return on invested capital for Millicom.

Financial Review (Continued)

South America

South America financial highlights

US$m unless otherwise stated	2011	2010	% Change
Mobile customers (millions)	11.2	10.1	10.9%
Mobile ARPU (local currency at constant exchange rates)	12.8	12.3	3.6%
Revenue	1,706	1,374	24.2%
EBITDA	726	590	23.1%
EBITDA margin %	42.6%	42.9%	-0.3pp
Capex	324	244	32.8%
OFCF	425	311	36.7%
OFCF margin %	24.9	22.6	2.3pp

Revenues grew by 24% in 2011 to $1,706 million or by 17.1% in local currency, with all three markets reporting a strong performance. Mobile ARPU continued to increase and was up by 3.6% in local currency as a consequence of our ongoing focus on mobile data and other VAS. The aggressive marketing of 3G services across the region and of Paquetigos (bundles of minutes, SMS and data access sold for use within a certain time period) has also helped to increase ARPU. In the fourth quarter of 2011, growth derived from non-SMS VAS amounted to 54% of our recurring revenue growth.

EBITDA reached $726 million, up 23.1%, and the EBITDA margin was 42.6%, essentially flat year-on-year as we continue to invest in handset subsidiaries to drive mobile data penetration higher.

We invested $324 million or 19.0% of revenues in capex in South America during the year. We spent a total of $44 million on spectrum in all three markets, with the bulk of the spectrum acquired in Colombia during the year.

We expect several spectrum auctions in South America in 2012, notably in Colombia where spectrum in the 2.1GHz and 1.7GHz bands is expected to be auctioned. We are interested in acquiring additional spectrum to provide 4G services and to improve the quality of the service we provide to our customers. Acquisition of spectrum, like all our investments, will have to meet our strict financial hurdles.

Cash generation in South America was $425 million or 24.9% of revenues.

Financial Review (Continued)

Africa

Africa financial highlights

US$m unless otherwise stated	2011	2010	% Change
Mobile customers (millions)	17.3	15.0	15.3%
Mobile ARPU (local currency at constant exchange rates)	4.9	5.3	-7.1%
Revenue	981	905	8.4%
EBITDA	404	358	12.8%
EBITDA margin %	41.2%	39.6%	1.6pp
Capex	297	278	6.8%
OFCF	268	145	84.8%
OFCF margin %	27.3	16.0	11.3pp

Revenues grew by 11.3% in local currency or by 8.4% on a reported basis to $981 million in 2011. We have seen an encouraging slow down in the rate of ARPU erosion over the course of the year with a year-on-year decline of -5% in the fourth quarter compared to -10% in the third quarter in local currency. We anticipate some further ARPU erosion in 2012 in Africa as we focus on affordability of our services in a region where penetration of mobile services and usage remain relatively low.

During the year we recorded strong performances in Chad, Rwanda, Mauritius and Tanzania. In Rwanda, our market share now exceeds one third of the market and we have reached EBITDA breakeven, just two years since our launch. In the second half of the year, we experienced a more challenging operating environment in both Ghana and Senegal. We had to lower prices in Ghana in order to regain our affordability perception and, in Senegal, we had to invest in back-up generators as we experienced a growing number of power outages.

EBITDA reached $404 million, up 12.8%, and the EBITDA margin was 41.2% up 1.6 percentage points year-on-year. Our focus on affordability, in particular in Ghana and Senegal, combined with an increase in cross net traffic, has however, had a dilutive impact on quarterly margins in the second half of the year and is expected to continue to weigh on profitability in 2012. In the fourth quarter we started benefiting from our tower sharing activities but, as we previously stated, benefits on margins from these activities will be reinvested in revenue growth going forward.

Capex in Africa amounted to $297 million in 2011 or 29.8% of revenues. We invested significantly in 3G in Africa during 2011 (circa 17% of revenues) which is testimony to our ambitions for voice and data growth in the region.

Cash generation in Africa in 2011 was $268 million or 27.3% of revenues.

Financial Review (Continued)

Focus on Categories

Our five global categories form one of the three components of the new organisation structure that we are currently implementing.

Communication: 41% of recurring revenue growth in 2011
In 2011, the Communication category (voice and SMS) showed good resilience with 6.6% growth in local currency, thanks to our attractive bundled offers, tailored to fit the usage patterns of specific customer segments.

Information: 39% of recurring revenue growth in 2011
In the second half of the year 2011, the Information category (data services) became the biggest single contributor to our revenue growth, outgrowing Communication which used to be the largest contributor. Close to one fifth of our net additions during the year were 3G mobile data customers in Latin America. We now have more than 4 million users of data services in Latin America (2G and 3G) representing almost 16% of our regional customer base. Only about half of these data users are 3G customers, while we know that 38% of our customers in Latin America in the fourth quarter of 2011 had an ARPU in excess of $10, and hence the potential to become data users.

We see the Information category continuing to be the largest revenue growth contributor for the next two years. The price of entry level smartphones is now below $100 in some of our markets, a level that we believe is closer to the inflexion point for mass market adoption. Affordability of quality smartphones is crucial for adoption of 3G in Africa in particular.

In 2011, we invested close to $250 million in capex for 3G capacity and coverage and we expect to invest close to 50% more in 2012.

Entertainment: 7% of recurring revenue growth in 2011
Revenues for the Entertainment category (TV, Ringback tones, games) were up by 10.7% year-on-year in 2011, following our strengthening of the category's management and the identification of new innovative products. Such growth has been achieved despite our tighter control over SMS lottery products in the latter part of the year as we proactively adopted a responsible approach to protect our customers.

Solutions: 11% of recurring revenue growth in 2011
Revenues for the Solutions category (Zero Balance Products) increased by 63% in local currency in 2011.

Our most successful product in the category in 2011 was our airtime lending product: 'Tigo Lends You'. This product alone generated in excess of $30 million in revenues and was used by more than 15 million of our customers. In December alone, 64 million transactions took place.

In 2011, we also launched new initiatives and products in this category which are showing promising initial results as they are relevant to customers' needs: medical appointments, agenda back-ups or emergency calls, for example.

MFS: 2% of recurring revenue growth in 2011
Our Mobile Financial Services (MFS) category developed well in 2011 and offers attractive potential in the medium to long term. As at the end of December 2011, this category comprised domestic money transfer services in Paraguay, El Salvador, Guatemala, Honduras, Tanzania, Ghana and Rwanda. By the end of the year, Tigo Cash had reached a penetration level of 20% of our customer base in Paraguay and almost 18% in Tanzania (up from 13% in the third quarter). We expect to launch Tigo Cash in at least three more markets in 2012: Bolivia, Chad and DRC.

The development of MFS is highly dependent upon market conditions such as the regulatory framework, different customer needs, for example, for local or international remittances, banking penetration and the image of the telecom industry.

Latin America

Our mobile and cable operations in Central America are located in El Salvador, Guatemala, Honduras, Costa Rica and Nicaragua. Our Central American mobile licenses in El Salvador, Guatemala and Honduras covered approximately 28 million people as at December 31, 2011.

Our cable operation has a large network in Central America with approximately 1.4 million homes passed, which, together with our existing mobile network, gives Millicom opportunities for future growth with cost efficiencies. Our cable operation has approximately 721 thousand Revenue Generating Units ("RGUs") across Central America with cable and broadband customers in Guatemala, El Salvador, Honduras and Costa Rica, as well as corporate data customers in Guatemala, Nicaragua, El Salvador and Honduras.

Our mobile operations in South America are located in Bolivia, Colombia and Paraguay. Our South American licenses covered approximately 61 million people as at December 31, 2011.

Macro-economic and regulatory environment

The economies of our Latin American markets are affected by the economic climate in the USA and Brazil and the export of commodities. In Central America in particular, our customers benefit from remittances from expatriate workers in the USA. In El Salvador, remittances accounted for 17% of GDP in 2011, and about a third of all households receive these transfers. While remittances to our three markets in Central America were up 6.7% year-on-year on average in 2011, there continues to be volatility month on month. In South America, the economies of our three markets showed steady improvement with GDP growth in 2011 of 5% on average.

In late 2011 however, there was an outbreak of Foot and Mouth Disease in Paraguay which impacted the important beef export business.

"Value-added services are now contributing more than one third of our revenues in the region"

"Mobile data revenues grew by 76% year-on-year"

As at YE 2011	El Salvador	Guatemala	Honduras	Bolivia	Colombia	Paraguay
Population (m)	6	14	8	10	45	6
GDP per cap (2011 est)	$7,600	$5,000	$4,300	$4,800	$10,100	$5,500
Mobile penetration	112%	89%	85%	68%	103%	96%
Our market position	1 of 5	1 of 3	1 of 4	2 of 3	3 of 3	1 of 4

Latin America (Continued)

The slowdown of neighbouring Brazil's economic growth in the latter part of 2011 also had some impact on the Paraguayan economy.

There were few significant changes in the regulatory environment in our Latin American markets in 2011 and tax rises and regulatory changes, where introduced, had little impact on our revenues and profitability. In 2012, however, several new taxes and regulatory headwinds could impact our businesses, including in particular, the introduction of a flat tariff structure in Paraguay (whereby we have to charge the same for on net and cross net calls), Mobile Termination Rate (MTR) cuts in Colombia and Bolivia and new taxes in Bolivia, El Salvador and Honduras. The extent of the impact on our performance in 2012 will remain dependent upon several factors such as the timing of implementation, traffic elasticity and the evolution of the mix in our revenues as we focus increasingly on data services. We expect the impact of such changes to be higher in 2012 than in 2011 but not greater than what we have faced on average over the past five years. As we have done in the past, we are working to mitigate this impact as much as possible.

Innovation in highly penetrated markets

The operating environment in all our Latin American markets remained competitive in 2011. We believe in constant innovation as a key success factor for us to continue growing in our relatively highly penetrated markets in Latin America. In Central America, consumers are demonstrating a greater sensitivity to price and a greater appetite for discounted and personalized services, such that affordability is becoming one of the most important attributes in the industry. In South America, mobile ARPU continued to increase thanks to our focus on mobile data and other value-added services, resulting in a stabilization of ARPU for Latin America as a whole.

Communication

Our core Communication business is becoming increasingly commoditized yet we managed to produce year-on-year revenue growth of 2% in voice and 9% in SMS in Latin America through the sale of Paquetigos (discounted product and service bundles sold for use within a certain time frame). In Colombia for example, we managed to increase monthly SMS revenues more than tenfold during the year by offering SMS bundles with a longer, 15-day validity (rather than 1 day or a week) in line with customers' needs and feedback. In 2011, we drove the sale of bundles through our 'Tag and Trigger' system which automatically identifies customers who are close to running out of balance and offers them the opportunity to buy more packages which are tailored to their specific usage patterns and ARPU bracket. As well as bundled offers, we are increasingly offering hybrid plans combining pre and post paid elements.

While such initiatives enabled us to produce growth in basic communication services in 2011, our focus was on attracting and retaining higher value customer through value added services. Value added services are now contributing more than one third of our revenues in the region and, in the fourth quarter of 2011, close to 10 million customers in Latin America had an ARPU of $10 or more and generated 86% of our revenues.

Information and Entertainment

Our information category was the largest single contributor to group revenue growth in 2011, predominantly driven by the uptake of data services in Latin America where, in 2011, mobile data revenue grew year-on-year by 76%. By the end of the year, 3.9 million or close to 16% of our customers in Latin America were subscribing to data services and close to half of these (1.9 million) were 3G data users consuming at least 250kb of capacity in a 30 day period. Across the region, we are offering a variety of data packages targeted towards specific customer groups. We have rolled out the Tigo BlackCard, a packaged and configured BlackBerry card that includes a prepaid service, following its success in driving data penetration in Colombia. This product is targeted at consumers who cannot afford a postpaid plan but who want to use a BlackBerry. We have also introduced the SmartCard and AndroidCard for use on other new or second hand devices.

The price of entry level smartphones continued to decline in 2011, even to below $100 in some of our markets, and we saw data revenue generated by handsets overtake that generated by datacards in the second half of the year. In Paraguay, the sale of smartphones grew by 300% in the fourth quarter due to the popularity of social networking sites. In Bolivia, Tigo was the only operator offering BlackBerry, Android and iPhone options. In the latter part of the year, following our detailed analysis of returns on investments, we were able to slow the rate of increase in handset subsidies and be more selective to focus on options delivering more attractive ROIC.

Latin America (Continued)

Our Cable business has produced compound annual growth of 12% over three years and continued to perform very well. The ARPU of broadband internet customers in Central America increased by around 15% year-on-year as we significantly increased the speed offered to our customers. We believe that residential broadband offers us a significant growth opportunity. The latent demand for internet access is very substantial and customers are increasingly demanding access at home as well as on the move. Owning fixed line infrastructure allows us to combine broadband, TV, fixed line and mobile services under a single brand and to sell bundled services offering good value for the customer. In October, we added VoIP to our list of services in Costa Rica. Today our cable network passes approximately 1.37 million homes and provides services to 721 thousand households, giving a penetration of 52.5% of homes passed. Customers take on average 1.36 services each. RGUs increased by 7.6% year-on-year and we managed to increase the average revenue per RGU by 6.2% in 2011, thanks partly to our efforts to improve our quality of service.

Our most successful mobile product in our Entertainment category is Ring Back Tones. In Bolivia, we introduced further segmentation by offering more relevant local content in order to meet the music preferences and trends in specific areas of the country.

Solutions and Mobile Financial Services

Our most successful products in the Solutions category are our Zero Balance Products (ZBP) such as Tigo Lends You, peer-to-peer balance lending and SMS Gift & Collect. In 2011, we introduced a feature to convert failed text messages due to zero balance into collect text messages which fuelled the growth for our Gift & Collect product. We also introduced an emergency calls service as a new ZBP solution and loyalty tool. In Colombia, we have launched Tigo Assistance Services, offering plumbing, roadside assistance and legal aid amongst other services.

We believe that mobile financial services offer attractive potential in the medium to long term, given the fact that close to two thirds of the population in the region is unbanked. Paraguay was the first Latin American market in which we launched domestic money transfer services under the 'Giros Tigo' brand and, by the end of 2011, penetration of the service had reached 20% of our customer base. We have also recently extended our MFS offering in Paraguay with the addition of cross-border money transfer services through an agreement with Western Union. Under this agreement, Giros Tigo customers will be able to receive money from Western Union customers directly into their mobile accounts. They will also be able to withdraw cash at any Tigo location offering the Giros Tigo facility. We intend, over time, to roll out this service in some other markets in Latin America.

Accessibility and Availability

Branding and Distribution

At the end of the year, there were 310 thousand Tigo points of sale across our six Latin American markets, or one for approximately every 300 people covered by our mobile licenses. In several markets we undertook a 'Go Blue' campaign in which we significantly improved our brand presence and visibility at selected strategic sites with wall painting, marquees and totems. In Paraguay, we have clearly identified all points of sales offering Giros Tigo (Tigo Cash) by painting them yellow.

By the second half of the year, the Amnet cable brand had been completely withdrawn from our three mobile markets in Central America and we launched a rebranding campaign to introduce the suite of cable services to the Tigo family of products and services.

"There are 310,000 Tigo points of sale across our Latin American markets, or one for approximately every 300 people"

Latin America (Continued)

We continue to refine our Distribution Management System (DMS) across our markets in Latin America. As we have extended our range of products and services, we have also implemented additional metrics with which to measure our agents and dealers by business unit. We are gaining additional insights into their performance by analysing these metrics.

We are increasingly focusing on below-the-line advertising and promotions and using social networks to communicate with our customers. 'Tag & Trigger' for example, is a very effective communication channel which is customer-oriented and replaces the intrusiveness of mass broadcasts.

We continually look for ways to make our services as convenient and easy to use as possible. In El Salvador, we are now selling ePIN reloads at 700 cash registers in 78 Wallmart stores across the country. In Paraguay and Honduras we have introduced a Rescue Chip as a solution for recovering a phone number in the event of the loss, theft or malfunction of a SIM card. This initiative has not only enhanced the accessibility of our services by removing the necessity to visit a branch to effect SIM card changes, it has also produced savings in commissions for new connections.

Network Developments
We continued to expand the coverage and capacity of our 2G and 3G networks in Latin America with the emphasis on improving the 3G user experience in urban areas and on sustaining higher data speeds at peak times. Our Fair User Policy, whereby customers who have reached the limit of their data plan experience dramatically reduced speeds and are redirected to a website so that they can acquire additional capacity, is helping to ensure that we manage our network capacity and that usage of it grows in line with revenues generated.

As part of our tower monetization initiatives, in 2011 we transferred approximately 1,340 or 65% of our sites in Colombia to ATC Infraco, a Colombian subsidiary of American Tower and, in the fourth quarter, we acquired a 40% stake in the company. We are also increasingly sharing towers directly with other operators whereby both parties grant access, with discretionary consent, to co-locate equipment. Such initiatives help to reduce the environmental impact of telecoms infrastructure and bring about cost efficiencies.

We also achieved cost and operational efficiencies in our cable business in 2011 through region-wide tenders for equipment and by outsourcing the construction of fiber networks and the maintenance of servers and data equipment. We are consolidating sites and sharing nodes and fiber optic infrastructure with our mobile operations where possible. In Colombia, we have signed an agreement with our local partner UNE, which gives us access to their extensive fiber network.

In 2011, our operation in Paraguay obtained cable licenses in the greater Asunción area. The core license in Paraguay, in the 800Mhz band expired in 2011 and was renewed for a further five year period.

In 2011, $44 million was spent on spectrum in Bolivia, Colombia and Paraguay. In Colombia, the additional spectrum, coupled with network optimization initiatives, allowed Tigo to become the leader in data download speeds in the five largest cities. We are interested in acquiring additional spectrum in order to improve the quality of the service we provide to our customers through increased capacity and in order to provide 4G services in the future, but, as with all our investments, acquisitions of spectrum will have to meet strict financial hurdles. In 2012, we expect several spectrum auctions in South America, notably in Colombia, where spectrum in the 2.1GHz and 1.7GHz bands is expected to be auctioned.

Outlook for 2012

In 2012, the focus for our Latin American markets will be on driving the growth of mobile data services by investing further in our networks and by continuing to provide innovative services and bundled products targeted to specific customer segments in order to meet the strong demand for data services. Bundled services will also continue to be used for our voice and SMS products. We will continue to develop our MFS business which now includes cross-border as well as domestic money transfer services.

Africa

Our mobile operations in Africa are located in Chad, the Democratic Republic of Congo, Ghana, Mauritius, Rwanda, Senegal and Tanzania. Our African licenses covered approximately 176 million people as at December 31, 2011.

"We remain focused on the affordability of our services as mobile penetration and minutes of use are relatively low"

"Through continued innovation, we have seen a reduction in the rate of ARPU decline"

Macro-economic and Regulatory Environment

2011 was a relatively encouraging year for most sub-Saharan African economies, with growth for the region as a whole of just under 5% reflecting strong demand and elevated commodity prices. Ghana in particular benefited from high prices for gold and cocoa in 2011 which, coupled with the country's sound macro-economic management, saw its GDP increase by some 13%. Predominantly agricultural economies such as Chad and Rwanda continue to be supported by direct foreign investment and aid, albeit at lower levels since the downturn in the global economy. In 2011, the US dollar strengthened versus the Tanzanian shilling, the Ghanaian cedi and the euro-linked currencies.

In 2011, we recorded a strong performance in Chad, Rwanda and Mauritius and also in Tanzania where growth was supported by the positive development of MFS. In DRC, the high minimum on-net tariff imposed by the government at the end of 2010 was reduced slightly in 2011 but nevertheless remained high and impacted the number of net customer additions during the year. In Senegal, our capex levels have been constrained by the ongoing litigation over our license with the Senegalese government. The final hearing on the merits of the case took place in December at the International Center for the Settlement of Investment Disputes (ICSID) in Paris and the outcome is expected in 2012.

As at YE 2011	Chad	DRC	Ghana	Mauritius	Rwanda	Senegal	Tanzania
Population (m)	11	72	25	1	11	13	43
GDP per cap (2011 est)	$1,900	$300	$3,100	$15,000	$1,300	$1,900	$1,500
Mobile penetration	29%	50%	66%	93%	30%	65%	40%
Our market position	1 of 2	1 of 5*	2 of 5	2 of 3	2 of 2	2 of 4	2 of 7

*only Kinshasa / Bas Congo area

Africa (Continued)

Following the introduction of mandatory SIM card registration in several markets in recent years, operators in these markets are now obliged to register all new SIM cards before activation which is reducing the phenomenon of customers having more than one SIM card.

Innovation in Competitive Markets

Across our African footprint, we remain focused on the affordability of our services as mobile penetration and minutes of use are relatively low and competition is strong. We delivered strong performances in Chad, Rwanda, Mauritius and Tanzania in 2011, helped by our market leading positions and our focus on finding the right balance between growth and profitability. In Rwanda, just two years since our launch, we have reached EBITDA breakeven and our market share now exceeds one third of the market. In Ghana we reduced our prices in 2011, in response to the introduction of flat tariffs and specific promotions by our competitors. We also simplified our tariff structure with four call plans to meet customer demand. In Senegal, repeated power outages negatively impacted our ability to drive traffic growth, resulting in losses of revenue opportunities. These issues impacted our growth in these two markets in 2011.

Communication

In the communication category, voice revenues grew by 8% in Africa in 2011 in local currency. We have continued to stimulate growth in voice and SMS through attractively packaged offers and promotional activity and through the development of new services such as the Tigo USSD Menu which have increased traffic volumes. In several markets we have introduced 'Tigo MiMi', a low cost mobile identity for customers who own neither a phone nor a SIM card. Through this service, customers can buy a personal number and log-in code which they can use to communicate on a borrowed phone or SIM card. This service is increasing brand loyalty and the penetration of Tigo services. In DRC, as part of our smart pricing strategy, we have introduced a dynamic tariff which offers discounts based on network utilization. Similarly, in other markets, we have introduced regional offers to drive penetration and usage in specific areas. In Rwanda we have launched 'Vuga' (talk) packs, bundles of attractively priced minutes and SMS for use on a daily basis. This product is improving our value perception without decreasing ARPU and is increasing minutes of use.

Through continued innovation across our African markets, we have seen a reduction in the rate of ARPU decline; in the fourth quarter, ARPU was down 5.5% year-on-year, versus a decline of 10% in the third quarter of 2011 (in local currency). Whilst we expect ARPU to continue to decline in Africa for some time, this slow-down is an encouraging development and is driven primarily by our focus on innovation. In 2011, value-added services excluding SMS grew by 60.8% and contributed 24.7% of the region's overall growth.

Information and Entertainment

2011 saw the launch of 3G data services in Tanzania in the first quarter and in Ghana in the third quarter with introductory price promotions to increase awareness. In Rwanda, we launched a variety of daily data packages to replace volume based packages and we started selling high-end smartphones. In Mauritius, where we have been providing 3G services since 2004, we are increasingly promoting prepaid data and BlackBerry packages to complement the existing postpaid services.

Until the affordability of 3G data improves in Africa through cheaper access and lower handset prices, we are helping to drive the appetite for information services by offering 2G data services. In DRC, the penetration of 2G data packages grew strongly as we offered free data service trials to customers for a month before starting to charge for the services with very high retention rates. We are also providing the unconnected with access to information on demand through our Tigo Search service whereby customers can request an information search by simply calling or texting a dedicated team. This service has the added benefit of turning our call centers into profit centers.

Ring Back tones are the most important product in the Entertainment category in Africa and during the year we enhanced the service with more local content and with new features such as 'Express Download' and 'Copy a Tune'. In Chad, where the penetration of Ring Back Tones is still low, we introduced new content for our Tigo Life services including religious content.

We have scaled back SMS lotteries and mega promotions considerably as we aim to adopt a responsible approach and protect our most vulnerable customers.

Africa (Continued)

Solutions and Mobile Financial Services
In the Solutions category, we have successfully driven growth in 'Tigo Lends You' through the introduction of a scoring system based on ARPU. We are now lending airtime in slightly larger increments to loyal customers generating higher ARPU without increasing the level of bad debt. We continue to explore ways to grow our product range in the Solutions category. In particular, we are looking at ways to capture opportunities in the agribusiness sector by providing smallholder farmers with information and advice through their mobile phones.

To date we have launched Tigo Pesa (Tigo Cash), our domestic money transfer service in Tanzania, Ghana and Rwanda and we will be launching it in Chad and DRC in 2012. In the fourth quarter, penetration of the service increased by 5 percentage points in Tanzania to reach close to 18% of our customer base. We now have more than 10,000 Tigo Pesa agents in Tanzania, compared to just 1,000 at the end of 2010, contributing to the strong growth in registered customers and the number of transactions.

There is strong competition amongst the three largest operators in mobile financial services in Tanzania and we are very pleased to see that Tigo Pesa customers tend to generate additional ARPU in other categories which is testimony to the trust they place in the Tigo brand and the solutions it provides them in their everyday lives.

The development of MFS is highly dependent upon market conditions and we have seen a slower uptake of Tigo Cash in Ghana where the industry as a whole has more work to do to build reciprocal trust with consumers. In 2012, we will therefore focus on educating both customers and agents about the service as well as continuing to invest in its visibility.

Accessibility and Availability

Branding and Distribution
We have continued to make good progress in rolling out our Distribution Management System (DMS) across our African footprint. Our dealers, understanding the benefit of the DMS strategy, have generally invested the required resources to support it and, through coaching in the field, we have managed to build strong direct sales forces working efficiently within their designated territories. We are also deploying our inventory management system which is enhancing our internal control environment. In Senegal for example, we can now monitor inventory levels on an hourly basis through a dedicated Distribution Operating Center (DOC). We will continue to improve the detail of the reports and real-time observations that the system can generate as these are essential decision-making tools which ensure Tigo products and services remain accessible.

Enhancing the visibility of the Tigo brand was also an important part of our DMS strategy in 2011. In Tanzania, we introduced trade marketing supervisors and a gazebo monitoring tool into the system to oversee brand visibility at our points of sale and at temporary sites (where gazebos are erected) operated by freelancers. In Senegal we introduced kiosks for direct sales at strategic locations. Elsewhere, we have significantly increased our presence on the streets through larger direct sales forces and the use of motorbike taxis selling ePIN reloads.

As in Latin America, we are making more use of direct marketing through targeted SMS broadcasts and below-the-line methods of communication with our customers. In 2011 the official Tigo Tanzania Facebook page was launched and it has become one of the most visited web pages in Tanzania. In Ghana we launched Tigo Ads, the first mobile advertising product in the country.

Africa (Continued)

Network Developments

We continued to expand our networks in Africa in 2011 with the emphasis on capacity deployment in key urban areas and 3G investments. We have also deployed Single RAN in a number of our markets which has enabled us to increase capacity with fewer sites and less power consumption.

In Senegal, we took steps in the latter part of the year to alleviate some constraints associated with power shortages. We have deployed secondary back-up diesel generators and deep cycle batteries in areas with the most volatile power supply.

We invested around 17% of revenues in 3G capex in Africa in 2011 which is testimony to our ambitions for data growth in the region. Our initial focus is on building coverage in major cities. We managed to achieve significant savings in the procurement of 3G and core network equipment through global supply chain negotiations with vendors.

In Tanzania, we created a fiber optics consortium with two other operators whereby we will jointly build a nationwide backbone infrastructure as well as metro fiber networks in five key urban areas. In 2011 we deployed the first metro ring in Dar es Salaam. This project will boost capacity and improve the reliability of our transmission backbone.

During the year we completed the transfer of all the towers committed to be outsourced in Ghana and by the end of the year, there was an average of 1.8 tenants per tower. We also transferred 727 towers or around 70% of the committed total in Tanzania and about 50% in DRC and we are seeing improvements in site availability from already high levels as a result.

We signed site and tower sharing agreements with other operators in Chad and Mauritius during the year. We will look to sign additional agreements when and where possible as we believe sharing infrastructure is appropriate in a high cost environment.

