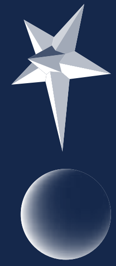


Annual Report 2014

Empowering
Societies
Innovation
Moments

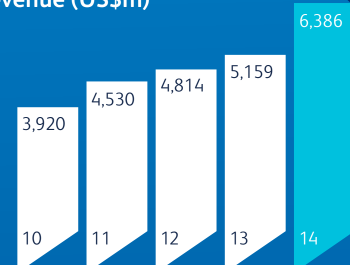
About us

Millicom is a leading international telecommunications and media company dedicated to emerging markets in Latin America and Africa. We empower a digital lifestyle by offering communication, information and entertainment which connect people to their world.

Operating under the Tigo brand in 14 countries, Millicom offers innovative and customer-centric products. Millicom employs 23,297 people and provides mobile, cable, satellite, broadband and mobile financial services to over 56 million customers in mobile and five million revenue-generating units in cable, with 5.6 million HFC homes passed.

Financial highlights (reported figures)

Revenue (US$m)



Growth

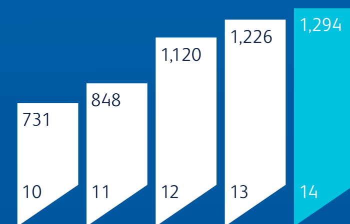
+23.8%

EBITDA (US$m)

EBITDA

32.8%

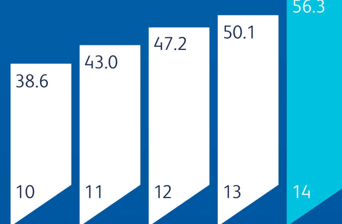
Capex (US$m)



Capex to revenue ratio

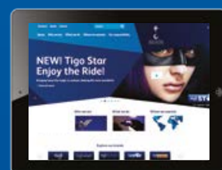
19.0%

Subscribers (m)



Net mobile additions

6.2m subscribers



Find out more
www.millicom.com

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Group at a glance

Founded in 1990 and headquartered in Luxembourg with offices in Stockholm, London and Miami, Millicom's subsidiaries operate exclusively in emerging markets in Africa and Latin America.

Millicom's shares are listed on the Nasdaq OMX exchange in Stockholm and its market capitalisation was SEK58.34 billion ($7.5 billion) at the end of 2014.

Our products and services

Mobile
We provide mobile communications services to over 56 million customers in Bolivia, Colombia, Paraguay, El Salvador, Guatemala, Honduras, Chad, DRC, Ghana, Senegal, Rwanda and Tanzania under the brand name Tigo. In addition to mobile voice and SMS messaging, we offer mobile data and locally relevant content through value added services.

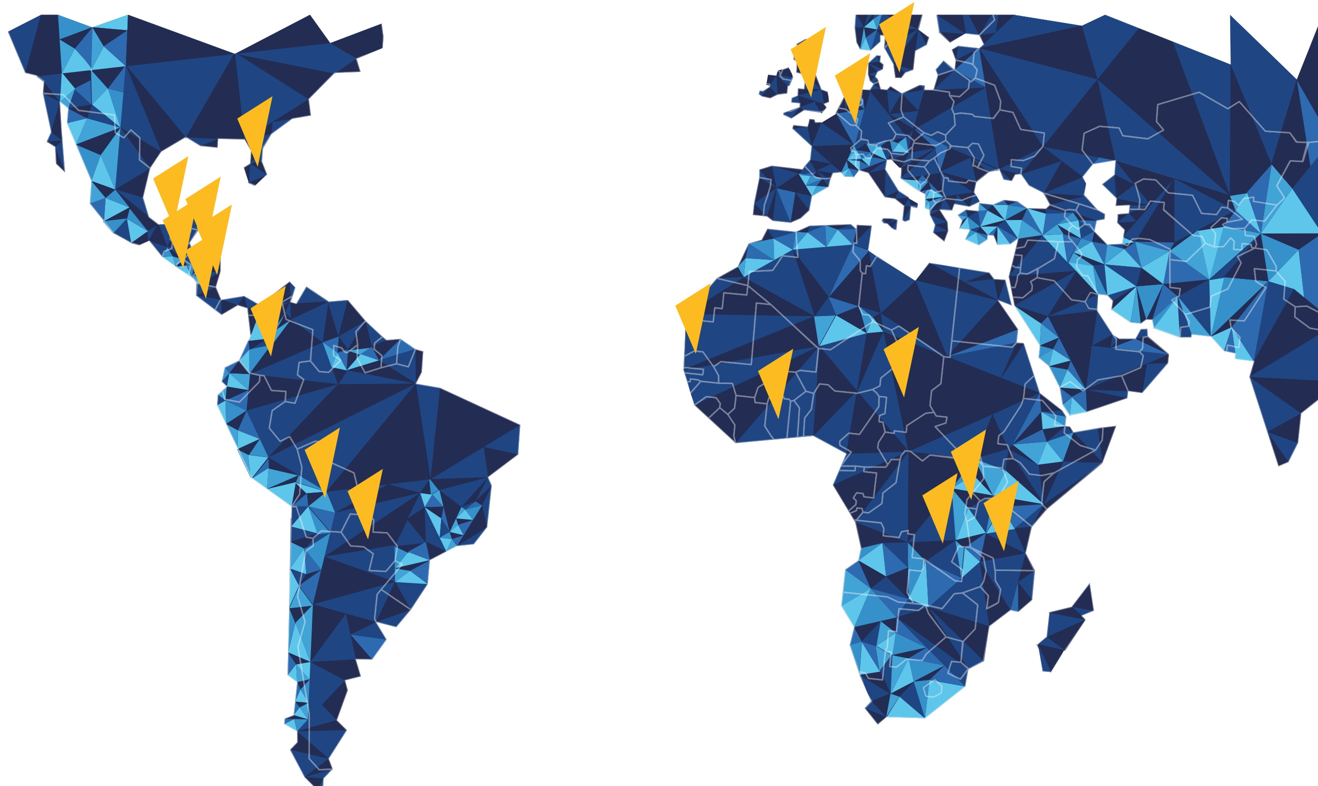
Cable & Digital Media
We offer fixed voice, broadband services and pay-TV, including premium content, in cable in Colombia, Bolivia, Paraguay, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