Outlook

In 2012, as we have done in 2011, we will focus on the smart pricing of our products and services to reinforce our value for money and affordability perception in what is a competitive environment. We will also look to leverage our existing customer base and complement traditional communication revenue streams through the development of value-added services, many of which reduce churn and contribute positively to ARPU. Our main VAS priorities are Mobile Financial Services and Information, for which we see the greatest demand and growth potential over the medium to long term.

"We invested around 17% of revenues in 3G capex in Africa in 2011 which is testimony to our ambitions for data growth"

Corporate Governance

Compliance with the Swedish Code of Corporate Governance since May 30, 2011

On May 30, 2011, Millicom voluntarily delisted its ordinary shares from NASDAQ in the United States and consolidated the listing of its shares onto one single exchange, NASDAQ OMX Stockholm. The Company maintains the current listing of its shares as Swedish Depository Receipts ("SDRs") on NASDAQ OMX Stockholm, which became Millicom's primary listing on June 3, 2011.

With the primary listing in Stockholm, Millicom is subject to NASDAQ OMX Stockholm's listing rules and reporting requirements and the high standards of corporate governance prevalent in Sweden. The Company has been bound by the Swedish Code of Corporate Governance (the "Code") as from May 30, 2011. Before that date, Millicom applied the corporate governance rules of the NASDAQ Stock Market in the US.

Board of Directors

Millicom's Board of Directors has developed and continuously evaluates its work procedures in line with the corporate governance rules of NASDAQ in the US, and since May 30, 2011 the Swedish Code, regarding reporting, disclosure and other requirements applicable to listed companies. The Board's work procedures also take into account the requirements of the US Sarbanes-Oxley Act of 2002 to the extent it applies to the Company.

The Board of Directors has adopted a corporate policy manual, Millicom's central reference for all matters relating to its corporate governance policy. Regional policies that are more stringent or detailed than those set out in the corporate policy manual are adopted as necessary. The Company's Code of Ethics is a part of the corporate policy manual. All senior managers and members of the Board of Directors must sign a statement acknowledging that they have read, understood and will comply with the Code of Ethics.

The Board has adopted work procedures to divide the work between the Board and the President and Chief Executive Officer ("the CEO").

The Chairman has discussions with each member of the Board regarding the work procedures and evaluates the Board's work. The other members of the Board evaluate the performance of the Chairman each year. The Board also evaluates yearly the performance of the CEO. In 2011, the Board had five meetings in person and three by telephone.

The work of the Board is divided between the Board and its principal committees:

- the Audit Committee,
- the Compensation Committee,
- the Corporate Social Responsibility ("CSR") Committee, and
- the Nominations Committee.

The main task of the Board committees is to work on behalf of the Board within their respective areas of responsibility. From time to time, the Board delegates authority to an "ad hoc" committee so that it may resolve a specific matter on its own without having to go before the full Board for approval.

At the AGM in May 2011, Mr Daniel Johannesson and Mr Michael Massart stood down from the board after eight years of service.

Name	Year of Birth	Start of term	Committees
Allen Sangines-Krause Non-Executive Chairman	1959	On the Board since May 2008 Chairman since May 2010	Chairman of the Compensation Committee Nominations Committee
Hans-Holger Albrecht Non-Executive Director	1963	Elected in May 2010	Compensation Committee
Mia Brunell Livfors Non-Executive Director	1965	Elected in May 2007	Chairman of the CSR Committee Compensation Committee
Donna Cordner Non-Executive Director	1956	Elected in May 2004	Audit Committee CSR Committee
Paul Donovan Non-Executive Director	1958	Elected in May 2009	Audit Committee
Kim Ignatius Non-Executive Director	1956	Elected in May 2011	Chairman of Audit Committee
Omari Issa Non-Executive Director	1947	Elected in May 2010	Audit Committee

Board Committees

Audit Committee

Millicom's directors have established an Audit Committee that convenes at least four times a year, comprising four directors, Mr. Ignatius (Chairman and financial expert) from May 31, 2011 (replacing Mr. Michel Massart who was the Chairman and financial expert until May 31, 2011), Mr. Donovan, Mr. Issa and Ms. Cordner. This committee has responsibility for planning and reviewing the financial reporting process together with the preparation of the annual and quarterly financial reports and accounts and the involvement of external auditors in that process. The Audit Committee focuses particularly on compliance with legal requirements (including compliance with Sarbanes Oxley Act), accounting standards, independence of external auditors, audit fees, the internal audit function, the fraud risk assessment, risk management and ensuring that an effective system of internal financial controls exists. The ultimate responsibility for reviewing and approving Millicom's annual report and accounts remains with the Board. The Audit Committee met nine times during 2011 and Millicom's external auditors participated in each such meeting.

Compensation Committee

Millicom's Compensation Committee is chaired by Mr. Sanguines-Krause who replaced Mr. Johannesson on May 31, 2011. The two other members of the committee are Mr. Albrecht and Ms. Brunell Livfors. Ms. Brunell became a member of the Committee after the Annual Meeting of Shareholders on May 29, 2007 and Mr. Albrecht became a member after the Annual Meeting of Shareholders on May 2011 replacing Mr. Donovan. Ms. Brunell Livfors is a non-independent director and Mr. Albrecht is an independent director.

The Compensation Committee reviews and makes recommendations to the Board regarding the compensation of the Chief Executive Officer, reviews the compensation of the other senior executives and oversees management succession planning. Millicom's share options program terminated in May 2006 and was replaced by grants of restricted shares to management under Long-Term Incentive Plans. The grants of restricted shares to management under these plans are determined by the Committee and approved by the Board.

CSR Committee

Millicom's directors have established a Corporate Social Responsibility (CSR) Committee that convenes at least twice a year, comprising two directors, Ms. Brunell Livfors (Chairman) and Ms. Cordner. This committee has responsibility for overseeing and making recommendations to the Board regarding the management of CSR.

Nominations Committee

From January 1, 2011 until May 31, 2011 Millicom's Nominations Committee was chaired by Mr. Johannesson. The two other members were Mr. Albrecht and Mr. Sangines Krause.

On May 31, 2011, for the purpose of compliance with the Swedish Code of Corporate Governance, the Shareholders decided on a new procedure to appoint the members of the Nomination Committee, in substance as follows: a Nomination Committee of major shareholders in Millicom was formed during October 2011 in consultation with the larger shareholders of the Company as per September 30, 2011 and in accordance with the resolution of the 2011 Annual General Meeting. The Nomination Committee should consist of at least three members, with a majority representing the larger shareholders of the Company. The Nomination Committee is comprised of Cristina Stenbeck, on behalf of Investment AB Kinnevik, Kerstin Stenberg on behalf of Swedbank Robur funds and Allen Sangines-Krause in his capacity as Chairman of the Board of Directors in Millicom (Mr. Allen Sangines Krause is also a member of the Board of Investment AB Kinnevik). The Nomination Committee is responsible for preparing proposals for the election of Directors of the Board, Chairman of the Board and auditor, in the case that an auditor should be elected, and their remuneration as well as a proposal on the Chairman of the Annual General Meeting.

Board of Directors

Allen Sangines-Krause (born 1959)

Non-Executive Chairman

Chairman of the Compensation Committee and member of the Nominations Committee

Allen Sangines-Krause was elected to the Board of Millicom in May 2008, and elected Chairman of the Board in May 2010. He worked for Goldman Sachs between 1993 and 2007, working in a variety of senior positions from COO for Latin America based in Mexico City and New York and most recently as Managing Director out of London. Prior to joining Goldman Sachs, Mr Sangines-Krause was with Casa de Bolsa Inverlat, in Mexico, and before that he was a Founding Partner of Fidem, S.C., a Mexican investment bank, which was acquired by Casa de Bolsa Inverlat in 1991. Mr Sangines-Krause currently sits on the Board of Investment AB Kinnevik and is Chairman of Rasaland, a real estate investment fund. He is a member of the Council of the Graduate School of Arts and Sciences of Harvard University.

Hans Holger Albrecht (born 1963)

Non-Executive Director

Member of Compensation Committee

Hans-Holger Albrecht was elected to the Board of Millicom in May 2010. He is President and CEO of Modern Times Group MTG AB, a position he has held since 2000. During this period, MTG's broadcasting operations have expanded strongly from its core Nordic and Baltic regions to become one of the leading commercial broadcasters in Europe. Before joining MTG in 1997, Mr Albrecht worked for Daimler-Benz and for the Luxembourg-based media group CLT, where he was responsible for all television activities and for business development in Germany and Eastern Europe. Mr Albrecht is co-Chairman of CTC Media Inc, the largest commercial television broadcaster in Russia, in which MTG has a 38.9% stake, and a member of the Board of the International Emmy Association in New York.

Mia Brunell Livfors (born 1965)

Non-Executive Director

Chairman of the CSR Committee and Member of the Compensation Committee

Mia Brunell Livfors was elected a board member at the AGM 2007. From August 2006, Ms Brunell Livfors has been Chief Executive Officer of Investment AB Kinnevik ("Kinnevik"), a Swedish public company managing a portfolio of long-term investments in a number of public companies such as Millicom. Ms Brunell Livfors joined Kinnevik owned company Modern Times Group MTG AB in 1992, and was appointed CFO in 2001. As CFO, she played a central role in MTG's development. Currently, she is the Chairman of the Board of Metro International S.A. and a member of the Board of Tele2 AB, Transcom WorldWide S.A., Modern Times Group MTG AB and H&M (Hennes & Mauritz) AB. Between 2006 and 2008 Mia was a member of the Board of CTC Media, Inc. – a Russian associated company of MTG.

Donna Cordner (born 1956)

Non-Executive Director

Member of the Audit and CSR Committees

Donna Cordner was elected to the Board of Millicom in May 2004. She was formerly a Managing Director and Global Head of Telecommunications and Media Structured Finance group at Citigroup. She has also held senior management positions at Société Générale and ABN Amro Bank N.V. in the U.S. and Europe, including as Director of ABN's Latin American Telecommunications Project Finance and Advisory Group. Ms Cordner was the CEO of HOFKAM Limited, the largest rural microfinance company in Uganda until July 2005 and she continues to advise HOFKAM as a consultant. From March 2007 until July 2009 she held senior positions at Tele2 AB including Executive Vice President of Corporate Finance and Treasury as well as CEO for Tele2 Russia.

Board of Directors (Continued)

Paul Donovan (born 1958)

Non-Executive Director

Member of the Audit Committee

Paul Donovan was elected to the Board of Millicom in May 2009. Mr Donovan has significant telecom management and senior leadership experience from several markets in the world, including Asia Pacific and Africa. As of 1 July 2009, Mr Donovan is Group CEO of Eircom and prior to this he was Chief Executive, EMAPA Region for the Vodafone Group until 2008. Mr Donovan's background includes a decade in the fast moving consumer goods industry, before he moved into the technology sector, principally with BT and Vodafone. His career with Vodafone began in 1999 and, since 2004, he has overseen Vodafone's operations in subsidiaries in Eastern Europe, Middle East and Asia Pacific. Africa, the US, India and China were added to his remit in 2006. He is presently on the boards of Eircom Group Limited, Eircom Ltd and Valentia Telecommunications.

Kim Ignatius (born 1956)

Non-Executive Director

Chairman of the Audit Committee

Kim Ignatius was elected to the Board of Millicom in May 2011. He is the CFO of Sanoma Corporation, the European media group, which he joined in 2008. Previously, Mr Ignatius was EVP and CFO of TeliaSonera AB between 2003 and 2008 and EVP and CFO of Sonera Oyj between 2000 and 2002. Before joining Sonera, Mr. Ignatius was Group CFO and a member of the Executive Board of Tamro Oyj, a leading pharmaceutical distributor listed on the Helsinki Stock Exchange, between 1997 and 2000. From 1984 to 1996 he worked for Amer Group in a variety of finance and general management roles in both North America and Europe. He started his career with Oy Hanke-Palsbo Ab and Fruehauf Corporation in a series of finance roles.

Omari Issa (born 1947)

Non-Executive Director

Member of the Audit Committee

Omari Issa was elected to the Millicom Board in May 2010. He is the CEO of Investment Climate Facility for Africa. He is a Tanzanian citizen who is responsible for managing the ICF's seven year program to improve Africa's investment climate and remove barriers to growth. Mr. Issa has extensive business experience in the public and private sectors, having worked in both Africa and abroad. He has first-hand experience of the realities of doing business in Africa, having previously worked as Executive Director and Chief Operating Officer of Celtel International, where he played an instrumental role in managing the company's growth and expansion across the continent. Prior to working at Celtel, Mr Issa spent fourteen years with the IFC and six years with the World Bank.

Executive Committee

Mikael Grahne

President and Chief Executive Officer

Mikael Grahne was appointed President and CEO of Millicom in March 2009. He joined Millicom in February 2002 as COO having previously been President of Seagram Latin America. Prior to joining Seagram, he was a Regional President for a division in the EMEA region at PepsiCo and held various senior management positions with Procter & Gamble. Mikael Grahne has an MBA from the Swedish School of Economics in Helsinki, Finland.

François-Xavier Roger

Chief Financial Officer

François-Xavier Roger was appointed as CFO of Millicom in September 2008. Previously, he served as Vice-President Corporate Finance of Danone Group from 2006 to 2008 and as CFO of Danone Asia from 2000 to 2005. He also held various CFO positions in Asia, Africa and LATAM within the Sanofi Group. He majored in Marketing for his MBA at The Ohio State University and has a master's degree in Major Accounting from Audencia Business School in France.

Mario Zanotti

COO Categories & Global Sourcing

Mario Zanotti was appointed as COO Categories & Global Sourcing in late 2011. He joined Millicom in 1992 as General Manager of Telecel in Paraguay. Following this, he became Managing Director of Tele2 Italy and CEO of YXK Systems. In 2002, he served as Head of Central America for Millicom and became Chief Officer LATAM in 2008. Prior to joining Millicom, he worked as an electrical engineer at Itaipu Hydroelectric Power Plant and later as Chief Engineer of the biggest electrical contractor company in Paraguay. He has a degree in Electrical Engineering from the Pontifica Universidade Catolica in Porto Alegre, Brazil and a MBA from INCAE and the Universidad Catolica de Asunción, Paraguay.

Regis Romero

COO Global Markets

Regis Romero was appointed as COO Global Markets in late 2011. He joined Millicom in 1998 as Commercial Manager in Bolivia. He then became COO in Paraguay and Co-Head of Africa before becoming Chief Officer Africa in 2008. Prior to joining Millicom, he worked as an investment consultant for Interamerican Development Bank. He has a bachelor's degree in Business Administration from National University, USA, and a master's degree in Business Management from EDAN in Asunción and has completed the S.E.P at London Business School.

Jo Leclère

Chief HR Officer

Jo Leclère was appointed Chief HR Officer of Millicom in 2011. He joined Millicom in February 2009 as Head of Reward & Performance, having previously been VP Operations Europe at NorthgateArinso, a global HR consulting and outsourcing provider. Prior to this position, he was HR Services Director at PricewaterhouseCoopers. He holds a master's degree in Law, a postgraduate degree in Tax and a bachelor's degree in Economics.

Integrity and Corporate Responsibility

During 2011, Millicom took important steps towards improving the management of the financial, social and environmental risks relating to compliance and corporate responsibility.

"Our core values are Passion, Integrity and Respect"

Strategy

Millicom provides affordable, accessible and available mobile services and solutions, including financial services, to those who have previously been left behind by such developments. This approach embodies Millicom's wider ambition of placing social and economic benefits at the heart of its business. As an important corporate citizen in every country in which it operates, the company plays an active role in addressing the most pressing needs in local communities within the framework of 'Tigo together' and its three priority themes: education, well-being and the environment.

During 2011, the company took important steps to integrate its corporate social responsibility activities under the wider umbrella of "Integrity". The new Integrity strategy was presented at the Capital Markets Day in September 2011 and encompasses the full spectrum of corporate responsibility, health and safety and compliance activities (see Governance). The Integrity strategy outlines the company's aim, within the next five years, to move beyond compliance with applicable laws and company policy to a model where it actively seeks social return as a desired by-product of its financial investments. The strategy is based on the company's core values of passion, integrity and respect, and aligns with the principles and aims of the United Nations Global Compact. Steered by these guidelines and related stakeholder engagement, Millicom is working to build a more sustainable, strategic approach to all Integrity activities.

The Integrity strategy has four key elements:

- **Reduce cost and risk** through preventative, corrective and detective measures, improved risk and issues management, and by identifying opportunities to combine cost benefit and social return, such as increasing energy efficiency of our networks and our office buildings.
- **Gain competitive advantage** with CSR that sets the company apart with fair employment practices and community activities that align closely to the company's business strategy and core competencies.
- **Develop legitimacy and reputational capital** with strong relations with our communities, targeted stakeholder engagement and transparent reporting and communications.
- **Create value** by actively seeking to offer commercial solutions to the social issues in our communities, supporting local entrepreneurship and generally supporting capacity building of our local communities.

Integrity and Corporate Responsibility (Continued)

Governance

The responsibility for setting the global framework for all activities relating to compliance and corporate responsibility sits at Group level.

In March 2011, Millicom established a Compliance function with the mission to improve the company's risk management and performance regarding anti-corruption compliance and business ethics. During the course of the year, the function was renamed "Tigo Integrity Office" and was tasked to manage all of Millicom's corporate social and environmental responsibility and health and safety activities in addition to compliance under one organization.

The Board of Directors has established a CSR Committee that oversees management of all Integrity issues and the implementation of strategy and advises the Board of Directors. The CSR Committee comprises of Board members Mia Brunell Livfors and Donna Cordner, with Mikael Grahne, Group CEO and President and the Chief Integrity Officer, Enrique Aznar attending meetings of the Committee.

Enrique Aznar, as the Chief Integrity Officer, has the operational responsibility for compliance and corporate responsibility and reports to the CEO and the Chairman of the Audit Committee of the Board of Directors as well as to the CSR Committee. He is required to ensure that the Group complies with relevant laws and regulation, understands and manages related risks and seeks opportunities for social return.

The Integrity Office includes a team in the global headquarters with experts in anti-corruption, business ethics and compliance, corporate responsibility and health, safety and environment who work directly with relevant global teams such as Legal and Regulatory, Human Resources, Procurement, Investor Relations and Internal Communications and provide support to all local operations. The global team works on Group level policies, manages relevant stakeholder engagement and reporting, and supports local operations in implementing the Integrity strategy.

It is intended that, in 2012, each country of operation will have a dedicated Integrity Manager and a Corporate Responsibility Manager. Integrity Managers sit in their respective local management teams but remain independent by reporting directly to the Chief Integrity Officer. CSR Managers will have dual reporting lines to the global team and the local operation to ensure they stay in tune with the local requirements.

Policies

Millicom has a Group level Code of Ethics which is applicable to all employees globally. Every new employee signs a declaration that they have read the Code of Ethics. The Integrity Office carries out face to face training to employees on the code.

Millicom also has Supplier Code of Conduct with which our suppliers must comply. Assessing the compliance of our supplier base to these principles will be one of the main priorities of the new Integrity function, in collaboration with the Procurement team. By the end of 2011, the 20 most important suppliers in each operation had signed the Supplier Code of Conduct.

In 2011, the company reviewed its whistle-blower policy and introduced new channels for employees and third parties to report any potential ethical issues. Employees or external parties can reach the Integrity Office via email or phone or via a web-form, which also allows anonymous reporting. The channel is available in English, French and Spanish.

Millicom also introduced specific guidelines on conflict of interests, fair competition, third party due diligence and gifts and entertainment. The company also adopted a responsible approach towards SMS lotteries which are popular in many emerging markets. During 2011, Millicom significantly scaled down such activities and introduced a benchmark policy to protect the most vulnerable customers, namely anyone under the age of majority. In 2012, the company will carry out a review of the Code of Ethics and focus on creating a portfolio of more specific policies that will guide on the practical implementation of the Code.

Integrity and Corporate Responsibility (Continued)

Social Benefits of Mobile Communications

By operating in emerging markets, Millicom is in an exceptional position to empower people with its services and to positively influence economic development. The premise of Millicom's business strategy is to make mobile communications and other mobility related services as affordable, accessible and available as possible to consumers in its markets.

Millicom has expanded its services beyond mobile access to providing mobile financial solutions, which in many cases represent the first access to any form of financial service for our customers. Mobile finance is replacing current unreliable and risky "manual" methods of transferring and saving money. Millicom is also involved in providing further financial services, such as insurance and microfinance. Supporting local entrepreneurship will play a central role in our charitable activities going forward.

Research helps us understanding how the services we provide can affect some specific groups. In 2011, Tigo Paraguay took part in a study by the GSM Association into children's use of mobile phones. The aims of the study were to understand how children use mobile phones, the role technology plays in child-parent relationships and how their use influences children's social attitudes. Some of the findings fed into a campaign to promote responsible use of mobile phones by children and youths in Paraguay. Tigo Ghana participated in a study by the Cherie Blair Foundation for Women on how women entrepreneurs in emerging markets benefit from mobile communications.

Human Rights

Millicom welcomes the United Nations Guiding Principles on Business and Human Rights and the "Protect, Respect and Remedy" framework, endorsed in June 2011, as a significant milestone bringing clarity to the responsibilities of business with regard to human rights.

Freedom of Expression and Privacy

Millicom will now, together with other stakeholders, need to define how the UN principles should be applied in our sector, especially as they relate to freedom of expression and privacy. These are areas where we, due to the nature of our business, can be subject to government requests that can put us in a difficult position with regard our duty to respect human rights.

Millicom has started, together with a number of other telecommunications operators and vendors, to work together to address these issues jointly. An Industry Dialogue was initiated during the summer of 2011 with the ambition to explore the interaction and boundaries between the state duty to protect and the business responsibility to respect human rights. The participating companies want to develop and provide – jointly – broadly accepted principles, tools and due diligence mechanisms to ensure the respect for privacy and freedom of expression.

An important part of the joint dialogue is seeking input, ideas and feedback from a wide range of stakeholders at these very early stages to ensure that its work is built on a good understanding of stakeholder expectations, rather than to develop industry principles in isolation.

Child Labor

Child labor is another human rights concern for Millicom, given its prevalence in almost every country in which we operate. In the light of this reality, Millicom is particularly watchful of the risk of child labor in our distribution network. Despite company policy to only hire persons over the legal age of majority, receiving appropriate documentation for proof of age remains a key challenge. In line with the ILO and UNICEF recommendations, we also acknowledge that there may exist cases where light work is acceptable for teenagers.

Given the importance of this issue for its operations, Millicom is also focusing many of its charitable activities towards improving local educational infrastructure or supporting underprivileged children to complete their education in different ways. (see Charitable Activities).

Integrity and Corporate Responsibility (Continued)

Environment

Improved energy efficiency has been identified as a key focus for Millicom's environmental activities going forward as reducing energy consumption has a direct impact on the company's operating expenditure. As the great majority of the energy is consumed in running mobile networks, the company has set an ambitious target of reducing CO_2 emissions per base station by 50% by the year 2020, compared to baseline year of 2009. A cross-functional task force is overseeing an energy efficiency strategy to reach this target.

Alternative energies, especially solar power and different hybrid solutions, are increasingly attractive for powering sites in remote areas with unreliable energy supply. At the end of 2011, Millicom had 71 sites running with solar power. In addition, 998 sites had hybrid power systems utilizing Deep Cycle Battery technology, which has the potential of reducing diesel use by up to 75%.

Millicom responded to the Carbon Disclosure Project for the second year running in 2011. Participation in the CDP is a valuable exercise in improving measurement and reporting processes and understanding the key concerns of stakeholders. Millicom reports its CO_2 emissions data through the CDP.

Radio Waves and Health

Although numerous studies have found no conclusive evidence to suggest that radio waves are harmful to health, we recognize that some people remain concerned over their effects. This is an issue that also concerns our customers and one that Millicom takes very seriously. We require that the base station equipment and mobile phones we purchase comply with the international safety limits set by ICNIRP and/or any other local requirements.

As part of site location, Millicom engages with the local communities and concerned citizens regarding radio frequency electromagnetic fields. In 2011, we sponsored educational material on radio waves and health – videos and cartoons featuring "Antenor" – and organized neighborhood meetings on the topic in local communities in Bolivia and Paraguay.

It is important that any concerned persons look for independent and scientifically sound information and recommendations regarding the safety of radio waves. Such information is available for example from the World Health Organization.

Charitable Activities

During 2011, the company continued to support a wide range of charitable activities in all countries of operation within the focus areas of the 'Tigo together' framework: education, well-being and environment. In total US $6,210,000 (inclusive of US $1,000,000 grant from USAid for the Millenium Schools Program in Guatemala) was spent across our markets in different charitable activities. The 'Tigo together' themes have been broadly interpreted in each country of operation to best respond to the most pressing local issues. Often, the activities include an employee volunteering component that strengthens our ties with our communities and contributes to positive team building inside the company.

To engage our customers in our charity activities, in some countries we hold "Tigo Solidarity Hour", where during one hour on a specific day, the company will direct revenues from bought credit towards a specific charitable cause. In 2011 such campaigns collected funds to provide IT education to under-privileged groups in El Salvador, to build houses for the poor in Honduras and to buy books for schools in Tanzania.

Education
Many of the educational activities under 'Tigo together' focused on supporting underprivileged children and youths to complete their primary education and on improving the educational environment for children. The most extensive program related to education we are running is in Guatemala within the framework of UN Millenium Schools and in collaboration with USAid. Through this program in 2011, we participated in building 127 new classrooms and improved basic kitchen and toilet facilities in 90 schools, reaching nearly 20,000 children. Several activities in Tanzania, The Democratic Republic of Congo, Senegal, Ghana and Honduras improved the educational environment for children: renovating and providing furniture to classrooms and donating school supplies.

Technology also plays an important part in the education activities we support. In Paraguay we created mobile applications for the Ministry of Education to measure the effectiveness of their summer school programs. Similarly in Paraguay, we provided "telecentros", mobile containers with computers and Internet access, to 100 schools across the country. Similarly we sponsored the purchasing of IT equipment for schools across several markets, for example in Rwanda, where we work with 'One Laptop per Child' to equip local schools with computers and Internet connections.

Well-being
In the area of health and well-being, our 'Tigo together' activities in 2011 have harnessed the benefits of mobile communications. Our networks were used to disseminate AIDS awareness information in a campaign together with USAid and to build awareness of children's rights together with UNICEF in the Democratic Republic of Congo.

In Latin America, our operations in Colombia built a system in Braille to improve our accessibility to blind customers. In Paraguay, in conjunction with new camera technology developed for early detection of eye disease, our technology was used to communicate test results to laboratories immediately.

In Guatemala, we worked with UNICEF, UNDP and the Ministry of Health to develop a mobile system to monitor malnutrition in children in the country. We will help to build a database of 55,000 children with a simple SMS system, which allows the Ministry of Health to receive real time information from four departments in order to respond with immediate assistance to urgent cases.

Environment
In the area of environment, the focus in 2011 has been in employee volunteering activities relating to reducing our environmental footprint in our offices, promoting recycling and waste reduction. Electronic billing has been introduced in Paraguay and Bolivia and mobile phone recycling was promoted in Guatemala, El Salvador and Colombia.

In Bolivia, focus was put on conservation and biodiversity through two initiatives aimed at building public awareness of the importance of preserving the country's nature reserves and forests. The 'Tigo Forest' campaign brought employment to 60 families through planting of 7,000 trees to restore native forests and protect habitat for species in danger of extinction.

Employees also participated in tree planting in Rwanda and cleaned streets in Dar Es Salaam and Kinshasa. Millicom also provided emergency aid to families affected by natural disasters in Tanzania and Paraguay.

Going forward, 'Tigo Together' activities will be directed to favor a limited number of longer term activities that have close links to the company's business strategy. One of the aims is for the company's charitable activities to enable more people in our countries of operation, many of whom figure among the poorest of the world, to profit from the benefits that mobile communications and mobile financial services can bring. Supporting local entrepreneurship and innovation is key to creating this new value. As a first step in this direction, Millicom in Ghana has initiated collaboration with Playing for Change foundation to seek and provide funding and support to social entrepreneurs who improve the lives of children and youths. This collaboration will be expanded in 2012 with joint projects in other countries in Africa.

Reporting
In 2010, Millicom published a CSR report that focused for the most part on reviewing our charitable activities in key markets. In 2011, Millicom took its first steps towards integrated corporate responsibility reporting by introducing reporting of its activities under the 'Integrity' umbrella into its quarterly reports, starting with fourth quarter 2011. The information covered in this Annual report 2011 constitutes Millicom Group's global consolidated corporate responsibility reporting for the year 2011. No separate Corporate Responsibility report will be published.

Directors' Report

Principal Activities and Background

Millicom is a global telecommunications group with mobile telephony operations in 13 emerging markets and number 1 or 2 market positions in 12 of these. We also operate various combinations of fixed telephony, cable and broadband businesses in five countries in Central America. As at December 31, 2011, Millicom had mobile operations in 13 countries in Central America, South America, and Africa. Millicom operates its mobile businesses in El Salvador, Guatemala and Honduras in Central America; in Bolivia, Colombia and Paraguay in South America; and in Chad, the Democratic Republic of Congo, Ghana, Mauritius, Rwanda, Senegal and Tanzania in Africa.

Our operation in Laos was sold in March 2011. We sold our operations in Sri Lanka, Sierra Leone and Cambodia in October and November 2009.

In 2008, Millicom acquired 100% of Amnet Telecommunications Holding Limited, a provider of broadband and cable television services in Costa Rica, Honduras and El Salvador, of fixed telephony in El Salvador and Honduras, and of corporate data services in the above countries as well as Guatemala and Nicaragua. Since its acquisition, Amnet has generated revenue growth of around 12% per annum. Return on Invested Capital increased by 3% at YE2011 and is on the right track to exceed local Cost of Capital over the medium term, in line with our strict financial hurdles for external growth.

On May 30, 2011, Millicom voluntarily delisted its ordinary shares from NASDAQ in the United States and consolidated the listing of its shares onto one single exchange, NASDAQ OMX Stockholm. The Company maintains the current listing of its shares as Swedish Depository Receipts ("SDRs") on NASDAQ OMX Stockholm, which became Millicom's primary listing effective on June 3, 2011. Shares are still traded over the counter in the US, under the ticker MIICF. PK (denoting pink sheets). The Company has its registered office at 15, Rue Léon Laval, L-3372, Leudelange, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

"The Group's consistent performance demonstrates the strength of our business model and our ability to react quickly to changing market conditions"

Close to US$1bn returned to shareholders

Directors' Report (Continued)

Group Performance

Results for 2011

The Group continued to experience good growth in 2011 despite more challenging economic conditions towards the end of the year. The total mobile customer base increased by close to 12% to 43.1 million compared to 38.6 million at YE2010. In 2011, our emphasis was on up-selling and cross selling more services to existing high-value customers in Latin America and Africa, whilst growing further the penetration of basic mobile services, particularly in Africa. In the last quarter of the year, we generated 28.5% of revenues from services other than voice.

Our revenues were up circa 12.7% to $4,530 million year-on-year. Including the full consolidation of Honduras in 2010, local currency revenues in Central America increased by 4.6% in 2011 to $1,842 million. Local currency revenues in South America increased by 17.1% to $1,706 million. In Africa, local currency revenues increased by 11.3% to $981 million.

Total operating profit for the year ended December 31, 2011 increased by 16% to $1,257 million from $1,083 million for the year ended December 31, 2010. The normalized net profit attributable to equity holders of the company grew 22% in 2011 to reach $738 million versus $607 million in 2010. Normalized earnings per share grew 26% year-on-year in 2011, supported by our share buyback program.

The Group generated operating free cash flow of $1,204 million in 2011, equivalent to 26.6% of revenues, compared to $1,047 million in 2010. Cash and cash equivalents decreased to $881 million compared to $1,023 million for 2010. As at December 31, 2011, the Group had total equity of $2.5 billion compared to $2.4 billion as at December 31, 2010.

The Group's consistent performance throughout 2011 demonstrates the strength of our business model and our ability to react quickly to changing market conditions. We have delivered strong revenue growth and only a slight decline in margins as we invested in new business opportunities, notably in mobile data and Mobile Financial Services, and delivered a rigorous capital discipline and strong cash flow generation.

Operational/Strategic Developments in 2011

In March 2011, Millicom announced the completion of the sale of its operation in Laos following the initial signing of the transaction in September 2009. The disposal of the 74.1% stake Millicom owned in the business was conducted on materially the same terms as those initially agreed.

On April 19, 2011, Millicom announced its intention to consolidate the listing of its shares onto one single exchange: NASDAQ OMX Stockholm. The voluntary delisting was effective on May 30 and NASDAQ OMX became Millicom's primary listing, effective June 3, 2011. Millicom remains registered with the SEC and is therefore complying with all relevant regulatory requirements that apply to foreign issuers in the US.

In July 2011, Millicom's joint operation in Colombia announced the disposal of 2,156 towers to a subsidiary of American Tower in Colombia for a cash consideration of $182 million. Millicom subsequently invested in the subsidiary to acquire a 40% stake in the local tower company.

During the year, and as in 2010, we returned close to $1 billion to our shareholders, half through dividends (a $1.8/share ordinary dividend and a $3/share exceptional dividend) and half through a share buyback program. On February 8, 2012, we enhanced the ordinary dividend policy to no less than $2 per share or a minimum pay out ratio of 30%.

Outlook for the Group

2012 will be a year of investment in services, products, infrastructure and people as we see numerous growth opportunities in our markets. Supported by reinforced focus on innovation and investment in our new organization structure, we believe we are prepared to seize new growth opportunities as they arise in the coming months and years. In 2012, we anticipate some erosion of our EBITDA margin and guide for an EBITDA margin around the mid-40s and an OFCF margin of around 20% of revenues. We expect capex to increase but not to exceed 20% of our revenues in 2012 excluding spectrum acquisitions.

As we invest to bring further innovative and affordable services to our customers, we aim to continue delivering above sector average growth in revenues, cash flow generation and returns.

Risk Management

A number of factors affect or may in the future affect the operations of Millicom. These factors are either directly related to Millicom or relate indirectly to the company as they deal with the business environment in which we operate.

We define risks as any uncertainties regarding the achievement of our main objectives as outlined at our September 2011 Capital Markets Day. As stated, we aim to strike the right balance between profitable growth and returns in the form of revenues and EBITDA growth, operating FCF margin and Return on Invested Capital.

Millicom's Risk Management Function

Millicom has always had a risk management process in place. This process has recently been reinforced in order to move it beyond the traditional asset protection and risk-exposure management towards performance enablement and decision-making support. The audit committee has tasked a risk management team to define and implement a strengthened approach to risk management. Risks are inherent in business and Millicom accepts these risks as long as we have the adequate systems in place to mitigate them and as long as the business opportunities that come along with the risks generate sufficient returns for our shareholders, measured in the form of Return on Invested Capital over a specific period of time.

In the table below, we provide a summary of the risks we face operating in various emerging markets and the actions we are taking to mitigate them. This analysis is not intended to be extensive and comprehensive of all existing and/or possible future risks. The principal risks are presented in this table in no particular order. An extended list of risks can be found in our Form 20F.

Risks	How could they impact us?	How do we handle them?	Opportunities
Financial risks	We generate revenues in local currencies and there are limited hedging instruments available in our markets.	We now have 100% of our debt at the local, operating level and at YE2011, close to 40% of our debt was denominated in local currencies.	
	Our ability to receive funds from and to exercise management control over some of our operations is dependent upon the consent of shareholders who are not under our control. Disagreements or unfavorable terms in agreements governing our joint ventures may adversely affect our operations.	We are in constant dialogue with our local partners in Honduras, Guatemala, Colombia, Mauritius and Rwanda. The put and call agreement we signed with our partner in Honduras has enabled us to fully consolidate the asset in Honduras.	Local partners have local expertise and know-how which can be turned into revenue and margin opportunities for the benefit of all.
	Certain insiders own a significant number of Millicom shares, giving them a substantial amount of influence over management.	Our Board of Directors comprises 7 members, 5 of whom are independent Directors.	Millicom's management team owns a material number of Millicom shares, aligning their interests with those of minority shareholders.
	External factors beyond our control or current knowledge may adversely impact our business and hence our ability to deliver on previously communicated short term guidance and mid term ambitions.	We report immediately on known possible risks that may arise and on any material deviation between our previously communicated targets and revised market expectations.	
	A sustained challenging macro economic outlook in the Eurozone could eventually reduce our ability to access funding when we need to roll forward our debt or may make it more expensive.	We are diversifying our sources of funding from banks to institutional investors, governments and non profit organizations. We aim to achieve the right balance between local funding in local currency versus USD and at fixed rates versus variable rates.	

Risk Management (Continued)

Risks	How could they impact us?	How do we handle them?	Opportunities
Acquisition of spectrum and renewal of licences	We face substantial competition in obtaining, funding and renewing mobile telephone licenses.	We negotiate with governments and regulators well in advance of the expiry dates of our spectrum and licences. With high levels of penetration in our Latin American footprint and in the urban areas of our African markets, we believe that even if there could be some new entrants in our markets, the opportunity for them to make in-roads and jeopardize our established position is smaller than it was a couple of years ago. It is our responsibility constantly to innovate to ensure customers are satisfied with Tigo services.	
	We may not be able to acquire the required frequency blocks of spectrum in some markets or we may have to pay too high a price for them.	We always carefully evaluate any investment we make in light of the possible returns (ROIC) and risks as well all potential alternatives. Over the years, we have gained considerable experience in negotiating license renewals and spectrum prices. We have been in a legal dispute in Senegal for the past 3 years over the validity of our license. Despite the ongoing legal process, we have been able to continue operating efficiently.	We consider spectrum an attractive and scarce resource. It is a pre requisite to operating as a mobile telecommunication service provider.
Tower outsourcing	We have signed agreements to outsource around one third of our towers globally to tower companies and lease back access to this passive infrastructure. We have also entered into some site sharing agreements with some of our competitors in some markets. Related risks could include: 1) lower quality of service, 2) delays in roll-out to new areas, 3) reduction of our competitive advantage in the form of network coverage/quality.	We believe that passive infrastructure is no longer a strategic asset as any operator with sufficient financial resources could replicate what we have built in our markets over time. We have entered into 1) Service Level Agreements (SLAs) with all tower companies to ensure quality of service for our customers is high and 2) Build to Suit agreements to cater for the capacity and coverage expansion needs of our local businesses. We have retained a 40% stake in the different tower companies we have set up locally with our partners. As a shareholder in these tower companies, we therefore have some say in the prospects for these companies, in terms of their investments and strategy.	Sharing towers provides an opportunity to improve the quality of service we offer to our customers. Tower companies are focused purely on managing the passive part of the network and that focus, along with SLAs we have in place, delivers an enhanced quality of service. By reducing our costs associated with the management of passive infrastructure, we are saving money that can be redirected to the benefit of our customers in the form of 1) investment in new services and products and 2) attractive pricing. We estimate we have created in excess of $600m of value through our tower monetization activities.

Risk Management (Continued)

Risks	How could they impact us?	How do we handle them?	Opportunities
Macro economic risks	An economic downturn, a substantial slowdown in economic growth or deterioration in consumer spending could adversely affect Millicom's operating results and financial conditions.	Our business model is focused on cross selling and up-selling more services to our high value customers and therefore should enable us to be more immune than peers on average. In fourth quarter 2011, we generated 80% of our revenues from 30% of our customers at the top of the pyramid, i.e. with an ARPU of $10 or more. We believe these customers are more immune than the average to the economic slowdown.	We have one of the strongest financial positions in the telecom industry with low leverage and strong cash flow generation.
	Our business could be impacted by a deteriorating economic environment in developed markets as some countries in which we operate rely to a certain extent on international aid.	One third of our customer base generates less than 1% of our revenues and these customers are the most likely to be impacted first. We believe that our current revenue base and cash flow generation shall be relatively immune in the event of a material impact on these customers.	If some of our global competitors face challenging environments in some markets due to the economic downturn in developed markets, they may focus less than in the past on emerging markets where we compete with them.
Regulation and taxes	The mobile telephony market is heavily regulated and taxed.	Taxes and regulatory pressures are part of the constraints we have to deal with in the telecom industry and we constantly look for cost cutting and other opportunities to offset them.	We are smaller than our global competitors and hence, we believe, more agile to adapt to changing regulatory requirements. Regulatory pressures might even open up some opportunities for us to serve our customers better through continuous innovation, especially in our products and pricing.
	The mobile telephony sector may be forced to open up access to its spectrum which may create further competition.	We believe that our present and future success is very much correlated to our understanding of our customers. We are used to competition and expect it to remain strong.	
	As we operate in emerging markets, many of the countries where we conduct business have weak legal and telecommunications regulatory regimes compared to those in developed markets.	To mitigate this risk, we are in constant dialogue with regulators and governments.	As a global player operating across two very different geographies; Latin America and Africa, we believe it is part of our duty to contribute positively to building an improved regulatory framework in the markets in which we operate.
	Most of the countries in which we operate do not have universal service obligations. If such obligations were introduced the profitability of our operations may be negatively impacted.	Taxes and regulatory pressures are part of the constraints we have to deal with in the telecom industry and we constantly look for cost cutting and other opportunities to offset them.	If Universal Service Obligations were to be implemented, we believe this may present some opportunities to fulfill one of our ambitions when it comes to social responsibility. As described in the Integrity section, we aim, by 2016, to move beyond compliance with applicable laws and company policy to a model where we actively seek social return as a desired by-product of our financial investments.

Risk Management (Continued)

Risks	How could they impact us?	How do we handle them?	Opportunities
Regulation and taxes (continued)	Our failure to comply with local and international laws and regulations could result in liabilities and sanctions which could have a material adverse impact on our business.	Our Integrity function has been tasked with ensuring not only that we have the adequate levels of Corporate Governance and controls and comply with local laws as they apply to us, but that we take a proactive approach to ensuring risks and potential future liabilities are mitigated.	
Increased Competition	In some of our markets we could face increased competitive pressure in the provision of voice and data services from existing or new players.	We are used to operating in challenging and competitive environments. We invest in personnel, infrastructure, innovation and customer relationship management to try to stay ahead of competition in our markets. Our strong financial position with low leverage means that we have the required resources to increase investments as and when necessary.	Some of our competitors have recently merged in some Central American markets which may present opportunities.
	Increased competitive pressure could lead to more difficult negotiation with our distributors, resulting in some pressure on our margins.	We engage in proactive and regular dialogue with our distributors. Given our leading market positions in most of our markets, we believe we are relatively well hedged against possible aggressive initiatives from some smaller competitors.	
Emerging Market risks	Many of the countries in which we operate have a history of political instability and any current or future instability may negatively affect our revenues or our ability to conduct business.	We have contingency plans in place that enable us to operate under challenging/constrained business environments as we have done successfully in Senegal during the ongoing litigation over our license.	As we contribute positively as an industry to the societies in which we operate, the reduction in the risks in our markets could lead to an appreciation of the value of our businesses.
	Some of the countries in which we operate have political regimes that may not view foreign business interests favorably and may attempt to expropriate all or part of our local assets or impose controls.	We have a balanced approach towards leverage. We raise debt at the operating local level and, where possible, on a non recourse basis.	
	Many of the countries in which we operate lack infrastructure or have infrastructure in relatively poor condition.	We make use of back up generators at many of our tower sites to ensure our services are constantly available to our customers.	We are exploring alternative energies, especially solar power and different hybrid solutions as a means of powering sites in remote areas.

Risk Management (Continued)

Risks	How could they impact us?	How do we handle them?	Opportunities
Entering into new businesses	Our growth strategy is supported by constant innovation. As we enter into new business areas such as Mobile Financial Services and Entertainment, we face new risks: regulatory requirements are different, employee skills are different, reputation risk could be higher and key success factors differ from those we have been used to in telecom business.	In 2012, we are implementing a new organization structure to ensure we have the right skills in place to realise our innovation strategy while containing and mitigating new risks that might arise from these new business opportunities. When necessary, we partner with experts in the business areas we are exploiting. Our legal and compliance department reviews new business plans before they are launched. We have a step-by-step approach to entering into new business areas; we trial first and assess the risks and potential rewards before taking any decision to launch.	We aim to derive 50% of revenues from non voice services in Latin America by 2015 and 25% in Africa.
	Our future growth is dependent upon our ability to innovate.	We are investing in retaining and recruiting talented people to deliver in the areas of opportunity we have identified and to find new ones.	The organization structure we are implementing in 2012 will enable us to roll-out successful products across our footprint more effectively and within a shorter timeframe, enabling us to shorten the time to revenue.
	We face risks related to IT systems and billing, in particular as we move away from pure voice services and diversify into new businesses with different technical requirements.	We have announced a meaningful investment in IT and billing systems of $300m over 2011-13.	This new state of the art billing and CRM IT platform will enable us to serve our customers better in many different areas from communication to mobile financial services.

Financial Statements

Signatures

Under the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 1, 2012

MILLICOM INTERNATIONAL CELLULAR S.A.

By:

Mikael Grahne
Chief Executive Officer

By:

François Xavier Roger
Chief Financial Officer

Index to Financial Statements

Audited Consolidated Financial Statements of Millicom and its Subsidiaries for the Years Ended December 31, 2011, 2010 and 2009

Management's Report on Internal Control over Financial Reporting

The management of Millicom International Cellular S.A. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

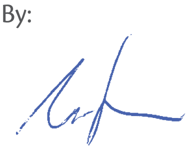
Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of Millicom International Cellular S.A. internal control over financial reporting as of December 31, 2011. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control–Integrated Framework. Management concluded that based on its assessment, Millicom International Cellular S.A. internal control over financial reporting was effective as of December 31, 2011.

PricewaterhouseCoopers S.à.r.l has issued an unqualified report on our 2011 financial statements as a result of the audit and also has issued an unqualified report on our internal control over financial reporting which is attached hereto.

Dated: March 1, 2012

By:



Mikael Grahne
Chief Executive Officer

By:

François Xavier Roger
Chief Financial Officer

Report of independent registered public accounting firm
To the shareholders of Millicom International Cellular S.A.

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of income, comprehensive income, cash flows and changes in equity present fairly, in all material respects, the financial position of Millicom International Cellular S.A. (the “Company”) and its subsidiaries and joint ventures (together the “MIC Group”) at 31 December 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended 31 December 2011 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union. Also in our opinion, the MIC Group maintained, in all material respects, effective internal control over financial reporting as of 31 December 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in “Management’s Report on Internal Control Over Financial Reporting” appearing on page F-2 of the accompanying consolidated financial statements. Our responsibility is to express opinions on these consolidated financial statements and on the MIC Group’s internal control over financial reporting based on our integrated audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 4 to the consolidated financial statements, the Company has restated its 2010 consolidated financial statements to correct a misstatement.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers S.à r.l.
Réviseur d’entreprises agréé

Luxembourg, March 1, 2012

PricewaterhouseCoopers S.à r.l.,
400 Route d’Esch, B.P. 1443,
L-1014 Luxembourg
T: +352 494848 1,
F:+352 494848 2900,
www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°95992)
R.C.S. Luxembourg B 65 477 -
Capital social EUR 516 950 -
TVA LU17564447

Consolidated Income Statements for the years ended December 31, 2011, 2010 and 2009

	Notes	2011 US$ '000	2010 (As Restated)(i) US$ '000	2009 US$ '000
Revenues	10	4,529,597	3,920,249	3,372,727
Cost of sales		(1,564,401)	(1,330,308)	(1,202,902)
Gross profit		**2,965,196**	**2,589,941**	**2,169,825**
Sales and marketing		(816,715)	(737,691)	(647,009)
General and administrative expenses		(839,423)	(738,779)	(606,213)
Other operating expenses		(95,737)	(74,933)	(65,580)
Other operating income		43,700	3,192	–
Operating profit	10,11	**1,257,021**	**1,041,730**	**851,023**
Interest expense		(186,523)	(214,810)	(173,475)
Interest and other financial income		14,576	14,748	11,573
Revaluation of previously held interests	5	–	1,060,014	32,319
Other non operating expenses, net	13	(4,290)	(61,658)	(32,181)
(Loss) profit from associates	18	(9,591)	(1,817)	2,329
Profit before tax from continuing operations		**1,071,193**	**1,838,207**	**691,588**
Credit (charge) for taxes	14	18,347	(227,096)	(187,998)
Profit for the year from continuing operations		1,089,540	1,611,111	503,590
Profit for the year from discontinued operations, net of tax	7	39,465	11,857	300,342
Net profit for the year		**1,129,005**	**1,622,968**	**803,932**
Attributable to:				
Equity holders of the company		924,515	1,620,277	850,788
Non-controlling interest		204,490	2,691	(46,856)
Earnings per share for the year (expressed in US$ per common share)	15			
Basic earnings per share				
– from continuing operations attributable to equity holders		8.50	14.89	5.09
– from discontinued operations attributable to equity holders		0.37	0.08	2.75
– for the year attributable to equity holders		8.87	14.97	7.84
Diluted earnings per share				
– from continuing operations attributable to equity holders		8.49	14.87	5.08
– from discontinued operations attributable to equity holders		0.37	0.08	2.74
– for the year attributable to equity holders		8.86	14.95	7.82

(i) Restatement – see note 4

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

Consolidated Statements of Comprehensive Income for the years ended December 31, 2011, 2010 and 2009

	2011 US$ '000	2010 (As Restated)(i) US$ '000	2009 US$ '000
Net profit for the year	1,129,005	1,622,968	803,932
Other comprehensive income:			
Exchange differences on translating foreign operations	(46,698)	(5,785)	(14,529)
Cash flow hedges	(3,262)	(1,700)	–
Total comprehensive income for the year:	**1,079,045**	**1,615,483**	**789,403**
Attributable to:			
Equity holders of the Company	881,694	1,617,487	837,124
Non-controlling interests	197,351	(2,004)	(47,721)

(i) Restatement – see note 4

Consolidated Statements of Financial Position as at December 31, 2011 and 2010

	Notes	2011 US$ '000	2010 (As Restated)(i) US$ '000
ASSETS			
Non-Current Assets			
Intangible assets, net	16	2,170,353	2,282,845
Property, plant and equipment, net	17	2,865,117	2,767,667
Investments in associates	18	62,984	18,120
Pledged deposits	19,27	49,371	49,963
Deferred taxation	14	316,966	23,959
Other non-current assets		37,359	17,754
Total Non-Current Assets		**5,502,150**	**5,160,308**
Current Assets			
Inventories		74,593	62,132
Trade receivables, net	20	276,944	253,258
Amounts due from non controlling interests and joint ventures		158,782	99,497
Prepayments and accrued income		119,362	89,477
Current income tax assets		23,645	10,748
Supplier advances for capital expenditure		32,324	36,189
Other current assets	21	146,615	75,311
Cash and cash equivalents (ii)	22	881,279	1,023,487
Total Current Assets		**1,713,544**	**1,650,099**
Assets held for sale	7	66,252	184,710
TOTAL ASSETS		**7,281,946**	**6,995,117**

(i) Restatement – see note 4

(ii) Including $20 million of restricted cash at December 31, 2011

Consolidated Statements of Financial Position as at December 31, 2011 and 2010 (Continued)

	Notes	2011 US$ '000	2010 (As Restated)(i) US$ '000
EQUITY AND LIABILITIES			
Equity			
Share capital and premium	23	662,527	681,559
Treasury shares	23	(378,359)	(300,000)
Put option reserve	25	(737,422)	(737,422)
Other reserves	26	(103,492)	(54,685)
Retained profits		1,886,615	1,134,354
Profit for the year attributable to equity holders		924,515	1,620,277
Parents ownership interests		2,254,384	2,344,083
Non-controlling interests			
TOTAL EQUITY		**2,445,554**	**2,389,633**
Liabilities			
Non-current Liabilities			
Debt and financing	27	1,816,852	1,796,572
Derivative financial instruments	35	8,016	18,250
Provisions and other non-current liabilities	28	113,613	79,767
Deferred taxation	14	199,066	195,919
Total non-current liabilities		**2,137,547**	**2,090,508**
Current Liabilities			
Debt and financing		621,426	555,464
Put option liability		745,145	769,378
Payables and accruals for capital expenditure		333,551	278,063
Other trade payables		224,089	202,707
Amounts due to joint venture partners		92,677	97,919
Accrued interest and other expenses		263,747	228,360
Current income tax liabilities		105,217	79,861
Provisions and other current liabilities		303,335	242,457
Total current liabilities		**2,689,187**	**2,454,209**
Liabilities directly associated with assets held for sale		9,658	60,767
TOTAL LIABILITIES		**4,836,392**	**4,605,484**
TOTAL EQUITY AND LIABILITIES		**7,281,946**	**6,995,117**

(i) Restatement – see note 4

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

Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009

	Notes	2011 US$ '000	2010 (As Restated)(i) US$ '000	2009 US$ '000
Profit before tax from continuing operations		**1,071,193**	**1,838,207**	**691,588**
Adjustments for non-operating items:				
Interest expense		186,523	214,810	173,475
Interest and other financial income		(14,576)	(14,748)	(11,573)
Revaluation of previously held interests		–	(1,060,014)	(32,319)
Loss (profit) from associates		9,591	1,817	(2,329)
Other non operating expenses, net		4,290	61,658	32,181
Adjustments for non-cash items:				
Depreciation and amortization	10,11,16,17	738,980	676,986	611,435
Loss (gain) on disposal and impairment of assets	10,11	**(21,785)**	**16,257**	**7,246**
Share-based compensation	24	17,264	30,718	10,175
		1,991,480	1,765,691	1,479,879
Decrease (increase) in trade receivables, prepayments and other current assets		(56,668)	(31,282)	73,380
Decrease (increase) in inventories		(13,143)	(12,606)	8,812
Increase (decrease) in trade and other payables		84,350	44,773	(4,669)
Changes to working capital		**14,539**	**885**	**77,523**
Interest expense paid		(141,138)	(170,604)	(148,038)
Interest received		14,647	14,639	11,316
Taxes paid		(268,071)	(238,723)	(195,851)
Net cash provided by operating activities		**1,611,457**	**1,371,888**	**1,224,829**
Cash flows from investing activities:				
Acquisition of subsidiaries, JV, associates, net of cash acquired	5	(20,369)	(5,284)	(53,086)
Proceeds from disposal of subsidiaries, joint ventures and associates		1,000	5,335	–
Purchase of intangible assets and license renewals	16	(56,473)	(26,238)	(46,004)
Purchase of property, plant and equipment	17	(699,681)	(596,900)	(726,565)
Proceeds from sale of property, plant and equipment		126,832	36,617	3,708
Disposal (purchase) of pledged deposits		8,683	2,462	(45,652)
Disposal (purchase) of time deposits		2,837	46,953	(50,061)
Cash (used) provided by other investing activities		(35,307)	9,334	(12,275)
Net cash used by investing activities		**(672,478)**	**(527,721)**	**(929,935)**
Cash flows from financing activities:				
Proceeds from issuance of shares		1,319	3,276	2,856
Purchase of treasury shares		(498,274)	(300,000)	–
Proceeds from issuance of debt and other financing	27	703,073	1,147,585	627,872
Repayment of debt and financing	27	(791,940)	(1,396,997)	(506,588)
Advance payments to non controlling interests		(27,542)	–	–
Payment of dividends		(493,909)	(788,526)	–
Net cash (used) provided by financing activities		**(1,107,273)**	**(1,334,662)**	**124,140**
Cash provided by discontinued operations	7	53,102	–	416,755
Exchange gains (losses) on cash and cash equivalents		(27,016)	2,820	1,178
Net increase (decrease) in cash and cash equivalents		**(142,208)**	**(487,675)**	**836,967**
Cash and cash equivalents at the beginning of the year		1,023,487	1,511,162	674,195
Cash and cash equivalents at the end of the year		**881,279**	**1,023,487**	**1,511,162**