Mobile Financial Services
We have more than nine million mobile financial services customers and we offer services including money transfer, bill payments and merchant payments.

Tigo announced as #8 most admired brand in Africa – above Vodafone and Nike – according to the Africa Business consumer survey by TNS in November 2014.

#8

Where we operate



Our chosen markets

Region	Central America	South America	Africa
Population (m)	30	64	190
Mobile customers (m)	15.8	15.1	25.3
Revenue ($m)	2,460	2,926	1,000
EBITDA ($m)	1,153	980	219
Employees	4,373	16,467	2,016

Progressing on our strategic pillars

Business units	Mobile		Cable & Digital Media	Mobile Financial Services
Strategic pillars	From volume to value	Mobile data growth	Capturing the opportunity	Creating a blockbuster
2014 revenue/growth	$4.7bn	+34%	$970m	$113m

Year in review

The Digital Lifestyle 2014

January

Tigo Sports in Paraguay

Our premium TV channel Tigo Sports was launched as the first-ever dedicated sports channel in Paraguay.

February

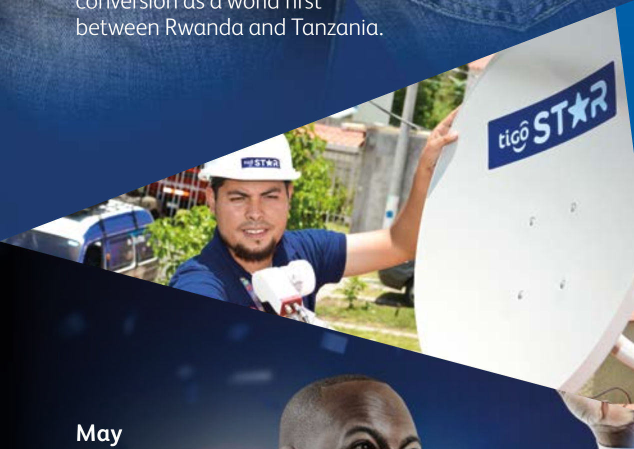
Tigo Money international transfer

We introduced mobile money transfers with integrated currency conversion as a world first between Rwanda and Tanzania.

March

Tigo Star debut

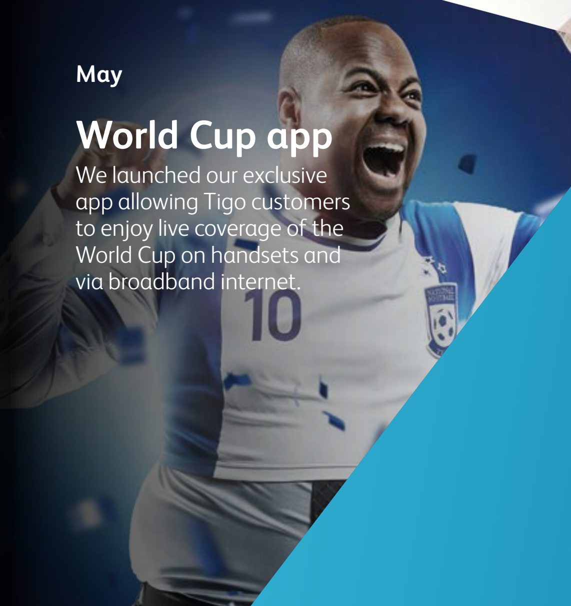
We launched Tigo Star – our striking new brand to promote our broadband, cable and pay-TV offer, highlighting the broader range of services that form part of the digital lifestyle. We launched first in Paraguay and then in five other markets across Latin America.