(i) Restatement – see note 4

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

Consolidated Statements of Changes in Equity for the years ended December 31, 2011, 2010 and 2009

	Number of shares '000	Number of shares held by the Group '000	Share Capital (i) US$ '000	Share Premium (i) US$ '000	Treasury shares US$ '000	Retained profits(ii) US$ '000	Put option reserve (iv) US$ '000	Other reserves (v) US$ '000	Total Parent's interests US$ '000	Non-controlling interests (vi) US$ '000	Total equity US$ '000
				Attributable to equity holders							
Balance as of January 1, 2009	**108,297**	**–**	**162,446**	**480,098**	**–**	**1,082,548**	**–**	**(47,174)**	**1,677,918**	**(25,841)**	**1,652,077**
Profit for the year	–	–	–	–	–	850,788	–	–	850,788	(46,856)	803,932
Currency translation differences	–	–	–	–	–	–	–	(13,664)	(13,664)	(865)	(14,529)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**850,788**	**–**	**(13,664)**	**837,124**	**(47,721)**	**789,403**
Transfer to legal reserve	–	–	–	–	–	(880)	–	880	–	–	–
Dividends(vii)	–	–	–	–	–	(134,747)	–	–	(134,747)	–	(134,747)
Shares issued via the exercise of share options	139	–	208	3,536	–	–	–	(888)	2,856	–	2,856
Share-based compensation(iii)	–	–	–	–	–	–	–	9,807	9,807	–	9,807
Directors' shares(iii) (viii)	7	–	10	358	–	–	–	–	368	–	368
Issuance of shares–2006, 2007 and 2009 LTIPs(iii)	205	–	307	13,584	–	–	–	(13,891)	–	–	–
Acquisition of non-controlling interests in Chad(ix)	–	–	–	–	–	(9,523)	–	–	(9,523)	(111)	(9,634)
Balance as of December 31, 2009	**108,648**	**–**	**162,971**	**497,576**	**–**	**1,788,186**	**–**	**(64,930)**	**2,383,803**	**(73,673)**	**2,310,130**
For the year ended December 31, 2010 (x)											
Profit for the year(x)	–	–	–	–	–	1,620,277	–	–	1,620,277	2,691	1,622,968
Cash flow hedge	–	–	–	–	–	–	–	(1,700)	(1,700)	–	(1,700)
Currency translation differences	–	–	–	–	–	–	–	(1,090)	(1,090)	(4,695)	(5,785)
Total comprehensive income for the year(x)	**–**	**–**	**–**	**–**	**–**	**1,620,277**	**–**	**(2,790)**	**1,617,487**	**(2,004)**	**1,615,483**
Transfer to legal reserve	–	–	–	–	–	(53)	–	53	–	–	–
Dividends (vii)	–	–	–	–	–	(653,779)	–	–	(653,779)	–	(653,779)
Purchase of treasury shares	–	(3,254)	–	–	(300,000)	–	–	–	(300,000)	–	(300,000)
Shares issued via the exercise of share options	145	–	218	3,874	–	–	–	(816)	3,276	–	3,276
Share-based compensation(iii)	–	–	–	–	–	–	–	30,286	30,286	–	30,286
Directors' shares(iii) (viii)	5	–	8	424	–	–	–	–	432	–	432
Issuance of shares – 2007, 2008, 2009 and 2010 LTIPs(iii)	255	–	381	16,107	–	–	–	(16,488)	–	–	–
Change in scope of consolidation (ix)	–	–	–	–	–	–	–	–	–	130,843	130,843
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(9,616)	(9,616)
Put option of non-controlling interest(iv)(x)	–	–	–	–	–	–	(737,422)	–	(737,422)	–	(737,422)
Balance as of December 31, 2010 (As Restated)(x)	**109,053**	**(3,254)**	**163,578**	**517,981**	**(300,000)**	**2,754,631**	**(737,422)**	**(54,685)**	**2,344,083**	**45,550**	**2,389,633**

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

Consolidated Statements of Changes in Equity
the years ended December 31, 2011, 2010 and 2009

				Attributable to equity holders							
	Number of shares '000	Number of shares held by the Group '000	Share Capital (i) US$ '000	Share Premium (i) US$ '000	Treasury shares US$ '000	Retained profits(ii) US$ '000	Put option reserve (iv) US$ '000	Other reserves (v) US$ '000	Total Parent's interests US$ '000	Non-controlling interests (vi) US$ '000	Total equity US$ '000
Balance as of January 1, 2011	**109,053**	**(3,254)**	**163,578**	**517,981**	**(300,000)**	**2,754,631**	**(737,422)**	**(54,685)**	**2,344,083**	**45,550**	**2,389,633**
Profit for the year	–	–	–	–	–	924,515	–	–	924,515	204,490	1,129,005
Cash flow hedge reserve movement	–	–	–	–	–	–	–	(3,015)	(3,015)	(247)	(3,262)
Currency translation differences	–	–	–	–	–	–	–	(39,806)	(39,806)	(6,892)	(46,698)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**924,515**	**–**	**(42,821)**	**881,694**	**197,351**	**1,079,045**
Transfer to legal reserve	–	–	–	–	–	(61)	–	61	–	–	–
Dividends (vii)	–	–	–	–	–	(493,909)	–	–	(493,909)	–	(493,909)
Purchase of treasury shares	–	(4,646)	–	–	(498,274)	–	–	–	(498,274)	–	(498,274)
Cancellation of treasury shares	(4,200)	4,200	(6,300)	(20,070)	401,415	(375,045)	–	–	–	–	–
Shares issued via the exercise of stock options	40	6	59	1,184	592	(435)	–	(81)	1,319	–	1,319
Share-based compensation(iii)	–	–	–	–	–	–	–	17,264	17,264	–	17,264
Issuance of shares under the LTIPs(iii)	46	187	70	6,025	17,908	(773)	–	(23,230)	–	–	–
Sale of Amnet Honduras to non-controlling interests	–	–	–	–	–	2,207	–	–	2,207	11,974	14,181
Disposal of Laos	–	–	–	–	–	–	–	–	–	(6,493)	(6,493)
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(57,212)	(57,212)
Balance as of December 31, 2011	**104,939**	**(3,507)**	**157,407**	**505,120**	**(378,359)**	**2,811,130**	**(737,422)**	**(103,492)**	**2,254,384**	**191,170**	**2,445,554**

(i) Share Capital and Share Premium – see note 23.

(ii) Retained Profits – includes profit for the year attributable to equity holders, of which $94 million (2010: $60 million; 2009: $46 million) are undistributable to equity holders.

(iii) Share-based compensation – see note 24.

(i) Put option reserve – see note 25.

(v) Other reserves – see note 26.

(vi) Non-controlling interests – as at January 1, and December 31, 2009, non controlling interest was negative as the non-controlling shareholders of Colombia Móvil S.A. ESP have a binding obligation to cover their share of the losses of this entity.

(vii) Dividends – see note 29.

(viii) Directors shares – see note 30.

(ix) Change of scope of consolidation – see note 5.

(x) Restatement – see note 4.

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

Notes to the Consolidated Financial Statements
as of December 31, 2011, 2010 and 2009

1. Corporate Information

Millicom International Cellular S.A. (the "Company"), a Luxembourg Société Anonyme, and its subsidiaries, joint ventures and associates (the "Group" or "Millicom") is a global group providing communications, information, entertainment, solutions and financial services in emerging markets. We operate various combinations of mobile and fixed telephony, cable and broadband businesses in 15 countries in Central America, South America and Africa. The Group was formed in December 1990 when Investment AB Kinnevik ("Kinnevik"), formerly named Industriförvaltnings AB Kinnevik, a company established in Sweden, and Millicom Incorporated ("Millicom Inc."), a corporation established in the United States of America, contributed their respective interests in international mobile telephony joint ventures to form the Group.

Millicom operates its mobile businesses in El Salvador, Guatemala and Honduras in Central America; in Bolivia, Colombia and Paraguay in South America; in Chad, the Democratic Republic of Congo, Ghana, Mauritius, Rwanda, Senegal and Tanzania in Africa. Millicom's operations in Laos were sold in March 2011, in Sierra Leone and Cambodia in November 2009; and in Sri Lanka in October 2009 (see notes 6, 7).

In 2008, Millicom acquired 100% of Amnet Telecommunications Holding Limited, a provider of broadband and cable television services in Costa Rica, Honduras and El Salvador, of fixed telephony in El Salvador and Honduras, and of corporate data services in the above countries as well as Guatemala and Nicaragua. In addition, in December 2008, Millicom was successful in the tender for the third national mobile license in Rwanda. Services in Rwanda were launched in early December 2009.

The Company's shares are traded on the Stockholm stock exchange under the symbol MIC and over the counter in the US under the symbol MICC. The Company has its registered office at 15, Rue Léon Laval, L-3372, Leudelange, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

The Board of Directors ("Board") approved these consolidated financial statements on March 1, 2012. The approval of the consolidated financial statements will be submitted for ratification by the shareholders at the Annual General Meeting on May 29, 2012.

2. Summary of Consolidation and Accounting Policies

2.1 Basis of preparation

The consolidated financial statements of the Group are presented in US dollars and all values are rounded to the nearest thousand (US$ '000) except when otherwise indicated. The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities that have been measured at fair value.

In accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, the consolidated financial statements for the year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

As of December 31, 2011, International Financial Reporting Standards as adopted by the European Union are similar to those published by the International Accounting Standards Board ("IASB"), except for IAS 39–Financial Instruments that has been partially adopted by the European Union and for new standards and interpretations not yet endorsed but effective in future periods. Since the provisions that have not been adopted by the European Union are not applicable to the Group, the consolidated financial statements comply with both International Financial Reporting Standards as issued by the IASB and as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2. Summary of Consolidation and Accounting Policies (Continued)

2.2 Consolidation

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

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

The acquisition method of accounting is used to account for acquisitions where there is a change in control. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (see accounting policy for Goodwill). All acquisition related costs are expensed.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. Gains or losses on disposals to non-controlling interests are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is also recorded in equity. Non-controlling interest is measured at the proportionate interest in the net assets of the subsidiary.

Joint ventures

Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the Boards of Directors of those ventures.

Entities that are jointly controlled are consolidated in the financial statements using the proportionate method which includes the Group's share of the assets, liabilities, income and expenses of the joint ventures.

The Group recognizes the portion of gains or losses on the sale of assets to joint ventures that are attributable to other parties in the joint venture. The Group does not recognize its share of profits or losses from purchase of assets by the Group from a joint venture until it resells the assets to a third party. However, if a loss on a transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of post-acquisition profits or losses of associates is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

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

2. Summary of Consolidation and Accounting Policies (Continued)

2.3 Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each subsidiary, joint venture and associate reflects the economic substance of the underlying events and circumstances of these entities. The Company is located in Luxembourg and its subsidiaries, joint ventures and associates operate in different currencies. The Group's consolidated financial statements are presented in U.S. dollars (the "presentation currency"). The functional currency of the Company is the U.S. dollar because of the significant influence of the U.S. dollar on its operations.

Transactions and balances

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the consolidated income statement as part of fair value gain or loss. Translation differences on non-monetary financial assets such as investments classified as available for sale are included in fair value reserve in equity.

Translation into presentation currency

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

i) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;

ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) All resulting exchange differences are recognized as a separate component of equity ("Currency translation reserve"), in the caption "Other reserves".

On consolidation, exchange differences arising from the translation of net investments in foreign operations, and of borrowing and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of gain or loss on sale.

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

2. Summary of Consolidation and Accounting Policies (Continued)

The following table presents relevant currency translation rates to the US dollar as of December 31, 2011 and 2010 and average rates for the year ended December 31, 2011.

Country	Currency	2011 Average rate	2011 Year-end rate	2010 Year-end rate
Bolivia	Boliviano	6.95	6.91	6.99
Chad and Senegal	CFA Franc	471.65	506.98	489.70
Colombia	Peso	1,858.95	1,942.70	1,918.75
Costa Rica	Costa Rican Colon	507.32	511.84	512.97
Ghana	Cedi	1.54	1.64	1.49
Guatemala	Quetzal	7.81	7.81	8.02
Honduras	Lempira	18.91	19.12	18.90
Luxembourg	Euro	0.72	0.77	0.75
Mauritius	Rupee	28.81	29.33	30.45
Nicaragua	Gold Cordoba	22.42	22.97	21.88
Paraguay	Guarani	4,226.12	4,478.00	4,645.00
Rwanda	Rwandese Franc	600.29	604.14	594.00
Sweden	Krona	6.45	6.88	6.72
Tanzania	Shilling	1,576.83	1,578.15	1,459.50
UAE (Dubai)	Dirham	3.67	3.67	3.67

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and end of the year. Millicom's functional currency in both El Salvador and DRC is the US$.

2.4 Segment reporting

Operating segments are reported in a manner consistent with internal reporting to the Chief Operating Decision-Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2.5 Property, plant and equipment

Items of property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to acquisition of items. The carrying amount of replaced parts is derecognized. Repairs and maintenance are charged to the income statement in the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset and the remaining life of the license associated with the assets, unless the renewal of the license is contractually possible.

Estimated useful lives are:

- Buildings – 40 years or lease period, if lower
- Networks (including civil works) – 5 to 15 years
- Other – 2 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labor and other direct costs associated with property, plant and equipment being constructed by the Group. Once the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and start to be depreciated.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement in the financial period in which they are incurred.

A liability for the present value of the cost to remove an asset on both owned and leased sites is recognized when a present obligation for the removal is established. The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset when it is probable that such costs will result in future economic benefits for the Group and the costs can be measured reliably.

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the income statement in the year in which expenditure is incurred.

Intangible assets with finite useful lives are amortized over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement in the expense category consistent with the function of the intangible assets.

Goodwill

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

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

2. Summary of Consolidation and Accounting Policies (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

Licenses
Licenses are shown at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Licenses have a finite useful life and are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives.

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

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

Estimated useful lives are:
Trademarks – 1 to 10 years
Customer bases – 4 to 9 years

2.7 Impairment of non-financial assets
At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The Group determines the recoverable amount based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value less cost to sell is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset.

In addition to evaluation of possible impairment to the assets carrying value, the foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses of continuing operations are recognized in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

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

2. Summary of Consolidation and Accounting Policies (Continued)

2.8 Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

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

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

2.11 Non-current assets (or disposal groups) held for sale and related liabilities
Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value (less costs to sell if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use). Liabilities of disposal groups are classified as "Liabilities directly associated with assets held for sale".

2.12 Inventories
Inventories (which mainly consist of mobile telephone handsets and related accessories) are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade receivables
Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are indicators of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognized in the consolidated income statement within "Cost of sales".

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

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

2. Summary of Consolidation and Accounting Policies (Continued)

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

2.16 Impairment of financial assets
The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognized in the consolidated income statement.

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

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

2.18 Borrowings
Borrowings are initially recognized at fair value, net of directly attributable transaction costs. After initial recognition borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognized in the consolidated income statement over the period of the borrowing.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.19 Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Where a finance lease results from a sale and leaseback transaction, any excess of sales proceeds over the carrying amount of the assets is deferred and amortized over the lease term.

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets, or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as expenses in the consolidated income statement on a straight-line basis over the lease term.

2.20 Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognized as interest expenses.

2. Summary of Consolidation and Accounting Policies (Continued)

2.21 Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method where the effect of the passage of time is material.

2.22 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of value added tax, rebates and discounts and after eliminating intra-group sales.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

These recurring revenues consist of monthly subscription fees, airtime usage fees, interconnection fees, roaming fees and fees from other telecommunications services such as data services, short message services and other value added services. Recurring revenues are recognized on an accrual basis, i.e. as the related services are rendered. Unbilled revenues for airtime usage and subscription fees resulting from services provided from the billing cycle date to the end of each month are estimated and recorded.

Subscription products and services are deferred and amortized over the estimated life of the customer relationship. Related costs are also deferred, to the extent of the revenues deferred, and amortized over the estimated life of the customer relationship. The estimated life of the customer relationship is calculated based on historical disconnection percentage for the same type of customer.

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

Revenues from value added content services such as video messaging, ringtones, games etc., are recognised net of payments to the providers of these services if the providers are responsible for content and determining the price paid by the customer. For such services the Group is considered to be acting in substance as an agent. Where the Group is responsible for the content and determines the price paid by the customer then the revenue is recognised gross.

Revenues from the sale of handsets and accessories on a stand-alone basis (without multiple deliverables) are recognized when the significant risks and rewards of ownership of handsets and accessories have been passed to the buyer.

Revenue arrangements with multiple deliverables ("Bundled Offers" such as equipment and services sold together) are divided into separate units of accounting if the deliverables in the arrangement meet certain criteria. The arrangement consideration is then allocated among the separate units of accounting based on their relative fair values or on the residual method. Revenue is then recognized separately for each unit of accounting.

2.23 Cost of sales

The primary cost of sales incurred by the Group in relation to the provision of telecommunication services relate to interconnection costs, roaming costs, rental of leased lines, costs of handsets and other accessories sold, and royalties. Cost of sales is recorded on an accrual basis.

Cost of sales also includes depreciation and any impairment of network equipment and trade receivables.

2.24 Customer acquisition costs

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

2.25 Employee benefits

Pension obligations

Pension obligations can result from either a defined contribution plan or a defined benefit plan.

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

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on maturities of the related pension liability. The Group does not have any defined benefit pension plans.

Share-based compensation
Share awards are granted to management and key employees.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

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

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

Deferred tax
Deferred income tax is provided using the liability method and calculated from temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

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

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

Deferred income tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realized or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated income statement. Deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of Consolidation and Accounting Policies (Continued)

2.27 Discontinued operations

Revenues and expenses associated with discontinued operations are presented in a separate line in the consolidated income statement. Comparative figures in the consolidated income statement representing the discontinued operations are reclassified to the separate line. Discontinued operations are those with identifiable operations and cash flows (for both operating and management purposes) and represent a major line of business or geographic unit which has been disposed of or is available for sale.

2.28 Derivative financial instruments and hedging activities

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

(a) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
(b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
(c) hedges of a net investment in a foreign operation (net investment hedge).

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

The fair values of derivative instruments used for hedging purposes are disclosed in note 35. Movements in the hedging reserve are recognized as other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the period to maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when the remaining period to maturity of the hedged item is less than 12 months.

The Group does not have either fair value or net investment hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to any ineffective portion is recognized immediately in the income statement within 'other non operating (expenses) income, net'.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

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

2. Summary of Consolidation and Accounting Policies (Continued)

2.29 Changes in accounting policies

The consolidated financial statements as of December 31, 2011 are prepared in accordance with consolidation and accounting policies consistent with those of the previous financial years.

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning January 1, 2011 that have a material impact on the Group.

The following standards, amendments and interpretations issued are not effective for the financial year beginning January 1, 2011 and have not been early adopted.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. 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. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015.
- IFRS 10, 'Consolidated Financial Statements' build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after January 1, 2013.
- IFRS 11, 'Joint Arrangements', sets out the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The standard removes the option of accounting for joint ventures using proportionate consolidation, and requires equity accounting to be applied to joint ventures. The standard is effective for annual periods beginning on or after January 1, 2013.
- IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after January 1, 2013.
- IFRS 13. 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS's. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after January 1, 2013.
- IAS 1, Presentation of Financial Statements – amendment to revise the way other comprehensive income is presented, which retains the 'one or two statement' approach at the option of the entity and only revises the way other comprehensive income is presented: requiring separate subtotals for those elements which may be 'recycled' (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through OCI items under IFRS 9). The amendment is effective for annual periods beginning on or after January 1, 2012.
- IAS 27, Consolidated and Separate Financial Statements, reissued as IAS 27 Separate Financial Statements, as a result of issuance of IFRS 10, Consolidated Financial Statements. The standard is effective for annual periods beginning on or after January 1, 2013.
- IAS 28, Investments in Associates and Joint Ventures, reissued as IAS 28 Investments in Associates, as a result of issuance of IFRS 11, Joint Arrangements. The standard is effective for annual periods beginning on or after January 1, 2013.

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

3. Significant Accounting Judgments and Estimates

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Millicom. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of inherent uncertainties in this evaluation process, actual results may be different from originally estimated amounts. In addition, significant estimates are involved in the determination of impairments, provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available and may significantly affect future operating results.

Accounting for property, plant and equipment, and intangible assets involves the use of estimates for determining fair values at acquisition dates, particularly in the case of such assets acquired in a business combination. Furthermore, the expected useful lives of these assets must be estimated. The determination of fair values of assets and liabilities, as well as of useful lives of the assets is based on management judgment.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies (see note 14).

For our critical accounting estimates reference is made to the relevant individual notes to these consolidated financial statements, more specifically note 5 – Acquisition of subsidiaries, joint ventures and non-controlling interests; note 7 – Discontinued operations and assets held for sale; note 14 – Taxes; note 16 – Intangible assets, note 17 – Property, plant and equipment, note 20 – Trade receivables, note 24 – Share-based compensation (relating to long-term incentive plans); note 28 – Other noncurrent and current provisions and liabilities (relating to the put option); note 32 – Commitments and contingencies; and note 35 – Financial instruments.

4. Restatement of Previously Issued Financial Statements

As previously reported in the Company's press release furnished on Form 6-K filed with the United States Securities and Exchange Commission ("SEC") on January 26, 2012, the board of directors of the Company, based on the recommendation of the audit committee and in consultation with management, concluded that, because of a misstatement in the Company's previously issued financial statements for the year ended December 31, 2010, and for the quarters ending on September 30, 2010 to September 30, 2011, the Company should restate its December 31, 2010 financial statements in this Annual Report on Form 20-F for the fiscal year ended December 31, 2011. Accordingly, the Company has restated its financial statements for these periods.

The restated financial statements as of and for the year ended December 31, 2010 correct the accounting treatment for the Honduras transaction in July 2010 as follows:

Recognition of a liability and corresponding reserve for the put option provided to our partner who holds a non-controlling interest in our Honduran operation.

Following reassessment of the accounting treatment of the put option provided to Millicom's partner who holds a 33.3% non-controlling interest in our Honduran operation, Millicom determined that, as the put option could be exercised under certain change of control events which could be outside the control of Millicom, the option meets the criteria under IAS 32 for recognition as a liability and corresponding equity reserve. Therefore, Millicom has retroactively recorded a liability for the put option at July 1, 2010 of $737 million. As a result of the change in carrying value of the put option between July 1, 2010 and year end, the liability amounted to $769 million at December 31, 2010, representing the redemption value of the option.

Recognition of a loss on revaluation of the put option liability

Recognition for the period between July 1, 2010 to December 31, 2010 of a non operating expense of $32 million, reflecting the change in value of the above mentioned put option liability.

Effects of restatement

The following table sets forth the effects of the restatement on affected items within Millicom's previously reported Consolidated Statements of Financial Position and Consolidated Income Statements. The adjustments necessary to correct the errors have no effect on reported assets or cash flows or guidance.

4. Restatement of Previously Issued Financial Statements (Continued)

(in thousands of US dollars, except per share data) Consolidated Income Statements Data:		As of and for the Year Ended December 31, 2010
Other non-operating income (expenses), net (including loss from associates)	As previously reported	(31,519)
	Adjustment	(31,956)
	As adjusted	(63,475)
Profit before taxes from continuing operations	As previously reported	1,870,163
	Adjustment	(31,956)
	As adjusted	1,838,207
Net profit for the period	As previously reported	1,652,233
	Adjustment	(31,956)
	As adjusted	1,620,277
Basic earnings per common share	As previously reported	$15.27
	Adjustment	($0.30)
	As adjusted	$14.97
Diluted earnings per common share	As previously reported	$15.24
	Adjustment	($0.29)
	As adjusted	$14.95

(in thousands of US dollars) Consolidated Statements of Financial Position Data:		As of and for the Year Ended December 31, 2010
Accumulated profits brought forward	As previously reported	1,134,354
	Adjustment	–
	As adjusted	1,134,354
Put option reserve	As previously reported	–
	Adjustment	(769,378)
	As adjusted	(769,378)
Total Equity	As previously reported	3,159,011
	Adjustment	(769,378)
	As adjusted	2,389,633
Total Current Liabilities	As previously reported	1,684,831
	Adjustment	769,378
	As adjusted	2,454,209

5. Acquisitions of Subsidiaries, Joint Ventures and Non-Controlling Interests

Year ended December 31, 2011

In 2011 Millicom acquired minor investments in businesses for consideration of $9 million. As at December 31, 2011, an agreement entered into on August 20, 2010 to increase Millicom's ownership in Navega El Salvador from 55% to 100% remains subject to regulatory approval.

Year ended December 31, 2010

In 2010, Millicom gained control over Telefonica Cellular S.A. DE CV, its mobile phone operation in Honduras, and acquired control of Navega S.A. DE CV, its cable operation in Honduras.

Telefonica Cellular S.A. DE CV

On July 1, 2010 Millicom reached agreement with its local partner in Honduras whereby Millicom's local partner granted Millicom an unconditional call option for the next five years for his 33% stake in Telefonica Cellular S.A. DE CV ("Celtel") and as consideration, Millicom granted a put option for the same duration to the local partner (see notes 28 and 35). The put option can only be exercised in case of a change of control of Millicom International Cellular S.A. or Millicom's subsidiary that holds the shares in Celtel (except if the change of control is in favor of Investment AB Kinnevik, the current largest shareholder of Millicom, or management of Millicom).

Prior to entering into the agreement, Millicom was dependent on the consent of its local partner for strategic decisions related to it Honduran operation, as the shareholders agreement required a vote of 75% of the shares to authorize and approve significant financial and operating policies of Celtel. The call option allows Millicom, unconditionally at any time during the five year period from July 1, 2010 to exercise its right to acquire the 33% stake (and voting rights) of our local partner at a price which Millicom believes represents the strategic value of the asset. The call option therefore conferred to Millicom control over Celtel through its ability to influence and exercise the power to govern the financial and operating policies (develop the future business in Honduras).

Accordingly, Celtel has been fully consolidated into the Millicom Group financial statements from July 1, 2010. Previously, the Honduras operations were proportionately consolidated.

5. Acquisitions of Subsidiaries, Joint Ventures and Non-Controlling Interests (Continued)

Millicom completed the allocation of the purchase price to the assets acquired, liabilities assumed and contingent liabilities during the year ended December 31, 2010. The recognized amounts of identified assets acquired and liabilities during the year ended December 31, 2010. The recognized amounts of identified assets acquired and liabilities assumed as of July 1, 2010 were as follows:

	Fair value (100%) US$ '000	Previously held interests (66.7%) US$ '000
Intangible assets, net (i)	435,174	22,602
Other investments	20,653	13,769
Property, plant and equipment, net	339,082	226,055
Trade receivables	13,876	9,251
Prepayments and accrued income	6,681	4,454
Other current assets	34,485	22,990
Cash and cash equivalents	24,654	16,436
	874,605	**315,557**
Other non-current liabilities (ii)	264,590	100,492
Current debt and other financing	74,943	49,962
Trade payables	6,117	4,078
Accrued interests and other expenses	12,756	8,504
Current income tax liabilities	17,465	11,643
Other current liabilities	51,890	35,871
	427,761	**210,550**
Non-controlling interests	147,121	
Fair value of the net assets acquired and contingent liabilities	299,723	
Goodwill arising on change of control	854,572	
Previously held interests in Celtel	(105,007)	
Revaluation of the previously held interests in Celtel	1,049,288	

(i) Intangible assets not previously recognized are trademarks for an amount of $40 million, with estimated useful life of 10 years, customers' list for an amount of $335 million, with estimated useful life of 8-9 years, and telecommunications license for an amount of $21 million, with estimated useful life of 11 years.

(ii) Deferred tax liabilities related to differences between the tax base and the fair value of the identifiable assets acquired amount to $114 million.

The goodwill, which is not expected to be tax deductible, is attributable to the profitability potential of Celtel and the synergies expected to arise. The fair value of the customers' list was ascertained using the discounted excess earnings method, the fair value of the trademark was ascertained using the relief from royalty approach, and the fair value of the telecommunications license against comparable transactions.

The change of control contributed revenues of $100 million and net profit of $1,049 million (including the gain on revaluation of the previously held interest) for the period from acquisition to December 31, 2010. If the change of control had occurred on January 1, 2010, unaudited pro forma Group revenues from continuing operations for the year ended December 31, 2010 would have been $4,018 million, and the unaudited pro forma net profit from continuing operations for the same period, as restated, would have been $1,633 million. These amounts have been calculated using the Group accounting policies.

Millicom revalued at fair value its previously held 66.7% interest in Celtel recognizing a gain of $1,049 million, recorded under the caption "Revaluation of previously held interests". The fair value of the previously held interests was determined based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital and capital expenditure) were estimated by management covering six years. Cash flows beyond this period were extrapolated using a perpetual growth rate of 2%. The valuation was determined using a discount rate of 14.3%.

5. Acquisitions of Subsidiaries, Joint Ventures and Non-Controlling Interests (Continued)

Navega S.A. DE CV

As part of a regional shareholding alignment agreement with its local partner in Honduras, on August 20, 2010 Millicom reached agreement with its local partner in Honduras whereby Millicom acquired a further 6% of Navega S.A. DE CV ("Navega Honduras") (formerly Metrored S.A.). As a result of this agreement Millicom has the right to control Navega Honduras, which has been fully consolidated into the Millicom Group financial statements from August 20, 2010. Previously, the results of Navega Honduras were proportionately consolidated. The agreement is expected to facilitate further integration of the cable business and to create synergies.

Millicom completed the allocation of the purchase price to the assets acquired, liabilities assumed and contingent liabilities during the year ended December 31, 2010 and recognized the following amounts:

	Fair value (100%) US$ '000	Previously held interests (66.7%) US$ '000
Intangible assets, net	19,563	11,879
Property, plant and equipment, net	22,875	13,890
Other non-current assets	180	109
Trade receivables	1,988	1,207
Prepayments and accrued income	40	25
Other current assets	482	293
Cash and cash equivalents	3,050	1,852
	48,178	**29,255**
Other non-current liabilities	3,178	1,930
Current debt and other financing	1,152	699
Trade payables	357	217
Accrued interests and other expenses	1,135	689
Current income tax liabilities	1,035	628
Other current liabilities	2,211	1,343
	9,068	**5,506**
Non controlling interests	13,037	
Fair value of the net assets acquired and contingent liabilities	26,073	
Goodwill arising on change of control	13,866	
Previously held interests in Navega Honduras	(23,748)	
Revaluation of the previously held interests in Navega Honduras	10,726	
Cost of change of control	5,465	

The goodwill, which is not expected to be tax deductible, is attributable to the profitability potential of Navega Honduras and the synergies expected to arise. The fair value of the customers' list was ascertained using the discounted excess earnings method, and the fair value of the trademark was ascertained using the relief from royalty approach.

Navega Honduras contributed revenues of $1 million and net profit of $20 million (including gain on revaluation) for the period from acquisition to December 31, 2010. If the acquisition had occurred on January 1, 2010, unaudited pro forma Group revenues from continuing operations for the year ended December 31, 2010 would have been $3,924 million, and the unaudited pro forma net profit from continuing operations for the same period, as restated, would have been $1,612 million. These amounts have been calculated using the Group accounting policies.

Millicom revalued at fair value its previously held 60% interest in Navega Honduras recognizing a gain of $11 million, recorded under the caption "Revaluation of previously held interests".

5. Acquisitions of Subsidiaries, Joint Ventures and Non-Controlling Interests (Continued)

Year ended December 31, 2009

In 2009, Millicom's joint venture in Guatemala acquired the remaining non-controlling interest in Navega.com S.A. and Millicom acquired the remaining non-controlling interest in its operation in Chad.

Navega.com S.A.

On March 13, 2009, Millicom's joint venture in Guatemala completed the acquisition of the remaining 55% interest in Navega.com S.A. ("Navega Guatemala"). Millicom's share of the acquisition cost of the remaining 55% interest in Navega Guatemala amounted to $49 million and Millicom's share of the cash acquired amounted to $10 million; net cash used for this acquisition therefore amounted to $39 million.

Millicom completed the allocation of the purchase price to the assets acquired, liabilities assumed and contingent liabilities during the year ended December 31, 2009. Millicom's share of the fair value of the identifiable assets and liabilities acquired was as follows:

	Fair value (100%) US$ '000	Previously held interests (66.7%) US$ '000
Intangible assets, net (i)	51,442	8,988
Property, plant and equipment, net	34,205	18,995
Other non-current assets	122	87
Trade receivables	3,196	1,739
Prepayments and accrued income	13	8
Current income tax assets	16	7
Other current assets (ii)	2,400	353
Cash and cash equivalents	10,656	5,070
	102,050	**35,247**
Other non-current liabilities (iii)	3,437	–
Current debt and other financing	10,953	5,546
Trade payables	7,241	4,611
Accrued interests and other expenses	557	286
Current income tax liabilities	2,872	1,899
Other current liabilities (ii)	16,589	5,961
	41,649	**18,303**
Fair value of the net assets acquired and contingent liabilities	60,401	
Goodwill arising on acquisition	38,203	
Previously held interests in Navega Guatemala and Metrored	(16,944)	
Revaluation of the previously held interests in Navega Guatemala and Metrored	(32,319)	
Acquisition cost	49,341	

(i) Intangible assets not previously recognized are trademarks for an amount of $2 million (Millicom's share: $1 million), with estimated useful life of eight years, and customers' list for an amount of $62 million (Millicom's share: $35 million), with estimated useful life of nine years.

(ii) Contingent liabilities relating to tax and other contingencies on acquisition of $6 million (Millicom's share: $3 million) were booked within "Other current liabilities". The former shareholders placed $3 million in escrow to partly cover these contingencies. Therefore a corresponding financial asset of $3 million (Millicom's share: $2 million) has been recorded within "Other current assets".

(iii) Deferred tax liabilities, related to the differences between the tax base and the fair value of the identifiable assets acquired amount to $6 million (Millicom's share: $3 million).

5. Acquisitions of Subsidiaries, Joint Ventures and Non-Controlling Interests (Continued)

The goodwill, which is not expected to be tax deductible, is attributable to the profitability potential of the acquired business and the synergies expected to arise from the Group's acquisition of Navega. The fair value of the customer bases was ascertained using the discounted excess earnings method and the fair value of the trademark was ascertained using the relief from royalty approach.

The acquired business contributed revenues of $21 million and net profit of $12 million for the period from acquisition to December 31, 2009. If the acquisition had occurred on January 1, 2009, unaudited pro forma Group revenues from continuing operations for the year ended December 31, 2009 would have been $3,378 million, and the unaudited pro forma net profit from continuing operations for the same period would have been $507 million. These amounts have been calculated using the Group accounting policies.

In 2009 Millicom early adopted IFRS 3R and applied it to this acquisition (see note 2). As a result, Millicom revalued at fair value its previously held 45% interest in Navega (held by Millicom's joint venture in Guatemala) and its previously held 49% interest in Metrored S.A. ("Metrored"), a subsidiary of Navega (held by Millicom's joint venture in Honduras), recognizing a gain of $32 million, recorded under the caption "Revaluation of previously held interests".

Millicom Tchad S.A.
On March 4, 2009, Millicom completed the acquisition of the remaining 12.5% non-controlling interests in its operation in Chad. The initial consideration amounted to $8 million and was paid in cash. As certain conditions were met, two additional payments of $1 million each were made.

In 2009 Millicom early adopted IAS 27R and applied it to this acquisition. As a result, the purchase of the non-controlling interest in Chad was treated as an equity transaction. The difference between the acquisition cost and the carrying value of the existing non-controlling interest at the date of the transaction resulted in a decrease in Millicom shareholders' equity of $10 million.

Other minor investments
In 2009, Millicom acquired other minor investments for a cash consideration of $6 million.

6. Disposals of Subsidiaries and Joint Ventures

Year ended December 31, 2011

Millicom Lao Co Ltd
On September 16, 2009 Millicom announced that it signed an agreement for the sale of its 74.1% holding in Millicom Lao Co. Ltd., its Laos operation, to VimpelCom for approximately $65 million in total cash proceeds, payable on completion. The transaction valued the entire Laos operation at an enterprise value of approximately $102 million.

On March 9, 2011 Millicom completed the transaction and received proceeds (net of transaction costs and taxes) from the sale of $53 million, realizing a gain on sale of $37 million. From that date the Laos operation is no longer included in the consolidated financial statements of the Group.

Amnet Honduras
As part of a regional shareholding alignment agreement with its local partner in Honduras, on March 21, 2011, Millicom reduced its shareholding in Amnet Honduras from 100% to 66.7%, realizing a gain on sale of $2.2 million, which is recorded in equity as gain on sale to non-controlling interests. The proceeds from the sale amount to $16.5 million, of which $1 million was received in March 2011, while $4 million will be received each year for the next three years (in March 2012, March 2013 and March 2014) and the remaining $3.5 million will be received in March 2015.

Year ended December 31, 2010
As part of the regional shareholding alignment agreement with its local partner in Guatemala, on August 20, 2010, Millicom disposed of 45% of its interest in Newcom Guatemala ("Amnet Guatemala"). From that date Amnet Guatemala has been accounted for as a joint venture and proportionately consolidated into the Millicom Group financial statements. Previously, the results of the Amnet Guatemala were fully consolidated. There was no significant impact on profit and loss from the disposal.

Year ended December 31, 2009
On October 16, November 25 and November 26, 2009 respectively, Millicom completed the sale of its operations in Sri Lanka, Sierra Leone and Cambodia, for total proceeds of respectively $155 million, $1 million and $353 million realizing a total net gain of $289 million. Total transaction costs amounted to $11 million. Total cash disposed amounted to $30 million.

7. Discontinued Operations and Assets held for Sale

Discontinued operations

The results of discontinued operations for the years ended December 31, 2011, 2010 and 2009 are presented below:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Revenues	6,134	29,625	218,874
Operating expenses(i)	(3,378)	(17,086)	(193,038)
Operating profit	**2,756**	**12,539**	**25,836**
Non-operating income (expenses), net	509	271	(10,500)
Profit before tax	**3,265**	**12,810**	**15,336**
Tax charge	(305)	(953)	(3,854)
Gain from disposal, net	36,505	–	288,860
Net profit for the year	**39,465**	**11,857**	**300,342**

(i) In 2009, an impairment of $11 million was booked to align the carrying value of Millicom's operation in Sierra Leone to its estimated fair value less cost to sell.

The cash (used) provided by discontinued operations for the years ended December 31, 2011, 2010 and 2009 is presented below:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Net cash provided by operating activities	–	11,105	29,906
Net cash used by investing activities	–	(16,089)	(62,795)
Net cash (used) provided by financing activities	–	5,597	(8,270)
Exchange (loss) gain on cash and cash equivalents	–	234	(158)
Transfer of cash to assets held for sale	–	(847)	(19,099)
Proceeds from the sale of discontinued operations	53,102	–	477,171
Cash provided (used) by discontinued operations	**53,102**	**–**	**416,755**

The following table gives details of non cash investing and financing activities of discontinued operations for the years ended December 31, 2011, 2010 and 2009:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Investing activities			
Acquisition of property, plant and equipment	–	–	(873)
Financing activities			
Vendor financing and finance leases	–	–	873

Asian businesses

In May 2009, Millicom decided to dispose of its businesses in Cambodia, Laos and Sri Lanka and, as a result, in accordance with IFRS 5, these operations were classified as discontinued operations. Millicom's operations in Sri Lanka and Cambodia were sold respectively on October 16 and November 26, 2009 and its operation in Laos sold on March 9, 2011. Millicom's businesses in Cambodia, Laos and Sri Lanka previously represented the entire operating segment "Asia".

Assets held for sale

At December 31, 2011 Millicom had assets held for sale amounting to $66 million representing towers sold but yet to be transferred to associates in Ghana, Tanzania, the Democratic Republic of Congo and Colombia. The assets and directly associated liabilities (asset retirement obligations) of $10 million that are part of these sales but are not leased back by Millicom have been reclassified respectively as assets held for sale and liabilities directly associated with assets held for sale, as completion of their sale is highly probable. The part of the towers which are leased back are capitalized and classified under the caption "Property, plant & equipment, net" in the statement of financial position as at December 31, 2011.

7. Discontinued Operations and Assets Held for Sale (Continued)

The major classes of assets and liabilities classified as held for sale as at December 31, 2011, and 2010 are as follows:

	2011 US$ '000	2010 US$ '000
Assets		
Property, plant and equipment, net	66,252	171,473
Trade receivables, net	–	6,044
Inventories	–	477
Other assets	–	4,402
Cash and cash equivalents	–	2,314
Assets held for sale	**66,252**	**184,710**
Liabilities		
Non-current debt and other financing	–	13,322
Other non-current liabilities	9,658	13,992
Current debt and other financing	–	5,662
Trade payables	–	4,278
Other current liabilities	–	23,513
Liabilities directly associated with assets held for sale	**9,658**	**60,767**
Net assets directly associated with the disposal group	**56,594**	**123,943**

Ghana

In January 2010, Millicom's operation in Ghana signed a sale and lease-back agreement with Helios Towers Ghana, a direct subsidiary of Helios Towers Africa, for most of its tower assets. Under the agreement, Millicom Ghana sold the tower assets to Helios Towers Ghana for a total consideration of $30 million cash and a 40% stake in Helios Towers Ghana, and leased back a dedicated portion of each tower on which to locate its network equipment.

By December 31, 2011 approximately 97% of the towers had been transferred. The remaining towers are expected to be transferred in 2012. The carrying value of the portion of the remaining towers that will not be leased back has been classified as assets held for sale as at December 31, 2011 and amounted to $1 million (December 31, 2010: $6 million).

The gain on sale represents the difference between the proceeds received and the net book value of the towers sold, as adjusted to eliminate Millicom's equity stake in Helios Towers Ghana. A portion of the gain, representing the portion of towers leased back is deferred and recognised over the term of the lease. The net gain realized for the year ended December 31, 2011 was $5 million (2010: $5 million).

The fair value of the towers was derived by using the estimated replacement cost of the towers adjusted by an amount for wear and tear taking into consideration the average age of the towers. The fair value of the assets sold was $70 million and the acquired 40% interest in Helios Towers Ghana is accounted for as an investment in associate (see note 18).

Millicom is leasing back a portion representing 40% of the towers sold for a period of 12 years (with options to renew for four further periods of five years each). The 40% portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and is derived from the average current technical capacity of the towers. This part of each of the towers is being accounted for as a finance lease. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are treated as operating expenses.

Annual payments under the finance lease agreement depend on the timing of transfer of towers to Helios Towers Ghana, but amount to approximately $11 million per annum once all towers are transferred.

7. Discontinued Operations and Assets Held for Sale (Continued)

Tanzania

In December 2010, Millicom's operation in Tanzania signed a sale and lease-back agreement with Helios Towers Tanzania, a direct subsidiary of Helios Towers Africa, for most of its tower assets. Under the agreement, Millicom Tanzania has agreed to sell the tower assets to Helios Towers Tanzania for a total consideration of $81 million cash and a 40% stake in Helios Towers Tanzania, and will lease back a dedicated portion of each tower on which to locate its network equipment.

By December 31, 2011, approximately 70% of the towers had been transferred. The remaining towers are expected to be transferred in 2012. The carrying value of the portion of the remaining towers that will not be leased back has been classified as assets held for sale as at December 31, 2011 and amounted to $22 million (December 31, 2010: $52 million). At December 31, 2011, liabilities directly related to these assets held for sale amounted to $3 million. (December 31, 2010: $6 million).

The gain on sale represents the difference between the proceeds received and the net book value of the towers sold, as adjusted to eliminate Millicom's equity stake in Helios Towers Tanzania. A portion of the gain, representing the portion of towers leased back is deferred and recognised over the term of the lease. The net gain realized for the year ended December 31, 2011 was $13 million (2010: nil).

The fair value of the assets was derived by using the estimated replacement cost of the towers adjusted by an amount for wear and tear taking into consideration the average age of the towers. The fair value of the assets sold was $131 million and the acquired 40% interest in Helios Towers Tanzania is accounted for as an investment in associate (see note 18).

Millicom will lease back 40% of the towers sold for a period of 12 years (with options to renew for four further periods of five years each). The 40% portion of towers to be leased back represents the dedicated part of each tower on which Millicom's equipment is located and is derived from the average current technical capacity of the towers. This part of each of the towers is accounted for as a finance lease. Rights to use the land on which the towers are located will be accounted for as operating leases, and costs of services for the towers are treated as operating expenses.

Annual payments under the finance lease agreement depend on the timing of transfer of towers to Helios Towers Tanzania, but amount to approximately $10 million per annum once all towers are transferred.

The Democratic Republic of Congo ("DRC")

In December 2010, Millicom's operation in DRC signed a sale and lease-back agreement with Helios Towers DRC, a direct subsidiary of Helios Towers Africa, for most of its tower assets. Under the agreement, Millicom DRC has agreed to sell the towers to Helios Towers DRC for a total consideration of $41.5 million cash and a 40% stake in Helios Towers DRC, and will lease back a dedicated portion of most of the towers on which to locate its network equipment.

By December 31, 2011, approximately 50% of the towers had been transferred. The remaining towers are expected to be transferred in 2012. The carrying value of the portion of the remaining towers that will not be leased back has been classified as assets held for sale as at December 31, 2011 and amounted to $29 million (December 31, 2010: $55 million). At December 31, 2011, liabilities directly related to these assets held for sale amounted to $2 million. (December 31, 2010: $5 million).

The gain on sale represents the difference between the proceeds received and the net book value of the towers sold, as adjusted to eliminate Millicom's equity stake in Helios Towers DRC. A portion of the gain, representing the portion of towers leased back is deferred and recognised over the term of the lease. The net gain realized for the year ended December 31, 2011 was $3 million (2010: nil).

Millicom will lease back a portion representing 40% of most of the towers sold for a period of 12 years (with options to renew for four further periods of five years each). The 40% portion of towers to be leased back represents the dedicated part of each tower on which Millicom's equipment is located and is derived from the average current technical capacity of the towers. This part of each of the towers is accounted for as a finance lease. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are treated as operating expenses.

Annual payments under the finance lease agreement depend on the timing of transfer of towers to Helios Towers DRC, but amount to approximately $13 million per annum once all towers are transferred.

7. Discontinued Operations and Assets Held for Sale (Continued)

Colombia

In July 2011, Millicom's operation in Colombia signed a sale and lease-back agreement with American Towers International Inc, for most of its tower assets.

Under the agreement, Colombia Móvil has agreed to sell those tower assets to a fully owned subsidiary of American Towers in Colombia (ATC Infraco S.A.S) for total consideration of $182 million cash and an option for Millicom to acquire in cash a 40% stake in the holding company that owns that subsidiary (ATC Colombia BV), and will lease back a dedicated portion of each tower on which to locate its network equipment.

By December, 2011, approximately 63% of the towers had been transferred. The remaining towers are expected to be transferred in 2012. The carrying value of the portion of the remaining towers that will not be leased back has been classified as assets held for sale as at December 31, 2011 and amounted to $14 million. At December 31, 2011, liabilities directly related to these assets held for sale amounted to $4 million.

The gain on sale represents the difference between the proceeds and the net book value of the towers sold, as adjusted to eliminate Millicom's equity stake in ATC Colombia BV. A portion of the gain, representing the portion of towers leased back is deferred and recognised over the term of the lease. The net gain realized for the year ended December 31, 2011 was $12 million.

Millicom will lease back 50% of the towers sold for a period of 12 years (with options to renew for four further periods of five years each). The 50% portion of towers to be leased back represents the dedicated part of each tower on which Millicom's equipment is located and is derived from the average current technical capacity of the towers. This part of each of the towers is accounted for as a finance lease. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are treated as operating expenses.

Annual payments under the finance lease agreement depend on the timing of transfer of towers to ATC Infraco S.A.S., but amount to approximately $19 million per annum once all towers are transferred.

The option to acquire a 40% interest in ATC Infraco ("ATC Infraco Option") was exercised by Millicom in December 2011 for cash consideration of $7 million. The option price is set at a value that has been derived from the value of the tower assets that are transferred to ATC Infraco.

Millicom has provided Colombia Móvil's other shareholders with an unconditional option to acquire an interest in ATC Infraco up to half of the interest held or to be held by Millicom. The option expires on July 18, 2013. At December 31, 2011 the fair value of the option granted by Millicom is not significant.

Through a Millicom subsidiary, Millicom also has an unconditional option to acquire a minority equity interest of up to 40% in ATC Sitios de Colombia S.A.S., an already established tower subsidiary of American Towers International Inc. The option to acquire an interest of up to 40% in ATC Sitios ("ATC Sitios Option") may be exercised until December 21, 2012. The option price is the equivalent of the amount invested by American Tower in ATC Sitios as adjusted for any return on capital invested by American Tower. At December 31, 2011 the fair value of the option granted to Millicom is not significant.

Millicom has provided Colombia Móvil's other shareholders with an unconditional option to acquire an interest in ATC Sitios up to half of the interest held or to be held by Millicom. The option expires on July 18, 2013. At December 31, 2011 the fair value of the option granted by Millicom is not significant.

8. Subsidiaries

The Group has the following significant subsidiaries, which are consolidated:

Name of the company	Country	Holding December 31, 2011 % of ownership interest	Holding December 31, 2010 % of ownership interest
Central America			
Telemovil El Salvador S.A.	El Salvador	100.0	100.0
Cable El Salvador S.A. de C.V.	El Salvador	100.0	100.0
Telefonica Celular S.A.	Honduras	66.7	66.7
Navega S.A. DE CV (formerly Metrored S.A) (see note 5).	Honduras	66.7	66.7
Cable Costa Rica S.A.	Costa Rica	100.0	100.0
South America			
Telefonica Celular de Bolivia S.A.	Bolivia	100.0	100.0
Telefonica Celular del Paraguay S.A.	Paraguay	100.0	100.0
Colombia Movil S.A. E.S.P.	Colombia	50.0 + 1 share	50.0 + 1 share
Africa			
Millicom Ghana Company Limited	Ghana	100.0	100.0
Sentel GSM S.A.	Senegal	100.0	100.0
MIC Tanzania Limited	Tanzania	100.0	100.0
Oasis S.P.R.L.	Democratic Republic of Congo	100.0	100.0
Millicom Tchad S.A. (see note 5)	Chad	100.0	100.0
Millicom Mauritius Limited	Mauritius	100.0	100.0
Millicom Rwanda Limited	Rwanda	87.5	87.5
Unallocated			
Millicom International Operations S.A.	Luxembourg	100.0	100.0
Millicom International Operations B.V.	Netherlands	100.0	100.0
MIC Latin America B.V.	Netherlands	100.0	100.0
Millicom Africa B.V.	Netherlands	100.0	100.0
Millicom Holding B.V.	Netherlands	100.0	100.0
Millicom Ireland Limited	Ireland	100.0	100.0

9. Interests in Joint Ventures

The Group has the following significant joint venture companies, which are proportionally consolidated:

Name of the company	Country	Holding December 31, 2011 % of ownership interest	Holding December 31, 2010 % of ownership interest
Central America			
Comunicaciones Celulares S.A.	Guatemala	55.0	55.0
Navega.com S.A. (see note 5)	Guatemala	55.0	55.0
Africa			
Emtel Limited	Mauritius	50.0	50.0

The share of assets and liabilities of the jointly controlled entities at December 31, 2011 and 2010, which are included in the consolidated financial statements, are as follows:

	2011 US$ '000	2010 US$ '000
Current assets	235,092	199,147
Non-current assets	419,371	386,703
Total assets	**654,463**	**585,850**
Current liabilities	205,848	159,616
Non-current liabilities	174,823	145,664
Total liabilities	**380,671**	**305,280**

The share of revenues and operating expenses of the jointly controlled entities for the years ended December 31, 2011, 2010, and 2009, which are included in the consolidated income statements from continuing operations, are as follows:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Revenues	650,300	799,305	947,600
Total operating expenses	(364,992)	(413,461)	(503,298)
Operating profit	**285,308**	**385,844**	**444,302**

10. Segment Information

Management has determined the operating and reportable segments based on the reports that are used by the Chief Operating Decision Maker ("CODM") to make strategic and operational decisions.

Management considers the Group from both a business and a geographic perspective. The Group operates in the business of communication, information, entertainment, mobile financial services and solutions, and provides these services through mobile telephony and cable (including broadband, television and fixed telephony). The Group's risks and rates of return for its operations are affected predominantly by the fact that it operates in different geographical regions. The businesses are organized and managed according to the selected geographical regions, which represent the basis for evaluation of past performance and for making decisions about the future allocation of resources.

The Group has businesses in three regions: Central America, South America and Africa.

Product and service offerings have converged to business categories to be more customer-centric, and less focused on the medium in which the product and service offerings are provided (i.e. through mobile devices vs. cables). Accordingly, management and operation of the Central America cable business has been integrated with our mobile operations. As a result of these changes, execution of global strategies and reporting to the Chief Operating Decision-Maker are no longer separated between mobile operations and cable operations. Comparative segment information for Central America has been restated to include the Cable business, which was previously reported as a separate segment.

10. Segment Information (Continued)

The following tables present revenues, operating profit (loss) and other segment information for the years ended December 31, 2011, 2010 and 2009:

December 31, 2011	Central America US$ '000	South America US$ '000	Africa US$ '000	Unallocated items US$ '000	Total continuing operations US$ '000	Discontinue operations (note 7) US$ '000	Inter company elimination US$ '000	Total US$ '000
Revenues	**1,842,166**	**1,706,139**	**981,292**	**–**	**4,529,597**	**6,134**	**–**	**4,535,731**
Operating profit (loss)	**649,159**	**504,822**	**216,865**	**(113,825)**	**1,257,021**	**2,756**	**–**	**1,259,777**
Add back:								
Depreciation and amortization	303,272	230,936	203,948	824	738,980	1,539	–	740,519
Loss (gain) of disposal and impairment	5,453	(9,913)	(17,325)	–	(21,785)	–	–	(21,785)
Share-based compensation	–	–	–	17,264	17,264	–	–	17,264
Corporate costs	–	–	–	95,737	95,737	–	–	95,737
Adjusted operating profit (loss)(i)	**957,884**	**725,845**	**403,488**	**–**	**2,087,217**	**4,295**	**–**	**2,091,512**
Additions to:								
Property, plant and equipment	(220,455)	(294,628)	(287,736)	(434)	(803,253)	(20)	–	(803,273)
Intangible assets	(1,576)	(29,304)	(8,952)	(5,412)	(45,244)	–	–	(45,244)
Capital expenditure	**(222,031)**	**(323,932)**	**(296,688)**	**(5,846)**	**(848,497)**	**(20)**	**–**	**(848,517)**
Taxes paid	(146,245)	(77,355)	(13,528)	(30,943)	(268,071)			
Changes in working capital	(66,743)	14,613	92,061	(25,392)	14,539			
Other movements	18,239	85,747	77,857	36,721	218,564			
Operating free cash flow (ii)	**541,104**	**424,918**	**263,190**	**(25,460)**	**1,203,752**			
Total Assets(iii)	4,073,905	2,008,584	1,629,896	830,071	8,542,456	–	(1,260,510)	7,281,946
Total Liabilities	1,673,356	1,388,516	1,704,743	926,596	5,693,211	–	(856,819)	4,836,392

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 34).

(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.

(iii) Segment assets include goodwill and other intangibles.