April

Satellite TV service in Bolivia

Our first "Direct To Home" satellite pay-TV service launched under the Tigo Star brand including 75 channels. It reached five markets by the end of 2014.



May

World Cup app

We launched our exclusive app allowing Tigo customers to enjoy live coverage of the World Cup on handsets and via broadband internet.

June

Cajetan Nagua celebrated as Employee of the Year

Our Regional Director in Eastern DRC was chosen as one of our 'Millicommanders' in recognition of his role leading Tigo back into the Kivu region after the end of hostilities there and adding 250,000 customers there in three months.

July

4G launches in Bolivia

Our second 4G launch followed Colombia and offers high-speed mobile internet service up to 100 Mbps.

August

UNE merger completes in Colombia

The completion of the landmark merger makes Tigo-UNE an integrated telecoms and media business in Colombia.

September

World's first money-back MFS service begins in Tanzania

We offered mobile users the opportunity to automatically earn a return on their balance direct to their mobile wallet without the need for a separate registration.

October

Tigo Music launches in Ghana

Following the success of the mobile music streaming service in Latin America, Tigo Music made its African debut in Ghana.

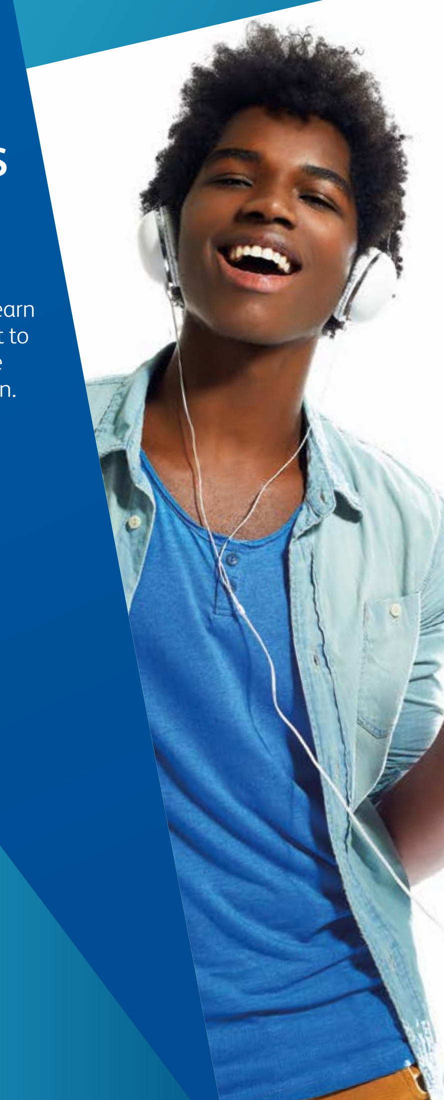
November

Tigo Sports launches in Bolivia

Following its success in Paraguay, we extended Tigo Sports to Bolivia, again providing premium sports content for the first time in that market.

December

UNICEF and Millicom team up for a safer internet world for children



Brave ©2015 HBO Ole Partners.
All rights reserved. © Disney Pixar.

Year in review
(Continued)

Mobile infrastructure delivering positive change
In 2014 we connected six million more people to our mobile networks, with many using online services for the first time, thereby reducing the digital divide and opening up new opportunities for users.

Whether using our services for personal or business reasons, we know that connecting people provides information, convenience and pleasure as well as giving a boost to business and the local economy.

We are also using our infrastructure to offer services of direct social value. For example, educational tools via our EduMe courses in Rwanda. Rich, carefully-structured content including EduMe English and Edume Business School is available for download to any mobile phone device, providing tuition for everyone without needing fixed line internet or access to schools and universities.

Our customers in Tanzania can use Facebook's internet-for-all initiative, called internet.org. This gives many first-time online users free access to a number of fun and informative educational, health, news and social media services. This will not only drive further internet penetration but also unlock new opportunities to users in the fields of education, technology and commerce.

Edume is available for download to any mobile phone device providing education for everyone

Empowering societies

Empowering innovation

719%
Growth in transactions since its launch in September

2,435%
Growth in the amount transacted since its launch in September

Clever ideas improving daily life
In Bolivia our new Collection Payment service was taken up by two large cosmetics companies. Their sales force is able to pay in receipts through their Tigo Money wallets, significantly increasing the efficiency and transparency of their payments processes.