10. Segment Information (Continued)

December 31, 2010 (As restated)(iv)	Central America(v) US$ '000	South America US$ '000	Africa US$ '000	Unallocated items US$ '000	Total continuing operations US$ '000	Discontinued operations (note 7) US$ '000	Inter company elimination US$ '000	Total US$ '000
Revenues	**1,641,441**	**1,373,877**	**904,931**	**–**	**3,920,249**	**29,625**	**–**	**3,949,874**
Operating profit (loss)	**638,598**	**361,969**	**147,737**	**(106,574)**	**1,041,730**	**12,539**	**–**	**1,054,269**
Add back:								
Depreciation and amortization	250,144	223,186	202,733	923	676,986	–	–	676,986
Loss (gain) of disposal and impairment	4,099	4,590	7,568	–	16,257	–	–	16,257
Share-based compensation	–	–	–	30,718	30,718	–	–	30,718
Corporate costs	–	–	–	74,933	74,933	–	–	74,933
Adjusted operating profit (loss)(i)	**892,841**	**589,745**	**358,038**	**–**	**1,840,624**	**12,539**	**–**	**1,853,163**
Additions to:								
Property, plant and equipment	(187,157)	(216,408)	(273,689)	(17)	(677,271)	(16,223)	–	(693,494)
Intangible assets	(20,948)	(28,091)	(3,924)	(473)	(53,436)	–	–	(53,436)
Capital expenditure	**(208,105)**	**(244,499)**	**(277,613)**	**(490)**	**(730,707)**	**(16,223)**	**–**	**(746,930)**
Taxes paid	(139,139)	(62,240)	(9,291)	(28,053)	(238,723)			
Changes in working capital	34,024	(31,333)	(27,776)	25,970	885			
Other movements	6,978	60,061	101,603	(24,456)	144,186			
Operating free cash flow (ii)	**586,599**	**311,734**	**144,961**	**(27,029)**	**1,016,265**			
Total Assets(iii)	**3,617,802**	**1,503,621**	**1,600,307**	**650,677**	**7,372,407**	**71,878**	**(449,168)**	**6,995,117**
Total Liabilities	**2,319,733**	**1,257,708**	**1,630,201**	**803,332**	**6,010,974**	**47,518**	**(1,453,008)**	**4,605,484**

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 34).

(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.

(iii) Segment assets include goodwill and other intangibles.

(iv) Restatement – see note 4.

(v) Includes cable which in 2010 was reported as a separate segment which has now been integrated with mobile operations

10. Segment Information (Continued)

December 31, 2009	Central America US$ '000	South America US$ '000	Africa US$ '000	Unallocated items US$ '000	Total continuing operations US$ '000	Discontinued operations (note 7) US$ '000	Inter company elimination US$ '000	Total US$ '000
Revenues	**1,514,663**	**1,075,914**	**782,150**	**–**	**3,372,727**	**218,874**	**–**	**3,591,601**
Operating profit (loss)	**615,636**	**227,904**	**84,582**	**(77,099)**	**851,023**	**314,696**	**–**	**1,165,719**
Add back:								
Depreciation and amortization	205,052	208,469	196,832	1,082	611,435	34,842	–	646,277
Loss (gain) of disposal and impairment	1,361	2,222	3,401	262	7,246	(277,665)	–	(270,419)
Share-based compensation	–	–	–	10,175	10,175	–	–	10,175
Corporate costs	–	–	–	65,580	65,580	–	–	65,580
Adjusted operating profit (loss)(i)	**822,049**	**438,595**	**284,815**	**–**	**1,545,459**	**71,873**	**–**	**1,617,332**
Additions to:								
Property, plant and equipment	(152,222)	(143,556)	(395,352)	(246)	(691,376)	(79,072)	–	(770,448)
Intangible assets	(23,085)	(19,489)	(2,892)	(646)	(46,112)	–	–	(46,112)
Capital expenditure	**(175,307)**	**(163,045)**	**(398,244)**	**(892)**	**(737,488)**	**(79,072)**	**–**	**(816,560)**
Taxes paid	(115,414)	(54,423)	(6,654)	(19,359)	(195,850)			
Changes in working capital	(53,407)	39,978	55,631	239	42,441			
Other movements	1,763	1,927	18	–	3,708			
Operating free cash flow (ii)	**479,684**	**263,032**	**(64,434)**	**(20,012)**	**658,270**			
Total Assets(iii)	**2,132,331**	**1,370,202**	**1,586,488**	**732,667**	**5,821,688**	**411,939**	**(242,609)**	**5,991,018**
Total Liabilities	**1,257,957**	**1,141,956**	**1,594,662**	**470,781**	**4,465,356**	**242,625**	**(1,027,093)**	**3,680,888**

(i) Adjusted operating profit is the measure used by the management to monitor the segmental performance and for capital management (see note 34).

(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.

(iii) Segment assets include goodwill and other intangibles.

10. Segment Information (Continued)

Revenues from continuing operations for the years ended December 31, 2011, 2010 and 2009 analyzed by country are as follows:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Colombia	756,211	612,111	444,899
Honduras	673,022	532,068	436,435
Guatemala	646,679	570,827	517,555
Paraguay	593,382	462,537	387,964
El Salvador	413,712	453,503	493,298
Other	1,446,591	1,289,203	1,092,576
Total	**4,529,597**	**3,920,249**	**3,372,727**

Non-current assets (intangible assets and property, plant and equipment) as at December 31, 2011 and 2010 analyzed by country are as follows:

	2011 US$ '000	2010 US$ '000
Colombia	596,498	604,723
Honduras	1,669,030	1,762,865
Guatemala	392,349	348,682
Paraguay	255,577	223,840
El Salvador	437,879	482,623
Other	1,684,137	1,627,779
Total	**5,035,470**	**5,050,512**

11. Analysis of Operating Profit

The Group's operating income and expenses from continuing operations analyzed by nature of expense is as follows:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Revenues	4,529,597	3,920,249	3,372,727
Cost of rendering telecommunication services	(1,006,951)	(809,669)	(716,269)
Depreciation and amortization (notes 10, 16 and 17)	(738,980)	(676,986)	(611,435)
Dealer commissions	(398,467)	(354,608)	(300,487)
Employee related costs (note 12)	(299,151)	(294,045)	(249,757)
Sites and network maintenance	(208,340)	(175,971)	(151,816)
Advertising and promotion	(126,522)	(119,675)	(122,986)
Phone subsidies	(138,578)	(124,448)	(108,714)
External services	(154,621)	(110,344)	(81,537)
Operating lease expense (note 32)	(96,376)	(82,929)	(72,749)
Billing and payments	(33,373)	(27,831)	(21,005)
Gain (loss) on disposal and impairment of assets, net (note 10 and 17)	21,785	(16,257)	(7,246)
Other income	43,700	3,192	–
Other expenses	(136,702)	(88,948)	(77,703)
Operating profit	**1,257,021**	**1,041,730**	**851,023**

11. Analysis of Operating Profit (Continued)

The following table summarizes the aggregate amounts paid to Millicom's auditors for the years ended December 31, 2011, 2010 and 2009.

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Audit Fees	3,623	4,237	4,179
Audit Related Fees	152	604	115
Tax Fees	97	–	61
All Other Fees	58	55	71
Total	**3,930**	**4,896**	**4,426**

Audit related services consist principally of consultations related to financial accounting and reporting standards, including making recommendations to management regarding internal controls and the issuance of certifications of loan covenant compliance required by Millicom's debt agreements. Tax services consist principally of tax planning services and tax compliance services. All other fees are for services not included in the other categories. One hundred percent of the audit related, tax and other fees for 2011 and 2010 were approved by the audit committee.

12. Employee Related Costs

Employee related costs are comprised of the following:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Wages and salaries	(209,180)	(196,318)	(183,220)
Social security	(23,613)	(21,094)	(20,105)
Share-based compensation (see note 24)	(17,264)	(30,718)	(10,175)
Other employee related costs(i)	(49,094)	(45,915)	(36,257)
Total	**(299,151)**	**(294,045)**	**(249,757)**

(i) Includes pension costs and other benefits. There are no defined benefit pension plans.

The average number of permanent employees during the years ended December 31, 2011, 2010 and 2009 was as follows:

	2011	2010	2009
Continuing operations	6,526	6,109	5,937
Discontinued operation	128	237	1,852
Total average number of permanent employees	**6,654**	**6,346**	**7,789**

13. Other Non-Operating (Expenses) Income, Net

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

	2011 US$ '000	2010 (As restated)(i) US$ '000	2009 US$ '000
Change in carrying value of put option(i)	24,233	(31,956)	–
Change in fair value of derivatives	(2,472)	(14,597)	–
Other exchange (losses), net	(26,051)	(15,105)	(32,181)
Other non operating (expenses) income, net	**(4,290)**	**(61,658)**	**(32,181)**

(i) Restatement – see note 4

14. Taxes

Group taxes mainly comprise income taxes of subsidiaries and joint ventures. As a Luxembourg commercial company, the Company is subject to all taxes applicable to a Luxembourg Société Anonyme. Due to losses incurred and brought forward, no taxes based on Luxembourg-only income have been computed for 2011, 2010 and 2009.

The effective tax rate on continuing operations is (2%) (2010: 12%, 2009: 27%). Currently Millicom operations are in jurisdictions with income tax rates of 10% to 40% (2010 and 2009: 10% to 40%).

The reconciliation between the weighted average statutory tax rate and the effective average tax rate is as follows:

	2011 %	2010 %	2009 %
Weighted average statutory tax rate(i)	24	23	23
Recognition of previously unrecorded tax losses	(29)	–	–
Unrecognized current year tax losses(ii)	1	7	9
Non taxable income and non deductible expenses, net	1	–	(1)
Taxes based on revenue	(6)	(7)	(8)
Income taxes at other than statutory tax rates	4	2	3
Withholding taxes on transfers between operating and non operating entities	3	3	3
Non-taxable gain arising from revaluation of previously held interests	–	(16)	(2)
Effective tax rate	**(2)**	**12**	**27**

(i) The weighted average statutory tax rate has been determined by dividing the aggregate statutory tax charge of each subsidiary and joint venture, which was obtained by applying the statutory tax rate to the profit or loss before tax, by the aggregate profit before tax excluding the impact of the revaluation of Honduras in 2010 (see note 5).

(ii) Unrecognized current year tax losses mainly consist of tax losses at the Company level and tax losses recorded in the Group's operations in the Democratic Republic of Congo and Rwanda (2010: DRC, Rwanda and Colombia; 2009: DRC and Colombia).

The credit (charge) for income taxes from continuing operations is shown in the following table and recognizes that revenue and expense items may affect the financial statements and tax returns in different periods (temporary differences):

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Current income tax credit (charge)	(278,502)	(223,077)	(201,230)
Net deferred income tax benefit (expense)	296,849	(4,019)	13,232
Credit / (charge) for taxes	**18,347**	**(227,096)**	**(187,998)**

14. Taxes (Continued)

The tax effects of significant items comprising the Group's net deferred income tax asset and liability as of December 31, 2011 and 2010 are as follows:

	Consolidated balance sheets		Consolidated income statements		
	2011 US$ '000	2010 US$ '000	2011 US$ '000	2010 US$ '000	2009 US$ '000
Loss carry-forwards	182,562	–	182,562	(5,877)	(1,945)
Provision for doubtful debtors	9,124	4,206	4,918	602	408
Temporary differences between book and tax basis of intangible assets and property, plant and equipment	4,993	(45,456)	50,449	(2,398)	(2,411)
Deferred tax liabilities recognized as part of the acquisition of Celtel (see note 5)	(94,390)	(105,392)	11,002	8,460	–
Deferred tax liabilities recognized as part of the acquisition of Amnet (see note 5)	(19,413)	(25,805)	6,392	6,237	9,485
Deferred tax liabilities recognized as part of the acquisition of Navega (see note 5)	(2,358)	(3,126)	768	936	540
Other temporary and translation differences	37,382	3,613	40,758	(11,979)	7,155
Deferred tax benefit (expense)			**296,849**	**(4,019)**	**13,232**
Deferred tax assets (liabilities), net	**117,900**	**(171,960)**			
Deferred tax assets	316,966	23,959			
Deferred tax liabilities	(199,066)	(195,919)			

Deferred income tax assets and liabilities reflect temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

No deferred tax liability was recognized in respect of $3,352 million (2010: $3,659 million) of unremitted earnings of subsidiaries and joint ventures, because the Group was in a position to control the timing of the reversal of the temporary differences and it was unlikely that such differences would reverse in a foreseeable future. Furthermore, it was not practicable to estimate the amount of unrecognized deferred tax liabilities in respect of these unremitted earnings.

During 2011, a tax credit of $308 million was recognized in our Colombian operation relating to expected utilization of tax loss carry-forwards and other temporary differences related mainly to property, plant and equipment and intangible assets. The expected utilisation of tax loss carryforwards was based on an assessment by management that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilised.

Unrecognized net operating losses and other tax loss carry-forwards relating to continuing operations amounted to $169 million as at December 31, 2011 (2010: $775 million, 2009: $885 million) with expiry periods of between 1 and 5 years. In addition the Company has unrecognized net operating losses of $1,742 million (2010: $1,833 million) which do not expire.

15. Earnings Per Share

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

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

The following reflects the net profit and share data used in the basic and diluted earnings per share computations:

	2011 US$ '000	2010 (As restated)(i) US$ '000	2009 US$ '000
Basic			
Net profit attributable to equity holders from continuing operations	885,815	1,611,491	551,390
Net profit attributable to equity holders from discontinued operations	38,700	8,786	298,858
Net profit attributable to equity holders to determine the basic earnings per share	924,515	1,620,277	850,788
Diluted			
Net profit attributable to equity holders from continuing operations	885,815	1,611,491	551,390
Net profit attributable to equity holders from continuing operations used to determine the diluted earnings per share	885,815	1,611,491	551,390
Net profit attributable to equity holders from discontinued operations	38,700	8,786	298,858
Net profit attributable to equity holders to determine the diluted earnings per share	924,515	1,620,277	850,788

	2011 '000	2010 '000	2009 '000
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	104,196	108,219	108,527
Effect of dilution:			
Potential incremental shares as a result of share options	105	177	223
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	104,301	108,396	108,750

(i) Restatement – see note 4

To calculate earnings per share amounts for the discontinued operations, the weighted average number of shares for both basic and diluted amounts is as per the table above.

16. Intangible Assets

The movements in intangible assets in 2011 were as follows:

	Goodwill US$ '000	Licenses US$ '000	Other(ii) US$ '000	Total US$ '000
Opening balance, net	**1,427,825**	**238,196**	**616,824**	**2,282,845**
Change in the composition of the Group (see note 5)	–	–	4,603	4,603
Additions (see note 10)	–	12,609	32,635	45,244
Amortization charge(i)	–	(34,634)	(105,882)	(140,516)
Transfers	–	3,342	(3,342)	–
Other movements	–	(614)	(498)	(1,112)
Exchange rate movements	(12,966)	(5,719)	(2,026)	(20,711)
Closing balance, net	**1,414,859**	**213,180**	**542,314**	**2,170,353**
As at December 31, 2011				
Cost or valuation	1,414,859	408,872	865,465	2,689,196
Accumulated amortization	–	(195,692)	(323,151)	(518,843)
Net	**1,414,859**	**213,180**	**542,314**	**2,170,353**

(i) The amortization charge for Licenses and Other is recorded under the caption "General and administrative expenses".
(ii) The caption "Other" includes mainly those intangible assets identified in business combination (i.e. customers' lists and trademarks).

The movements in intangible assets in 2010 were as follows:

	Goodwill US$ '000	Licenses US$ '000	Other(ii) US$ '000	Total US$ '000
Opening balance, net	**547,986**	**218,510**	**278,341**	**1,044,837**
Change in the composition of the Group (see note 5)	869,559	30,519	383,837	1,283,915
Additions (see note 10)	–	26,190	27,246	53,436
Amortization charge(i)	–	(39,353)	(78,801)	(118,154)
Transfers	–	1,751	(1,751)	–
Other movements	–	(80)	(2,167)	(2,247)
Exchange rate movements	10,280	659	10,119	21,058
Closing balance, net	**1,427,825**	**238,196**	**616,824**	**2,282,845**
As at December 31, 2010				
Cost or valuation	1,427,825	401,306	839,112	2,668,243
Accumulated amortization	–	(163,110)	(222,288)	(385,398)
Net	**1,427,825**	**238,196**	**616,824**	**2,282,845**

(i) The amortization charge for Licenses and Other is recorded under the caption "General and administrative expenses".
(ii) The caption "Other" includes mainly those intangible assets identified in business combination (i.e. customers' lists and trademarks).

The following table provides details of cash used for additions to intangible assets:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Additions	45,244	53,436	46,112
Subtotal	**45,244**	**53,436**	**46,112**
Change in suppliers advances	(165)	160	–
Change in capex accruals and payables	11,394	(27,358)	(108)
Cash used from continuing operations for additions from intangible assets	**56,473**	**26,238**	**46,004**

(i) Restatement – see note 4

16. Intangible Assets (Continued)

Impairment test of goodwill
As at December 31, 2011, management tested all goodwill for impairment. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill is allocated.

The recoverable amount of a cash-generating unit ("CGU") or group of CGUs is determined based on discounted cash flows. The cash flow projections used (adjusted operating profit margins, income tax, working capital, capital expenditure and license renewal cost) are extracted from financial budgets approved by management and the Board covering a period of three years apart from our new business in Rwanda where six years has been used (2010: eight years). The planning horizon reflects industry practice in the countries where the Group operates. Cash flows beyond this period are extrapolated using a perpetual growth rate of 2% (2010: 2%). No impairment losses were recorded on goodwill for the years ended December 31, 2011, 2010 and 2009.

As part of the impairment tests, sensitivity analysis was performed on the key assumptions from which it was determined that sufficient margin exists from realistic changes to the assumptions that would have resulted in impairment.

The recoverable amounts have been determined for the cash generating units based on the following discount rates for the years ended December 31, 2011 and 2010:

	Discount rate after tax	
	2011	**2010**
Central America	8.2%–12.7%	9.9%–14.3%
South America	8.0%–11.2%	9.5%–15.9%
Africa	8.9%–14.6%	8.8%–14.6%

The allocation of goodwill to cash generating units, net of exchange rate movements, is shown below:

Millicom's operations in:	**2011 US$ '000**	**2010 US$ '000**
Honduras (see note 5)	925,834	936,895
El Salvador	184,956	184,956
Costa Rica	137,945	137,638
Colombia	52,283	52,283
Guatemala	35,574	34,339
Senegal	34,008	35,209
Other	44,259	46,505
Total Goodwill	**1,414,859**	**1,427,825**

17. Property, Plant and Equipment

Movements in tangible assets in 2011 were as follows:

	Network equipment (iv) US$ '000	Land and Buildings US$ '000	Construction in Progress US$ '000	Other(i) US$ '000	Total US$ '000
Opening balance, net	2,395,597	53,725	206,808	111,537	2,767,667
Change in the composition of the Group (note 5)(iii)	2,175	–	3,102	209	5,486
Additions (including sale and leaseback)	127,279	8,845	720,659	21,841	878,624
Impairments and net disposals	(99,038)	(369)	(6,661)	(2,525)	(108,593)
Depreciation charge(ii)	(549,938)	(3,317)	–	(45,209)	(598,464)
Asset retirement obligations	4,776	100	–	–	4,876
Transfers	629,985	11,749	(685,219)	43,485	–
Transfer to assets held for sale (see note 7)	(56,142)	–	–	–	(56,142)
Exchange rate movements	(26,917)	(1,310)	1,694	(1,804)	(28,337)
Closing balance at December 31, 2011	**2,427,777**	**69,423**	**240,383**	**127,534**	**2,865,117**
Cost or valuation	4,557,220	84,879	240,383	344,537	5,227,019
Accumulated depreciation	(2,129,443)	(15,456)	–	(217,003)	(2,361,902)
Net	**2,427,777**	**69,423**	**240,383**	**127,534**	**2,865,117**

(i) The caption "Other" mainly includes office equipment and motor vehicles.
(ii) The depreciation charge for network equipment is recorded under the caption "Cost of sales" and the depreciation charge for Land and Buildings and Other is recorded under the caption "General and administrative expenses".
(iii) The change in the composition of the Group corresponded to other minor investments.
(iv) The net carrying amount of network equipment under finance leases at December 31, 2011, mainly comprising towers, was $133 million.

Movements in tangible assets in 2010 were as follows:

	Network equipment (iv) US$ '000	Land and Buildings US$ '000	Construction in Progress US$ '000	Other(i) US$ '000	Total US$ '000
Opening balance, net	2,352,954	81,215	152,234	124,238	2,710,641
Change in the composition of the Group (note 5)(iii)	118,923	2,165	3,431	5,330	129,849
Additions	54,906	417	600,625	21,323	677,271
Impairments and net disposals	(48,038)	(263)	(2,034)	(2,560)	(52,895)
Depreciation charge(ii)	(508,339)	(3,062)	–	(47,431)	(558,832)
Asset retirement obligations	(17,176)	493	–	–	(16,683)
Transfers	560,413	(26,870)	(545,093)	11,550	–
Transfer to assets held for sale (see note 7)	(106,174)	–	–	–	(106,174)
Exchange rate movements	(11,872)	(370)	(2,355)	(913)	(15,510)
Closing balance at December 31, 2011	**2,395,597**	**53,725**	**206,808**	**111,537**	**2,767,667**
Cost or valuation	4,165,165	65,868	206,808	303,781	4,741,622
Accumulated depreciation	(1,769,568)	(12,143)	–	(192,244)	(1,973,955)
Net	**2,395,597**	**53,725**	**206,808**	**111,537**	**2,767,667**

(i) The caption "Other" mainly includes office equipment and motor vehicles.
(ii) The depreciation charge for network equipment is recorded under the caption "Cost of sales" and the depreciation charge for Land and Buildings and Other is recorded under the caption "General and administrative expenses".
(iii) The change in the composition of the Group corresponded to the acquisition of Honduras, Navega and other minor investments.
(iv) The net carrying amount of network equipment under finance leases at December 31, 2010, mainly comprising towers, was $41 million.
(v) From January 1, 2010 the estimated useful life of network towers and civil works was changed from 10 to 15 years.

Borrowing costs capitalized for the year ended December 31, 2011 were not significant (2010: not signifcant).

17. Property, Plant and Equipment (Continued)

The following table provides details of cash used for the purchase of property, plant and equipment:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Additions	803,273	693,494	770,448
Additions from discontinued operations	(20)	(16,223)	(79,072)
Subtotal	**803,253**	**677,271**	**691,376**
Change in suppliers advances	(2,639)	(12,072)	(77,539)
Change in capex accruals and payables	(63,004)	22,480	162,421
Vendor financing and finance leases (see note 31)	(37,929)	(90,779)	(45,399)
Capitalized interests	–	–	(4,294)
Cash used from continuing operations for purchase of property, plant and equipment	**699,681**	**596,900**	**726,565**

18. Investments in Associates

As at December 31, 2011 Millicom's investment in associates amounted to $63 million representing 40% interests in Helios Towers Tanzania, Helios Towers DRC and ATC Colombia B.V. acquired during the year, and Helios Towers Ghana (see note 7) (2010: including $17 million representing a 40% interest in Helios Towers Ghana).

19. Non-Current Pledged Deposits

As at December 31, 2011, non-current pledged deposits amounted to $49 million (2010: $50 million) and mainly related to security over financing of Millicom's operation in Chad (see note 27).

20. Trade Receivables, Net

	2011 US$ '000	2010 US$ '000
Gross trade receivables	348,870	304,999
Less: provisions for impairment of receivables	(71,926)	(51,741)
Trade receivables, net	**276,944**	**253,258**

The nominal value less impairment of trade receivables is assumed to approximate their fair values (see note 35).

As at December 31, 2011 and 2010, the ageing analysis of trade receivables is as follows:

		Past due (net of impairments)			
	Neither past due nor impaired	<30 days	30–90 days	>90 days	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
2011					
Telecom operators	73,381	30,670	20,914	792	125,757
Own customers	70,568	14,558	13,298	2,996	101,420
Others	34,126	9,337	6,071	233	49,767
Total	**178,075**	**54,565**	**40,283**	**4,021**	**276,944**

		Past due (net of impairments)			
	Neither past due nor impaired	<30 days	30–90 days	>90 days	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
2010					
Telecom operators	68,929	30,244	38,340	28	137,541
Own customers	50,339	16,088	6,510	337	73,274
Others	33,508	4,997	3,938	–	42,443
Total	**152,776**	**51,329**	**48,788**	**365**	**253,258**

21. Other Current Assets

Other current assets are comprised as follows:

	2011 US$ '000	2010 US$ '000
Value added tax receivables	11,402	9,319
Pledged deposits	297	7,261
Escrow accounts (see note 28)	3,972	11,730
Related party receivables	76,677	–
Other	54,267	47,001
Total other current assets	**146,615**	**75,311**

22. Cash and Cash Equivalents

Cash and cash equivalents are comprised as follows:

	2011 US$ '000	2010 US$ '000
Cash and cash equivalents in U.S. dollars	509,882	571,158
Cash and cash equivalents in other currencies	351,744	452,329
Restricted cash	19,653	–
Total cash and cash equivalents	**881,279**	**1,023,487**

Cash balances are diversified among leading international banks and in domestic banks within the countries where we operate.

23. Share Capital

Share capital and share premium

The authorized share capital of the Company totals 133,333,200 registered shares (2010: 133,333,200). As at December 31, 2011, the total subscribed and fully paid-in share capital and premium was $663 million (2010: $682 million) consisting of 104,939,217 (2010: 109,053,120) registered common shares at a par value of $1.50 (2010: $1.50) each.

The following table summarizes movements in issued share capital for the years ended December 31, 2011 and 2010:

	2011 number of shares	2010 number of shares
Issued share capital as of January 1	**109,053,120**	**108,648,325**
Exercise of share options(i)	39,622	145,305
Shares to employees and directors(i)	46,475	259,490
Total issuance of shares during the year	**86,097**	**404,795**
Cancellation of shares during the year	**(4,200,000)**	**–**
Issued share capital as of December 31	**104,939,217**	**109,053,120**

(i) In addition, 6,179 of share options and 186,681 of restricted shares were issued from treasury shares during 2011.

The Company repurchased 4,646,241 shares for $498 million under a share buy-back program in 2011 (2010: 3,253,507 shares for $300 million).

The Company reduced its issued share capital by $6 million in 2011, by way of cancellation of 4.2 million shares having a par value of $1.50 each, previously held as treasury shares.

24. Share Based Compensation

Share options

Until May 30, 2006, share options were granted to directors, senior executives, officers and selected employees. The exercise price of the granted options was equal to or higher than the market price of the shares on the date of grant. The options were conditional on the employee or director completing one to five years service (the vesting period). The options were exercisable starting from one year to five years from the grant date. The options have a contractual option term of six years from the grant date for employees and of twenty years for directors (amended in 2005). Share options grants for directors prior to 2005 had an indefinite life. Shares issued when share options are exercised have the same rights as common shares.

The following table summarizes information about share options outstanding and exercisable at December 31, 2011. The market price of the Company's shares as at December 31, 2011 was the SEK equivalent of $100.20 (2010: $95.60).

	Options outstanding		Options exercisable	
Range of exercise price $	Weighted average exercise price	Number outstanding at December 31, 2011	Weighted average exercise price	Number outstanding at December 31, 2011
20.56	20.56	35,000	20.56	35,000
25.05–29.75	26.93	33,332	26.93	33,332
31.88–35.91	35.16	66,664	35.16	66,664
20.56–35.91	**29.34**	**134,996**	**29.34**	**134,996**

Share options outstanding at the end of the year have the following expiry dates, exercise prices and terms:

Date issued	Number of options outstanding as at December 31, 2011	Exercise price $	Terms
May 1996, May 1997, May 1998, May 2000 and May 2004	99,996	25.05–35.91	Exercisable immediately. Options have an indefinite life.
May 2005	35,000	20.56	Exercisable immediately. Options have a twenty year life.

The following table summarizes the Company's share options as of December 31, 2011, 2010 and 2009, and changes during the years then ended:

	2011		2010		2009	
	Average exercise price in $ per share	Number of options	Average exercise price in $ per share	Number of options	Average exercise price in $ per share	Number of options
Outstanding at beginning of year	29.06	183,797	26.21	329,788	24.23	494,120
Expired/forfeited	20.56	(3,000)	25.05	(686)	18.73	(25,108)
Exercised	28.80	(45,801)	22.58	(145,305)	20.53	(139,224)
Outstanding at end of year	**29.34**	**134,996**	**29.06**	**183,797**	**26.21**	**329,788**
Exercisable at end of year	**29.34**	**134,996**	**29.06**	**183,797**	**28.20**	**243,946**

In May 2006 at the Annual General Meeting, it was agreed to accelerate the vesting period for share options held by the directors from three years to one year to correspond to the directors' one-year term in office. It was also agreed to change the term of the share options so that they no longer expire when a director is no longer a member of the Board. In addition, the directors entered into an agreement with Millicom, whereby if Millicom is subject to a change of control the directors' share options will vest immediately and the restricted shares will become unrestricted upon the change of control.

24. Share Based Compensation (Continued)

Restricted share grants

Starting on May 30, 2006, the grant of options was replaced by the grant of restricted shares whereby these shares cannot be sold or transferred for 12 months. No grants of restricted shares were made in 2011.

Grants to directors in 2010 were as follows:

	Number of shares	Share price at date of grant	2010 Expense (US$ '000)
Directors	**5,277**	**$81.91**	**432**

Compensation expense for the total number of shares awarded in 2010 to Directors was measured on the grant dates using Millicom's closing share price as quoted on the NASDAQ National Market on those dates.

Long-term incentive plans

2008

Long term incentive awards for 2008 ("2008 LTIPs") were approved by Millicom's Board of Directors on December 4, 2007. The awards consisted of a performance shares plan and a matching share award plan. Shares granted under the performance share plan vested at the end of a three year period, on meeting a performance condition related to Millicom's "earnings per share" ("EPS"). The achievement of a certain level of this condition, measured at the end of the three year period, resulted in the vesting of a specific percentage of shares to each employee in the plan.

The matching share award plan requires employees to invest in shares of the Company in order to be eligible for matching shares. Shares awarded under this plan vested at the end of a three year period, on meeting market conditions that are based on the "total shareholder return" ("TSR") of Millicom's shares compared to the TSR of a peer group of companies during the three-year period of the plan. A fair value per share was determined and applied to the total potential number of matching shares and was expensed over the vesting period.

In 2011, 148,585 shares were issued under the 2008 performance shares plan and 28,795 shares issued under the matching share award plan. There are no more shares to be issued under the 2008 LTIPs.

The total charge for the 2008 LTIPs of $25 million was recorded over the service period including $20 million in 2010 when conditions connected to the plans previously not expected to be met, were fulfilled (2008 to 2010).

2009

Long term incentive awards for 2009 ("2009 LTIPs") were approved by Millicom's Board of Directors on June 16, 2009. The 2009 LTIPs consist of a deferred share awards plan and a performance shares plan.

Shares granted under the deferred plan are based on past performance and vested 16.5% on each of January 1, 2010 and January 1, 2011 and 67% on January 1, 2012.

Shares granted under the performance plan vest at the end of a three year period, 50% subject to a market condition that is based on the TSR of Millicom compared to the TSR a peer group of companies during the three-year period of the plan, and 50% subject to a performance condition, based on EPS. A fair value per share subject to the market condition was determined and applied to the total potential number of performance shares, to be expensed over the vesting period.

In 2011, 3,804 shares were issued under the 2009 performance shares plan and 26,023 shares issued under the deferred share plan.

The total charge for the 2009 LTIPs of $11 million was recorded over the service period (2009 to 2011).

2010

Long term incentive awards for 2010 ("2010 LTIPs") were approved by Millicom's Board of Directors on November 27, 2009. The 2010 LTIPs consist of a deferred share awards plan and a performance shares plan, the mechanisms of which are the same as the 2009 LTIPs.

In 2011, 706 shares were issued under the 2010 performance shares plan and 25,243 shares issued under the deferred share plan.

The total charge for the 2010 LTIPs was estimated as of December 31, 2011 at $15 million, and is being recorded over the service period (2010 to 2012).

24. Share Based Compensation (Continued)

2011
Long term incentive awards for 2011 ("2011 LTIPs") were approved by Millicom's Board of Directors on February 1, 2011. The 2011 LTIPs consist of a deferred share awards plan and a performance shares plan, the mechanisms of which are the same as the 2009 LTIPs.

Shares granted under the deferred share awards plan are based on past performance and vest 16.5% on each of January 1, 2012 and January 1, 2013 and 67% on January 1, 2014.

Shares granted under the performance plan vest at the end of the three year period, subject to performance conditions, 50% based on Return on Capital Investment (ROIC) and 50% based on EPS. Prior to September 2011, the vesting conditions were 50% based on EPS and 50% on a market condition that was based on the ranking of the TSR of Millicom compared to the FTSE Global Telecoms Index adjusted to add three peer companies ("Adjusted Global Telecoms Index"). As this index was discontinued during 2011, the Compensation Committee approved the replacement of this condition with the ROIC condition. As a result the total estimated charge of the 2011 LTIPs increased from $19 million to $ 20 million.

In 2011, no shares were issued under either the deferred share awards plan or the performance shares plan.

The total charge for the 2011 LTIPs was estimated as of December 31, 2011 at $20 million, and is being recorded over the service period (2011 to 2013).

The number of share awards expected to vest under the long term incentive plans is as follows:

	Performance shares 2011	Deferred share awards 2011	Performance shares 2010	Deferred share awards 2010	Performance shares 2009	Deferred share awards 2009
Plan share awards	105,643	145,687	81,862	153,960	124,254	172,352
Share awards granted(i)	2,935	3,800	6,771	12,043	9,875	10,677
Revision for actual and expected forfeitures	(12,947)	(19,130)	(17,425)	(26,612)	(21,127)	(36,501)
Revision for expectations in respect of performance conditions	–	–	–	–	–	–
Shares issued	–	–	(706)	(25,243)	(4,416)	(53,337)
Share awards expected to vest	**95,631**	**130,357**	**70,502**	**114,148**	**108,586**	**93,191**

(i) Additional shares granted including consideration for the impact of the special dividends paid in 2011 and 2010 (see note 29)

Total share based compensation expense
Total share-based compensation for years ended December 31, 2011, 2010 and 2009 was as follows:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Share options	–	7	(46)
Restricted share grants	–	432	368
2006 LTIPs	–	–	(530)
2007 LTIPs	–	97	5,142
2008 LTIPs	–	20,467	167
2009 LTIPs	3,330	3,461	5,074
2010 LTIPs	5,289	6,254	–
2011 LTIPs	8,645	–	–
Total share based compensation expense	**17,264**	**30,718**	**10,175**

25. Put Option Reserve
On July 1, 2010, in exchange for an unconditional 5 year call option, the Company granted to its non-controlling interest in our operation in Honduras a 5 year conditional put option over his 33.3% shareholding. A put option reserve in the amount of $737 million was recognised representing the present value of the redemption price of the put option at that date.

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26. Other Reserves

	Legal reserve US$ '000	Equity-settled transaction reserve US$ '000	Hedge reserve US$ '000	Currency translation reserve US$ '000	Total US$ '000
As at January 1, 2009	**15,365**	**30,726**	**–**	**(93,265)**	**(47,174)**
Transfer from retained profits	880	–	–	–	880
Shares issued via the exercise of share options	–	(888)	–	–	(888)
Share-based compensation	–	9,807	–	–	9,807
Issuance of shares–2006, 2007 and 2009 LTIPs	–	(13,891)	–	–	(13,891)
Currency translation movement	–	–	–	(13,664)	(13,664)
As at December 31, 2009	**16,245**	**25,754**	**–**	**(106,929)**	**(64,930)**
Transfer from retained profits	53	–	–	–	53
Shares issued via the exercise of share options	–	(816)	–	–	(816)
Share-based compensation	–	30,286	–	–	30,286
Issuance of shares–2007, 2008, 2009 and 2010 LTIPs	–	(16,488)	–	–	(16,488)
Cash flow hedge reserve movement	–	–	(1,700)	–	(1,700)
Currency translation movement	–	–	–	(1,090)	(1,090)
As at December 31, 2010	**16,298**	**38,736**	**(1,700)**	**(108,019)**	**(54,685)**
Transfer from retained profits	61	–	–	–	61
Shares issued via the exercise of share options	–	(81)	–	–	(81)
Share-based compensation	–	17,264	–	–	17,264
Issuance of shares–2008, 2009, 2010 and 2011 LTIPs	–	(23,230)	–	–	(23,230)
Cash flow hedge reserve movement	–	–	(3,015)	–	(3,015)
Currency translation movement	–	–	–	(39,806)	(39,806)
As at December 31, 2011	**16,359**	**32,689**	**(4,715)**	**(147,825)**	**(103,492)**

Legal reserve

On an annual basis, if the Company reports a net profit for the year on a non-consolidated basis, Luxembourg law requires appropriation of an amount equal to at least 5% of the annual net profit to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

At the Company's Annual General Meeting in May 2011, the shareholders voted to transfer $61 thousand from retained profits to the legal reserve (May 2010: $53 thousand).

Equity-settled transaction reserve

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

Currency translation reserve

For the purposes of consolidating joint ventures, associates and subsidiaries with functional currencies other than US dollars, their statements of financial position are translated to US dollars using the closing exchange rate. Income statements accounts are translated to US dollars at the average exchange rates during the year. The currency translation reserve includes foreign exchange gains and losses arising from the translation of financial statements.

27. Borrowings

Borrowings due after more than one year:

	2011 US$ '000	2010 US$ '000
Debt and financing:		
8% Senior Notes	436,679	435,279
Bank financing	1,411,340	1,477,680
Non-controlling shareholders	264,427	308,162
Vendor financing	42,911	49,211
Finance leases	137,764	41,235
Total non-current other debt and financing	**2,293,121**	**2,311,567**
Less: portion payable within one year	(476,269)	(514,995)
Total other debt and financing due after more than one year	**1,816,852**	**1,796,572**

Borrowings due within one year:

	2011 US$ '000	2010 US$ '000
Debt and financing:		
Bank financing	121,134	36,876
Vendor financing	6,462	3,593
Finance leases	17,561	–
Total current other debt and financing	**145,157**	**40,469**
Portion of non-current debt payable within one year	476,269	514,995
Total other debt and financing due within one year	**621,426**	**555,464**

The following table provides details of net debt change for the years 2011, 2010 and 2009:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Net debt at the beginning of the year	**1,268,219**	**722,935**	**1,483,831**
Cash items			
Proceeds from issuance of debt and other financing	703,073	1,147,585	627,872
Repayment of debt and other financing	(791,940)	(1,396,997)	(506,588)
Net (increase) decrease in cash and cash equivalents	142,208	487,675	(836,967)
(Purchase) disposal of time deposits	2,837	46,953	(50,061)
(Purchase) disposal of pledged deposits	8,683	2,462	(45,652)
Non-cash items			
Vendor financing and finance leases (see note 31)	37,929	90,779	45,399
Interest accretion	47,507	31,825	20,908
Debt acquired in acquisition of subsidiaries	–	–	25,962
Other	108,483	77,249	(95,637)
Exchange movement on debt and other financing	(19,937)	57,753	53,868
Net debt at the end of the year	**1,507,062**	**1,268,219**	**722,935**

Net debt includes interest bearing loans and borrowings, less cash and cash equivalents and pledged and time deposits related to bank borrowings.

27. Borrowings (Continued)

10% Senior notes
On September 9, 2010, Millicom announced early and fully redemption of its 10% Senior Notes. The 10% Senior Notes were repurchased on November 30, 2010 for $490 million representing $459 million of principal, $23 million of interest to December 1, 2010 and $8 million early redemption penalty.

These notes were initially issued in aggregate principal amount of $550 million on November 24, 2003, due on December 1, 2013, of which $90 million were repurchased in 2007. The 10% Senior Notes were bearing interest at 10% per annum, payable semi-annually in arrears on June 1 and December 1.

Other debt and financing
Millicom's share of total other debt and financing analyzed by operation is as follows:

	2011 US$ '000	2010 US$ '000
Colombia(i)	543,412	522,994
El Salvador(ii)	436,679	435,279
Honduras(iii)	258,383	207,277
Tanzania(iv)	197,270	207,086
Guatemala(v)	221,364	163,631
Ghana(vi)	118,426	158,183
Cable Central America(vii)	131,834	133,816
Chad(viii)	107,767	107,227
Paraguay(ix)	98,222	105,700
Bolivia(x)	70,831	99,085
DRC(xi)	96,343	94,151
Other	157,747	117,607
Total other debt and financing	**2,438,278**	**2,352,036**
Of which:		
Due after more than 1 year	1,816,852	1,796,572
Due within 1 year	621,426	555,464

Significant individual financing facilities are described below:

(i) Colombia
In March 2008, Colombia Móvil S.A. E.S.P ("Colombia Móvil"), Millicom's operation in Colombia, entered into a COP391 billion, 5 year facility with a club of Colombian banks. This facility bears interest at Deposits to Fixed Terms ("DTF") plus 4.5% and is 50% guaranteed by the Company. As at December 31, 2011, $93 million (2010: $176 million) was outstanding on this facility.

Colombia Móvil S.A. E.S.P. also had local currency loans from its non-controlling shareholders outstanding as at December 31, 2011 of $264 million (2010: $308 million). These loans bear interest at DTF plus 4.15% and mature between 2014 and 2015.

In addition, as at December 31, 2011 Colombia Móvil S.A. E.S.P. had $116 million (2010: $39 million) of other debt and financing, in US$ and local currency as well as finance lease payables of $52 million relating to lease of tower space from ATC Sitios Infraco S.A.S.

(ii) El Salvador
On September 23, 2010, Telemóvil Finance Co. Ltd., a fully owned subsidiary of Millicom in the Cayman Islands issued $450 million aggregate principal amount of 8% Senior Unsecured Guaranteed Notes (the "8% Senior Notes") due on October 1, 2017. The 8% Senior Notes were issued for $444 million representing 98.68% of the aggregate principal amount. Distribution and other transaction fees of $9 million reduced the total proceeds from issuance to $435 million. The 8% Senior Notes have an 8% per annum coupon with an 8.25% yield and are payable semi-annually in arrears on April 1 and October 1. The effective interest rate is 8.76%.

The 8% Senior Notes are general unsecured obligations of Telemóvil Finance Co. Ltd and rank equal in right of payment with all future unsecured and unsubordinated obligations of Millicom. The 8% Senior Notes are guaranteed by Telemóvil El Salvador, S.A., a Millicom subsidiary.

27. Borrowings (Continued)

Telemóvil Finance Co. Ltd has options to partially or fully redeem the 8% Senior Notes as follows:

(i) Full or partial redemption at any time prior to October 1, 2014 for 100% of the principal to be redeemed, or the present value of the remaining scheduled payments of principal to be redeemed and interest, whichever is higher.

(ii) Full or partial redemption at any time on or after October 1, 2014 for the following percentage of principal to be redeemed, plus accrued and unpaid interest and all other amounts dues, if any:

October 1, 2014	104%
October 1, 2015	102%
October 1, 2016	100%

(iii) Redemption of up to 35% of the original principal of the 8% Senior Notes if, prior to October 1, 2013, Telemóvil El Salvador receives proceeds from issuance of shares, at a repurchase price of 108% of the principal amount to be redeemed plus accrued and unpaid interest and all other amounts due, if any, on the redeemed notes.

If either Millicom, Telemóvil Finance Co. Ltd or Telemóvil El Salvador, S.A. experience a Change of Control Triggering Event, defined as a rating decline resulting from a change in control, each holder will have the right to require repurchase of its notes at 101% of their principal amount plus accrued and unpaid interest and all other amounts due, if any.

In September 2006, Telemóvil El Salvador S.A., Millicom's operation in El Salvador, entered into a $200 million 5 year loan. The loan was syndicated amongst a group of local and international banks and was arranged by ABN AMRO, Citigroup and Standard Bank. The loan bears interest at $ LIBOR plus 1.75%. This loan was fully repaid in 2010.

In December 2008, Telemóvil El Salvador S.A., entered into a $12 million 2 year loan with Banco Agrícola Comercial S.A. The loan bears interest at $ LIBOR plus 6%. This loan was fully repaid in 2010.

In December 2009, El Salvador entered into a 2 year loan with Scotiabank, bearing interest at $ LIBOR plus 5.0%. This loan was fully repaid in 2010.

(iii) Honduras
Telefonica Celular S.A., Millicom's operation in Honduras, has facilities with several local and international banks maturing between 2012 and 2016. These facilities are in dollars and in Lempiras and are unsecured. Interest rates are either fixed or variable, ranging as of December 31, 2011 between 4% and 11% (2010: between 6.25% and 16.5%). As at December 31, 2011, the amount of outstanding debt under these facilities was $258 million.

(iv) Tanzania
In December 2008, Millicom Tanzania Limited, Millicom's operation in Tanzania entered into facilities totaling $228 million comprising of a 5 year local currency syndicated tranche for TZS95 billion at the 180 days treasury Bill rate plus 3%, a seven year $116 million EKN guaranteed financing with 45% of the facility fixed at 4.1% and 55% of the facility at $ LIBOR plus 0.665% and a seven year $40 million tranche with Proparco at $ LIBOR plus 2.5%. All tranches are 100% guaranteed by the Company. As at December 31, 2011, the amount outstanding under these facilities was $155 million (2010: $200 million).

In March 2007, Millicom Tanzania Limited entered into a 5 year Citi-Opic facility, bearing interest at a rate of $ LIBOR plus 2.5%, composed of a $17.4 million $ Tranche and a Tranche in local currency up to the equivalent of $5 million. The outstanding US$ amount under these facilities as at December 31, 2011 amounted to $2 million (2010: $7 million).

In December 2010, the operation signed a sale and lease-back agreement with Helios Towers Tanzania, a direct subsidiary of Helios Towers Africa, for most of its cell sites, to be transferred to Helios Towers in 2011 and 2012. As at December 31, 2011, $40 million was outstanding on the finance lease as part of the lease back agreement.

(v) Guatemala
In 2011 Comcel and its sister companies Asesoria en Telecomunicaciones S.A. (Asertel), Distribuidora Central de Comunicaciones, S.A. (COCENSA), Distribuidora Internacional de Comunicaciones, S.A. (INTERNACOM) and Distribuidora de Comunicaciones de Occidente, S.A. (COOCSA) entered into a $215 million syndicated loan with Citibank, Scotiabank, Banco General, RBC and HSBC which was fully disbursed in 2011, Millicom's share of the facility at December 31, 2011 amounted to $118 million.

27. Borrowings (Continued)

As at December 31, 2011, Comcel had financing of $27 million (Millicom's share of outstanding debt) with Citibank bearing a fixed rate of 4.40% (2010: $28 million), and $70 million with Bancolombia and Blue Tower maturing between 2012 and 2017 bearing a floating interest rate between 5.00% and 5.06% (2010: $71 million) and other financing with local banks of the equivalent of $6 million (2010: nil).

Comcel also had another 5 year facility with IFC for $100 million, bearing interest at $ LIBOR plus 4.50%. This loan was fully repaid during 2011 (2010: $64 million).

(vi) Ghana

In December 2007 Millicom (Ghana) Limited, Millicom's operation in Ghana, entered into a $60 million local 5 year Facility. The loan bears interest at $ LIBOR plus 2%. In parallel a $80 million offshore 7 year DFI (Development Finance Institution) financing which bears interest at $ LIBOR plus 2.25% was arranged. As at December 31, 2011, $72 million (2010: $102 million) was outstanding under these facilities.

In December 2009 the operation entered into a 3.5 year $22 million Ericsson arranged financing with EKN and Nordea priced at $ LIBOR + 0.85% fully guaranteed by the Company. As at December 31, 2011, $19 million was outstanding under this facility (2010: $15 million).

In January 2010, the operation signed a sale and lease-back agreement with Helios Towers Ghana, a direct subsidiary of Helios Towers Africa, for most of its cell sites, to be transferred to Helios Towers in 2010 and 2011. As at December 31, 2011, $27 million was outstanding on the finance lease as part of the lease back agreement (2010: $41 million).

(vii) Cable Central America

In September 2009, Millicom Cable N.V., a subsidiary of the Company, refinanced with a 2 year, $250 million senior term loan facility fully guaranteed by the Company with Standard Bank, RBS, Nordea, DnB Nor, and Morgan Stanley. This loan agreement is allocated to the three main Amnet operating entities in Costa Rica, El Salvador, and Honduras. The loan bore interest for the first six months at $ LIBOR plus 4.5%, for months seven to twelve at $ LIBOR plus 4.75% and thereafter the margin increases by an incremental 25 basis points per quarter.

During the course of 2010 Millicom's cable businesses in Honduras and Costa Rica obtained financing under a $105 million 7 year club deal fixed rate facility with HSBC, Bancocolombia and Citibank bearing interest at 6.7% in Costa Rica and a $30 million 7 year bilateral fixed rate financing from Banco Industrial bearing interest at 7% in Honduras. As at December 31, 2011, $99 million was outstanding under the facility in Costa Rica (2010: $104 million) and $33 million for the facility in Honduras (2010: $29 million).

(viii) Chad

In May and August 2007, Millicom's operation in Chad signed respectively a $31 million 5 year Facility with China Development Bank bearing interest at $ LIBOR +2% and a Euro15 million 5 year Facility with Proparco bearing interest at Euribor +2%. As at December 31, 2011 $3 and $4 million respectively (2010: $13 and $8 million respectively) were outstanding under these facilities, both guaranteed by the Company.

In May 2009, Millicom Chad entered into a XAF6 billion 5 year Facility co-arranged by Societe Generale Cameroun and Financial Bank priced at a fixed interest rate of 7%, fully guaranteed by the Company. At the same date, Millicom Chad signed a XAF21 billion 5 year Subordinated Facility with Societe Generale Tchad with interest at TIAO +1.85% and guaranteed by Nordea. This guarantee is secured by a pledged deposit of $44 million by the Company (see note 19). As at December 31, 2011 $12 and $41 million respectively were outstanding under these facilities (2010: $12 million and $43 million respectively).

In December 2009 the operation signed a XAF9.25 billion 5 year fixed rate financing with the IFC bearing interest at 8%. This facility is guaranteed by Millicom. As at December 31, 2011 the amount outstanding under this facility was $17 million (2010: $18 million).

In January 2010 the operation entered into a 3 year deferred payment agreement with Huawei for $50 million, guaranteed by Millicom and bearing interest at LIBOR +3.75%. As at December 31, 2011 the amount outstanding under this agreement was $15 million (2010: $13 million).

27. Borrowings (Continued)

In July 2010, Millicom Chad signed a XAF 8 billion 5 year Facility co-arranged by Proparco and BICEC (Banque Internationale du Cameron pour l'Epargne et Le Credit) at a fixed interest rate of 8%, guaranteed by Millicom. As at December 31, 2011 the amount outstanding under this facility was $15 million (2010: nil).

(ix) Paraguay
In July 2008, Telefonica Cellular Del Paraguay S.A. (Telecel), Millicom's operation in Paraguay entered into a $107 million, 8 year loan with the European Investment Bank ("EIB"). The loan bears interest at rates between $ LIBOR plus 0.234% and $ LIBOR plus 0.667%. The outstanding amount as at December 31, 2011 was $95 million (2010: $100 million). The EIB loan is guaranteed for commercial risks by a group of banks. The commission guarantee fee is 1.25% per annum.

In addition as at December 31, 2011, Telecel had $3 million (2010: $6 million) of other debt and financing outstanding.

(x) Bolivia
In December 2007, Telefonica Celular de Bolivia SA ("Telecel Bolivia"), Millicom's operation in Bolivia, signed a financing agreement for $40 million with the Nederlandse Financieringsmaatschappij Voor Ontwikkelingslanden, N.V. (FMO), also known as the Netherlands Development Finance Company. The A tranche of $20 million was provided directly by the FMO, is repayable over 7 years and bears interest at $ LIBOR plus 2.25%. The B tranche of $20 million is provided equally by Nordea and Standard Bank, is repayable over 5 years and bears interest at $ LIBOR plus 2%. Both tranches are guaranteed by the Company. As of December 31, 2011, $16 million of this financing agreement was outstanding (2010: $25 million).

In March 2008, Telecel Bolivia signed a 4 year and 9 months financing agreement for $30 million with International Finance Corporation. The loan bears interest at $ LIBOR plus 2% and is fully guaranteed by the Company. As of December 31, 2011, $8 million of this financing agreement was outstanding (2010: $17 million).

In addition to the above, Telecel Bolivia had $46 million of other debt and financing outstanding as at December 31, 2011 (2010: $44 million). This additional debt comprises seven bilateral loans in local currency bearing a fixed rate ranging from 4.5% to 6.5% and maturing between December 2012 and December 2016.

During 2011 supplier financing from Huawei (at interest rates of $ LIBOR plus 2%) and FPLT amounting to $13 million was repaid.

(xi) Democratic Republic of Congo
In September 2006, Oasis S.P.R.L. ("Oasis"), Millicom's operation in the Democratic Republic of Congo, entered into a $106 million, 7 year loan from the China Development Bank to finance equipment purchases from Huawei. The loan bears interest at $ LIBOR plus 2% and is repayable over 17 equal quarterly installments commencing in 2009. This financing is 100% guaranteed by the Company. As of December 31, 2011, $35 million was outstanding under this facility (2010: $55 million).

In September 2009, Oasis entered into a 7 year $80 million financing with the IFC guaranteed by Millicom and bearing interest at LIBOR +5%. As at December 31, 2011 the outstanding amount under this facility was $28 million (2010: $17 million).

In addition at December 31, 2011, Oasis had other debt and financing of $33 million (2010: $22 million), mainly consisting of $17 million of finance leases related to towers and $16 million of vendor financing from Huawei, bearing interest at Libor + 3% and guaranteed by Millicom.

Fair value of financial liabilities
Borrowings are recorded at amortized cost. The fair value of borrowings as at December 31, 2011 and 2010 is as follows:

	2011	2010
Other debt and financing	2,262,974	2,246,644
Fair value of total debt	**2,262,974**	**2,246,644**

When the quoted price of the borrowings in an active market is not available, the fair value of the borrowings is calculated by discounting the expected future cash flows at market interest rates.

The nominal value of the other financial liabilities is assumed to approximate their fair values (see note 35).

27. Borrowings (Continued)

Guarantees

In the normal course of business, Millicom has issued guarantees to secure some of the obligations of some of its operations under bank and supplier financing agreements. The tables below describe the outstanding amount under the guarantees and the remaining terms of the guarantees as of December 31, 2011 and 2010. Amounts covered by bank guarantees are recorded in the consolidated statements of financial position under the caption “Other debt and financing” and amounts covered by supplier guarantees are recorded under the caption “Trade payables” or “Other debt and financing” depending on the underlying terms and conditions.

As of December 31, 2011

	Bank and other financing guarantees(i)	
Terms	Outstanding exposure	Maximum exposure
0–1 year	29,522	105,088
1–3 years	230,855	383,124
3–5 years	271,995	354,565
More than 5 years	186,065	225,210
Total	**718,437**	**1,067,987**

As of December 31, 2010

	Bank and other financing guarantees(i)	
Terms	Outstanding exposure	Maximum exposure
0–1 year	–	6,200
1–3 years	360,084	472,231
3–5 years	220,079	293,424
More than 5 years	182,165	265,710
Total(ii)	**762,328**	**1,037,565**

(i) The guarantee ensures payment by the guarantor of outstanding amounts of the underlying loans in the case of non-payment by the obligor.

(ii) Including discontinued operations.

Pledged assets

The Group’s share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees issued by the Company as at December 31, 2011 is $1,384 million (2010: $1,380 million). The assets pledged by the Group for these debts and financings at the same date amount to $383 million (2010: $411 million) of which $335 million (2010: $360 million) were pledged over property, plant and equipment.

28. Other Non-Current and Current Provisions and Liabilities

Provisions and other non-current liabilities are comprised as follows:

	2011 US$ ’000	2010 US$ ’000
Non-current legal provisions (note 32)	5,658	6,416
Long-term portion of asset retirement obligations	51,223	61,473
Long-term portion of deferred income on tower deals	50,914	7,864
Other	5,818	4,014
Total	**113,613**	**79,767**

27. Borrowings (Continued)

Provisions and other current liabilities are comprised as follows:

	2011 US$ '000	2010 (As Restated) US$ '000
Put option(i)	745,145	769,378
Deferred revenues	133,326	111,169
Customer deposits	22,171	12,242
Current legal provisions (note 32)	1,738	2,314
Other tax payables	69,799	87,541
Current provisions(ii)	15,147	21,067
Derivative financial instruments	14,884	–
Customer and distributor cash balances (Tigo cash)	19,152	2,044
Other	27,118	6,080
Total	**1,048,480**	**1,011,835**

(i) Restatement – see note 4

(ii) Includes tax and other contingencies for $4 million (2010: $12 million) that were assumed as part of the Amnet and Navega acquisitions. The former shareholders of Amnet and Navega placed in escrow $35 million and $3 million respectively to cover these contingencies. Therefore a corresponding financial asset of $4 million (2010: $12 million) has been recorded within "Other current assets".

Put option

On July 1 2010, Millicom reached an agreement with its local partner in Honduras whereby Millicom's local partner granted Millicom an unconditional call option for a duration of five years for his 33% stake in Celtel, the Honduran operation (see notes 5 and 35). At the same time, and as consideration for the call option, Millicom granted a put option for the same duration to its local partner. The put option can only be exercised in cases of a change of control of Millicom International Cellular S.A. or Millicom's subsidiary that holds the shares in Celtel (except if the change of control is in favor of Investment AB Kinnevik, the current largest shareholder of Millicom, or management of Millicom).

A change of control event may occur at Millicom level which is beyond the control of Millicom. Such an event would trigger the ability of our local partner to exercise his put option at his discretion. Therefore, the put option is a financial liability as defined in IAS 32 and Millicom has recorded a current liability for the present value of the redemption price of the put option of $745 million at December 31, 2011 (2010: $769 million).

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

29. Dividends

On December 2, 2011 an extraordinary dividend of $3.00 per share from Millicom's retained profits as at December 31, 2010 was approved at an Extraordinary General Meeting and distributed in December 2011.

On May 31, 2011 a dividend distribution of $1.80 per share from Millicom's retained profits as at December 31, 2010 was approved by the shareholders at the Annual General Meeting and distributed in June 2011.

On May 25, 2010 an ordinary dividend of $1.40 per share and a special dividend of $4.60 per share from Millicom's retained profits as at December 31, 2009 were approved by the shareholders and distributed in June 2010.

30. Directors' and officers' remuneration

Directors

The remuneration of the members of the Board of Directors of the Company comprises an annual fee. Between May 2006 and May 2010 the Directors remuneration also included share based compensation (restricted shares) and until May 2006 Directors were issued share options. Director remuneration is proposed by the Nominations Committee and approved by the shareholders at the Annual General Meeting of Shareholders (the "AGM").

The remuneration charge for the Board for the years ended December 31, 2011, 2010 and 2009 was as follows:

	Chairman		Other members of the Board		Total
	No. of shares	US$ '000	No. of shares	US$ '000	US$ '000
2011					
Fees		203		697	900
Total		**203**		**697**	**900**
2010					
Fees		77		444	521
Share-based compensation:(i)					
Restricted shares(ii)	1,007	82	4,270	350	432
Total		**159**		**794**	**953**
2009					
Fees		106		584	690
Share-based compensation:(i)					
Restricted shares(ii)	1,441	81	5,111	287	368
Total		**187**		**871**	**1,058**

(i) See note 24.

(ii) Restricted shares cannot be sold for one year from date of issue

The number of shares and share options beneficially owned by the Directors as at December 31, 2011 and 2010 was as follows:

	Chairman	Other members of the Board	Total
2011			
Shares	2,318	19,560	21,878
Share options	–	10,000	10,000
2010			
Shares	2,318	73,158	75,476
Share options	–	35,000	35,000

Officers

The remuneration of the Officers of the Company ("Officers") comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. The bonus and share based compensation plans are based on actual performance (including individual and Group performance). Up until May 2006, the Officers were issued share options. Subsequent to May 2006, the Officers were issued restricted shares. Share-based compensation is granted once a year by the Compensation Committee of the Board. Since 2006, the annual base salary and other benefits of the Chief Executive Officer ("CEO") are proposed by the Compensation Committee and approved by the Board and the annual base salary and other benefits of the Chief Financial Officer ("CFO") and Chief Operating Officers ("COOs") are set by the CEO and approved by the Board.

On March 2, 2009, Millicom announced that the Board appointed Mikael Grahne, who has been the COO of Millicom since February 2002, to succeed Marc Beuls as President and CEO.

30. Directors' and Officers' Remuneration (Continued)

The remuneration charge for the Officers for the years ended December 31, 2011, 2010 and 2009 was as follows:

	Current Chief Executive Officer US$ '000	Former Chief Executive Officer US$ '000	Current Chief Financial Officer US$ '000
2011			
Base salary	1,323	–	676
Bonus	1,915	–	798
Pension	406	–	105
Other benefits	158		71
Total	**3,802**	**–**	**1,650**
Share-based compensation:(i)			
Shares issued/charge under long term incentive plans(ii)	2,862	–	1,267
2010			
Base salary	1,261	–	614
Bonus	1,823	–	624
Pension	385	–	112
Other benefits	178		74
Total	**3,647**	**–**	**1,424**
2009			
Base salary	1,380	2,349	625
Bonus	1,988	1,388	503
Other benefits	142	–	–
Total	**3,510**	**3,737**	**1,128**
Share-based compensation:(i)			
Shares issued/charge under long term incentive plans (ii)	1,598	(2,829)(iii)	129
Charge for share options	16	10	–

(i) See note 24.

(ii) Share awards of 34,937 and 14,814 were granted in 2011 under the 2011 LTIPs to the CEO and CFO. Share awards of 41,628 and 19,891 were granted in 2010 under the 2010 LTIPs to the CEO and CFO. Share awards of 35,011 and 13,323 were granted under the 2009 LTIPs to the CEO and CFO.

(iii) Reversal for non-vested shares of the former CEO, Marc Beuls.

The number of shares and unvested share awards beneficially owned by senior management as at December 31, 2011 and 2010 was as follows:

	Chief Executive Officer	Chief Financial Officer	Total
2011			
Shares	666,193	7,800	673,993
Share awards not vested	105,063	45,228	150,291
2010			
Shares	648,647	905	649,552
Share awards not vested	99,431	37,720	137,151

Severance payments
If employment of the executives is terminated by Millicom, severance payment of up to 12 months' salary is payable.

30. Directors' and Officers' Remuneration (Continued)

31. Non-Cash Investing and Financing Activities

The following table gives details of non-cash investing and financing activities for continuing operations for the years ended December 31, 2011, 2010 and 2009.

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Investing activities			
Acquisition of property, plant and equipment (see note 17)	(37,929)	(90,779)	(45,399)
Asset retirement obligations (see note 17)	(4,876)	16,683	(24,209)
Financing activities			
Vendor financing and finance leases (see note 17)	37,929	90,779	45,399
Share-based compensation (see note 24)	17,264	30,718	10,175

32. Commitments and Contingencies

Operational environment

Millicom has operations in emerging markets, namely Latin America and Africa, where the regulatory, political, technological and economic environments are evolving. As a result, there are uncertainties that may affect future operations, the ability to conduct business, foreign exchange transactions and debt repayments and which may impact upon agreements with other parties. In the normal course of business, Millicom faces uncertainties regarding taxation, interconnect, license renewal and tariff arrangements, which can have a significant impact on the long-term economic viability of its operations.

Litigation

The Company and its operations are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As of December 31, 2011, the total amount of claims against Millicom's operations was $127 million (December 31, 2010: $143 million) of which $1 million (December 31, 2010: $6 million) relate to joint ventures. As at December 31, 2011, $7 million (December 31, 2010: $9 million) has been provided for these claims in the consolidated statement of financial position. Management is of the opinion that while it is impossible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Group's financial position and operations.

Sentel GSM S.A. ("Sentel") license

The Sentel license to provide mobile telephony services in the Republic of Senegal has been challenged by the Senegalese authorities. As of today, Sentel continues to provide telephony services to its customers and effectively remains in control of the business. However, the government of the Republic of Senegal published on November 12, 2008 a decree dated as of 2001 that purports to revoke Sentel's license.

Sentel's twenty year license was granted in 1998 by a prior administration, before the enactment in 2002 of the Senegal Telecommunications Act. Although the current Senegalese government has, since 2002, acknowledged the validity of the Sentel license, it has also requested that Sentel renegotiate the terms of the license. Sentel has indicated its willingness to negotiate only certain enhancements to the license and data services and the extension of the duration of the license.

On November 11, 2008 Millicom International Operations B.V. (MIO B.V.), a wholly owned Millicom subsidiary and Sentel instigated arbitration proceedings with the International Center for the Settlement of Investment Disputes (ICSID) against the Republic of Senegal under provisions of the Sentel license and international law. MIO B.V. and Sentel seek compensation for the purported expropriation of the Senegal license and monetary damages for breach of the license.

On the same day, the Republic of Senegal instigated court proceedings in the Republic of Senegal against Millicom and Sentel and sought court approval for the revocation of Sentel's license and sought damages against Sentel and Millicom.

In July 2010, the ICSID panel ruled that it has jurisdiction over the claims brought by Sentel and MIO B.V., overruling the objections to ICSID's jurisdiction made by the Republic of Senegal. On November 10, 2010, the Republic of Senegal withdrew its action against Sentel and Millicom in the court proceedings in Senegal. A hearing on the merits of the case was held in December 2011, and a final decision on the case is expected in 2012.

30. Directors' and Officers' Remuneration (Continued)

Due to the nature of the dispute, the status of the process for arbitration proceedings, a lack of qualitative information from which to assess possible outcomes, and a lack of financial information, significant uncertainties exist as to the financial impact (if any) of the dispute. The uncertainties are such that, at the date of filing of these consolidated financial statements, it is not practicable to include a reasonable and accurate assessment of the possible financial effect of this dispute.

Lease commitments

Operating Leases:
The Group has the following annual operating lease commitments as of December 31, 2011 and 2010.

	2011 US$ '000	2010 US$ '000
Operating lease commitments		
Within: one year	62,480	63,375
Between: one to five years	157,843	235,195
After: five years	18,587	143,390
Total	**238,910**	**441,960**

Operating leases comprise mainly of lease agreements relating to land and buildings. The operating lease terms and conditions reflect normal market conditions. Total operating lease expense from continuing operations was $96 million in 2011 (2010: $83 million, 2009: $73 million–see note 11).

Finance leases:
The Group's future minimum payments on finance leases were $453 million at December 31, 2011 (2010: $120 million) and mainly comprised leased towers in Ghana, Tanzania, DRC and Colombia under 12 year leases (see note 17). Other financial leases are not material and mainly consist of lease agreements relating to vehicles used by the Group.

The Group has the following finance lease commitments as of December 31, 2011 and 2010.

	2011 US$ '000	2010 US$ '000
Finance lease commitments		
Within: one year	36,507	6,874
Between: one to five years	153,212	33,438
After: five years	263,303	79,430
Total	**453,022**	**119,742**

Capital commitments

As of December 31, 2011 the Company and its subsidiaries and joint ventures have fixed commitments to purchase network equipment, land and buildings and other fixed assets for a value of $370 million (2010: $207 million), of which $46 million (2010: $19 million) relate to joint ventures, from a number of suppliers.

In addition, Millicom is committed to supporting Colombia Móvil S.A., its operation in Colombia, through loans and warranties. The maximum commitment is $264 million and remains until the time the total support from Millicom equals the support from the founding shareholders of Colombia Móvil S.A.

Contingent assets

Due to late delivery by suppliers of network equipment in various operations, Millicom is entitled to compensation. This compensation is in the form of discount vouchers on future purchases of network equipment. The amount of vouchers received but not recognized as they had not yet been used as at December 31, 2011 was $0.2 million (2010: $1 million).

Dividends

The ability of the Company to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from Millicom's various operations. As at December 31, 2011, $94 million (December 31, 2010: $60 million) of Millicom's retained profits represent statutory reserves and are undistributable to owners of the Company.

32. Commitments and Contingencies (Continued)

Foreign currency forward contracts

As of December 31, 2011, the Group held foreign currency forward contracts to sell Colombian Pesos in exchange for United States Dollars for a nominal amount of $84 million (2010: $84 million). Net exchange losses on these forward contracts for the year were $2 million (2010: $15 million).

Ownership agreements with non-controlling shareholders

As of December 31, 2010 the agreement with the non-controlling shareholder to increase Millicom's ownership of its cable businesses in El Salvador from 55% to 100% was pending regulatory approval.

33. Related Party Transactions

The Company conducts transactions with its principal shareholder, Investment AB Kinnevik ("Kinnevik") and subsidiaries, and with tower companies in which it holds a direct or indirect equity interest in Ghana, DRC, Tanzania and Colombia. Transactions with related parties are conducted on normal commercial terms and conditions.

Kinnevik

The Company's principal shareholder is Kinnevik. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper industries and financial services. As of December 31, 2011 and 2010, Kinnevik owned approximately 36% of Millicom. During 2011 and 2010, Kinnevik did not purchase any Millicom shares. There are no loans made by Millicom to or for the benefit of these related parties.

During 2011 and 2010 the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

Helios Towers and American Towers

The Group acquired a 40% equity investment in the associate company Helios Towers Ghana in 2010 and in the associate companies Helios Towers DRC, Helios Towers Tanzania and ATC Colombia B.V. in 2011 ("Tower companies"). Millicom sold and leased back a portion of its tower assets in each of these countries and received related tower operation and management services (see note 7). The Group has future lease commitments in respect of the Tower companies (see note 32).

The following transactions were conducted with related parties:

	2011 US$ '000	2010 US$ '000	2009 US$ '000
Purchases of goods and services (Kinnevik)	5,958	4,000	1,000
Lease of towers and related services (Associates)	21,864	8,738	–
Gain on sale of towers (Associates)	54,419	7,521	–
Total	**82,241**	**20,259**	**1,000**

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

	2011 US$ '000	2010 US$ '000
Payables		
Finance lease payables	126,823	41,253
Other accounts payable	10,077	637
Total	**136,900**	**41,890**
Receivables from sale of towers	76,677	–

34. Financial Risk Management

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

Interest rate risk
Interest rate risk generally arises on borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to risk of changes in market interest rates relates to both of the above. To manage the risk, the Group's policy is to maintain a combination of fixed and floating rate debt with target for the debt to be equally distributed between fixed and variable rates. The Group actively monitors borrowings against target and applies a dynamic interest rate hedging approach. The target mix between fixed and floating rate debt is reviewed periodically. The purpose of Millicom's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy. At December 31, 2011, approximately 51% of the Group's borrowings are at a fixed rate of interest or for which variable rates have been swapped for fixed rates under interest rate swaps (2010: 36%).

To comply with internal policies, in January 2010 Millicom entered into an interest rate swap to hedge the interest rate risk of the floating rate debt in three different countries (Tanzania, DRC and Ghana). The interest rate swap was issued in January 2010 for a nominal amount of $100 million, with maturity January 2013.

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

The table below summarizes, as at December 31, 2011, our fixed rate debt and floating rate debt:

	Amounts due within						
	1 year	**1–2 years**	**2–3 years**	**3–4 years**	**4–5 years**	**>5 years**	**Total**
	(in thousands of US Dollars, except percentages)						
Fixed rate	261,840	118,930	134,273	97,007	45,742	584,489	1,242,281
Weighted average nominal interest rate	4.37%	6.02%	6.13%	5.66%	6.02%	8.85%	6.98%
Floating rate	359,586	194,066	191,260	193,967	198,659	58,459	1,195,997
Weighted average nominal interest rate	5.31%	5.50%	4.75%	6.27%	5.98%	2.17%	5.37%
Total	**621,426**	**312,996**	**325,533**	**290,974**	**244,401**	**642,948**	**2,438,278**
Weighted average nominal interest rate	4.91%	5.70%	5.32%	6.06%	5.99%	5.19%	6.97%

34. Financial Risk Management (Continued)

The table below summarizes, as at December 31, 2010, our fixed rate debt and floating rate debt:

	Amounts due within						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
	(in thousands of US Dollars, except percentages)						
Fixed rate	69,761	36,361	60,987	64,885	70,409	549,062	851,465
Weighted average nominal interest rate	5.69%	6.19%	6.35%	5.89%	6.66%	8.81%	7.87%
Floating rate	485,703	334,637	193,167	246,496	155,378	85,190	1,500,571
Weighted average nominal interest rate	7.25%	6.25%	6.39%	6.29%	6.70%	4.55%	6.55%
Total	**555,464**	**370,998**	**254,154**	**311,381**	**225,787**	**634,252**	**2,352,036**
Weighted average nominal interest rate	7.05%	6.25%	6.38%	6.20%	6.69%	8.25%	7.03%

A one hundred basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2011, would increase or reduce profit before tax from continuing operations for the year by approximately $12 million (2010: $15 million).

Foreign currency risk

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

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

The following table summarizes debt denominated in US$ and other currencies at December 31, 2011 and 2010.

	2011 US$ '000	2010 US$ '000
Total US$	**1,605,850**	**1,571,757**
Colombia	504,337	522,994
Chad	86,411	72,754
Tanzania	34,584	56,659
Bolivia	46,305	43,878
Ghana	18,670	40,565
Guatemala	11,249	20,552
Other	130,872	22,877
Total non-US$ currencies	**832,428**	**780,279**
Total	**2,438,278**	**2,352,036**

At December 31, 2011, if the US$ had weakened/strengthened by 10% against the other functional currencies of our operations and all other variables held constant, then profit before tax from continuing operations would have increased/decreased by $112 million and $137 million respectively (2010: $105 million and $129 million respectively). This increase/decrease in profit before tax would have mainly been as a result of the conversion of the results of our operations with functional currencies other than the US dollar.

34. Financial Risk Management (Continued)

Non-repatriation risk
Most of the operations in which we have interests receive substantially all of their revenues in the currency of the countries in which they operate. We derive substantially all of our revenues through funds generated by our local operations and, therefore, we rely on their ability to transfer funds to the Company.

Although there are foreign exchange controls in some of the countries in which our mobile telephone companies operate, none of these countries currently significantly restrict the ability of these operations to pay interest, dividends, technical service fees, royalties or repay loans by exporting cash, instruments of credit or securities in foreign currencies. However, existing foreign exchange controls may be strengthened in countries where we operate, or foreign exchange controls may be introduced in countries where we operate that do not currently impose such restrictions, in which case, the Company's ability to receive funds from the operations will subsequently be restricted, which would impact our ability to pay dividends to our shareholders.

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

Credit and counterparty risk
Financial instruments that potentially subject the Group to credit risk are primarily cash and cash equivalents, pledged deposits, letters of credit, trade receivables, amounts due from joint venture partners, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Group's cash and cash equivalents, pledged deposits and letters of credit are significant financial institutions with investment grade ratings. Management does not believe there are significant risks of non-performance by these counterparties. Management has taken steps to diversify its banking partners. We are also managing the allocation of deposits across banks so that the Group's counterparty risk with a given bank stays within limits which have been set based on each banks credit rating. This way we are avoiding any significant exposure to a specific party.

A large portion of turnover comprises prepaid airtime. For customers for whom telecom services are not prepaid, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

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

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

The Group manages its liquidity risk through use of bank overdrafts, bank loans, vendor financing, Export Credit Agencies and Development Finance Institutions ("DFI") loans, bonds and finance leases. Millicom believes that there is sufficient liquidity available in our markets to meet ongoing liquidity needs. Additionally, Millicom is able to arrange offshore funding through the use of Export Credit Agency guarantees and DFIs (IFC, PROPARCO, DEG and FMO), who have been established specifically to finance development in our markets. Millicom is diversifying its financing with commercial banks representing about 51% of its gross financing, Bonds 18%, Development Finance Institutions 12%, partners 11%, financial leases 6% and suppliers 2%. The Group is therefore not dependent on a few sources of financing but is relying on various financing opportunities.

34. Financial Risk Management (Continued)

The tables below summarize the maturity profile of the Group's net financial liabilities at December 31, 2011 and 2010.

Year ended 31 December 2011	Less than 1 year US$ '000	1 to 5 years US$ '000	>5 years US$ '000	Total US$ '000
Total borrowings (see note 27)	(621,426)	(1,173,904)	(642,948)	(2,438,278)
Cash and cash equivalent	881,279	–	–	881,279
Time deposit	269	–	–	269
Pledged deposit (relating to bank borrowings)	297	49,371	–	49,668
Net cash (debt)	**260,419**	**(1,124,533)**	**(642,948)**	**(1,507,062)**
Future interest commitments(ii)	(135,667)	(342,098)	(26,484)	(504,249)
Trade payables (excluding accruals)	(340,684)	–	–	(340,684)
Derivative financial instruments	(14,884)	(8,016)	–	(22,900)
Put option	(745,145)	–	–	(745,145)
Other financial liabilities (including accruals)	(861,831)	–	–	(861,831)
Trade receivables	276,944	–	–	276,944
Other financial assets	334,181	37,359	–	371,540
Net financial asset (liability)	**(1,226,667)**	**(1,437,288)**	**(669,432)**	**(3,333,387)**

Year ended 31 December 2010 (As restated)(i)	Less than 1 year US$ '000	1 to 5 years US$ '000	>5 years US$ '000	Total US$ '000
Total borrowings (see note 27)	(555,464)	(1,162,320)	(634,252)	(2,352,036)
Cash and cash equivalent	1,023,487	–	–	1,023,487
Time deposit	3,106	–	–	3,106
Pledged deposit (relating to bank borrowings)	7,261	49,963	0	57,224
Net cash (debt)	**478,390**	**(1,112,357)**	**(634,252)**	**(1,268,219)**
Future interest commitments(ii)	(145,664)	(346,193)	(26,109)	(517,966)
Trade payables (excluding accruals)	(315,058)	–	–	(315,058)
Derivative financial instruments	–	(18,250)	–	(18,250)
Put option	(769,378)	–	–	(769,378)
Other financial liabilities (including accruals)	(734,448)	–	–	(734,448)
Trade receivables	253,258	–	–	253,258
Other financial assets	200,630	17,754	–	218,384
Net financial asset (liability)	**(1,032,270)**	**(1,459,046)**	**(660,361)**	**(3,151,677)**

(i) Restatement – see note 4

(ii) Includes unamortized difference between carrying amount and nominal amount of debts.

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may make dividend payments to shareholders, return capital to shareholders or issue new shares. Millicom is rated by one independent rating agency, namely Moody's, which upgraded Millicom's rating by one notch to Ba1, which is just one notch below investment grade. The Group monitors capital using primarily a net debt to adjusted operating profit ratio, as well as a set of other indicators.

	2011 US$ '000	2010 US$ '000
Net debt	1,507,062	1,268,219
Adjusted operating profit (see note 10)	2,087,217	1,840,624
	ratio	**ratio**
Net debt to adjusted operating profit ratio	**0.7**	**0.7**

34. Financial Risk Management (Continued)

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

	2011 US$ '000	2010 (As Restated)(i) US$ '000
Net debt	1,507,062	1,268,219
Equity	2,445,554	2,389,633
Net debt and equity	**3,952,616**	**3,657,852**
Gearing ratio	**38%**	**35%**

(i) Restatement – see note 4

35. Financial Instruments

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

The following table shows the carrying and fair values of financial instruments as at December 31, 2011 and 2010:

	Carrying value		Fair value	
	2011 US$ '000	2010 (As Restated)(i) US$ '000	2011 US$ '000	2010 (As Restated)(i) US$ '000
FINANCIAL ASSETS				
Loans and receivables				
Pledged deposits	49,371	49,963	49,371	49,963
Other non-current assets	37,359	17,754	37,359	17,754
Trade receivables, net	276,944	253,258	276,944	253,258
Amounts due from non-controlling interests and JV partners	158,782	99,497	158,782	99,497
Prepayments and accrued income	119,362	89,477	119,362	89,477
Other current assets	146,615	75,311	146,615	75,311
Cash and cash equivalents	881,279	1,023,487	881,279	1,023,487
Total	**1,669,712**	**1,608,747**	**1,669,712**	**1,608,747**
Current	1,582,982	1,541,030	1,582,982	1,541,030
Non-current	86,730	67,717	86,730	67,717
FINANCIAL LIABILITIES				
Debt and financing (see note 27)	2,438,278	2,352,036	2,262,974	2,246,644
Trade payables	224,089	202,707	224,089	202,707
Payables and accruals for capital expenditure	333,551	278,063	333,551	278,063
Derivative financial instruments	22,900	18,250	22,900	18,250
Put option	745,145	769,378	–	–
Amounts due to non-controlling interests and JV partners	92,677	97,919	92,677	97,919
Accrued interest and other expenses	263,747	228,360	263,747	228,360
Other liabilities	74,259	24,380	74,259	24,380
Total	**4,194,646**	**3,971,093**	**3,274,197**	**3,096,323**
Current	2,363,960	2,152,257	1,618,816	1,382,879
Non-current	1,830,686	1,818,836	1,655,381	1,713,444

(i) Restatement – see note 4

35. Financial Instruments (Continued)

Call option and put option related to Telefonica Cellular S.A. DE CV (Celtel)
As described in note 5, on July 1, 2010 Millicom reached agreement with its local partner in Honduras whereby Millicom's local partner granted Millicom an unconditional call option for the next five years for his 33% stake in Telefonica Celtel and as consideration, Millicom granted a conditional put option for the same duration to the local partner.

The put option can only be exercised in cases of a change of control of Millicom International Cellular S.A. or Millicom's subsidiary that holds the shares in Celtel (except if the change of control is in favour of Investment AB Kinnevik, the current largest shareholder of Millicom, or management of Millicom). Millicom believe that a change of control transaction that triggers the local partner's right to exercise his put is currently highly unlikely to happen during the term of the put option and have therefore determined the fair value of the put option to be immaterial at both December 31, 2010 and 2011.

The call option price is a fixed multiple of the EBITDA of Celtel in the year the option is exercised. As the fixed multiple exceeded the fair value multiples (based on comparable transactions and including a control premium) at December 31, 2011 and 2010, and as there were no expectations that the Honduran market characteristics would significantly change over the term of the call option, Millicom determined the fair value of the call option to be immaterial at both December 31, 2011 and 2010.

Fair value measurement hierarchy
Effective January 1, 2009, Millicom adopted the amendment to IFRS 7 for financial instruments that are measured in the Statement of Financial Position at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1–Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2–Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3–Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Derivative financial instruments are measured with reference to Level 2, except for the call options in Colombia (see note 7) and the call and put options in Honduras (see note 5 and note 28) which are measured with reference to level 3. The Honduras put option liability is carried at the present value of the redemption amount and is therefore excluded from the fair value hierarchy. No other financial instruments are measured at fair value.

36. Subsequent Events

Dividend

On February 8, 2012 Millicom announced that the Board will propose to the Annual General Meeting of the Shareholders a dividend distribution of $2.40 per share to be paid out of Millicom's profits for the year ended December 31, 2011 subject to the Board's approval of the 2011 Consolidated Financial Statements of the Group.

On February 8, 2012 Millicom announced that the Board has approved a share buyback program of up to $300 million for the 2012 year.

Shareholder information

Corporate and registered office
Millicom International Cellular SA
15 Rue Léon Laval
L-3372 Leudelange
Grand Duchy of Luxembourg
Tel: +352 27 759 101
Fax: +352 27 759 359
RCB 40630 Luxembourg

Investor relations

Justine Dimovic Tel: +352 691 750479
Emily Hunt Tel: +44 7779 018539

Visit MIC's homepage at

http://www.millicom.com

Financial calendar

April 18, 2012
First quarter results

July 18, 2012
Second quarter results

October 17, 2012
Third quarter results

February 2013
Full year results 2012