In another world first, Tigo Cash users in Rwanda and Tigo Pesa customers in Tanzania are now able to send each other money in their respective currencies without having to travel and queue at a traditional bank or money agent. Both individuals and businesses can use funds held in their mobile wallet to access a range of services in each country. These include airtime top-ups, payments for water, electricity, TV, transport, cash withdrawals at any Tigo agent and transfers to other mobile money users.

Empowering moments

Digital experiences that delight
We secured rights to the 2014 World Cup app allowing customers to enjoy coverage on mobile devices and via broadband internet. We had exclusive mobile rights for Colombia, Costa Rica, Honduras, Guatemala, El Salvador and Paraguay. We also had non-exclusive broadband internet transmission rights in these countries. Our dedicated World Cup app for smartphones and tablets was downloaded 1.4 million times.

Mobile data customers in Latin America and Africa can now listen to music wherever and whenever they want with our partnership with streaming music service Deezer. We are promoting a catalogue of more than 35 million tracks and also sourcing exciting new and local content. Tigo Music Sessions exclusively filmed and then released seven tracks by Latin Grammy award winner Juanes. In Africa our new venture "Africa Music Rights" with digital music company Africori will fund, acquire and manage music rights across the continent. We plan for 70% of music streamed to be locally produced.

We sold almost 4.5 million smartphones during the year, with an impressive 1.6 million units sold in the last quarter alone. Most of these devices are Android devices that deliver a very good user experience but cost only $50 or $60. The affordability of the devices is one of the drivers that have allowed us to reach over $920 million in data revenue, a segment that has grown by $200 million (over 31% year-on-year). We have added 5.2 million data users in 2014, surpassing the 15 million threshold or 27% of our mobile subscriber base.

Chairman's statement

An exciting year of change for the Group

Dear Shareholders

2014 was a very important year for Millicom, a year during which we continued to drive innovation and to improve our financial performance. During 2014, we achieved a number of key milestones including renewed organic growth in both Latin America and Africa, and the closing of the transformational Tigo-UNE merger in Colombia. I am particularly pleased to see that six and a half months into the merger we are making excellent progress in the integration of the two businesses and in the development of a range of exciting new digital lifestyle services delivered through both our mobile and fixed platforms. The Board visited Medellin and Bogota in September 2014, and we came away feeling even more confident that our strong local market position and the capabilities of our Colombian team have positioned us for many years of profitable growth.

Millicom aims to be the leading mobile company in terms of innovation. We aim to deliver new, exciting, Tigo-branded digital services in every market in which we operate and to capitalise on the growth in smartphone penetration. 2014 was a year of innovation across our business segments. We launched 4G in Bolivia, Honduras, Chad and Rwanda, offering an enhanced experience to our data users. During the summer our World Cup app, that allowed our customers to follow the excitement of the biggest event in football, quickly entered the top five most downloaded apps in all our Latin American markets. Together with Facebook, we offered the social network to segments of the population discovering the advantages of data for the first time, in local languages, in Paraguay and Tanzania. On the cable side we launched Tigo Star, our convergent product offer, while beyond our installed network we have invested in a satellite service launched in five of our Latin American markets with strong initial adoption. Mobile Financial Services was also a key source of innovation during the year. We are the first to offer MFS cross-border transactions, between Rwanda and Tanzania, and have created the first national interoperability network with two of our competitors in the latter. Also in Tanzania, we led the way with Tigo Wekeza to be the first on record to distribute returns on the balances of our customers.

At the same time, Millicom also looks to be at the forefront with its Corporate Responsibility efforts. Our focus areas of diversity, child protection, privacy, responsible supply chain and environmental protection align well with general trends in the Millicom markets and with the business goals of the company. And more specifically, they are well-placed to address the opportunities and new challenges that increasing Internet penetration and young populations with a strong appetite for digital services bring. Our Digital Changemakers Award program, organised in partnership with Reach for Change, supports innovations that help drive social change and that offer solutions to real life challenges through the use of digital tools.

The Board has proposed an annual dividend of $2.64 per share, in line with last year's dividend. We remain committed to increasing shareholder remuneration in line with the growth of our free cash flow generation.

We have started 2015 well positioned to execute on our long-term strategy of developing digital lifestyle services across Latin America and Africa. Our focus is to remain on a strong growth path, improve our cost structure while maximising the return of our capital allocation, which will allow us to reach our leverage target and improve our cash generation.

I would like to take this opportunity to thank Allen Sangines-Krause, who served as a member of the Board from 2008 to 2014, the latter four years as Chairman of Millicom, and Hans-Holger Albrecht, who served as CEO from 2012 to 2014. We are grateful for their contribution and leadership at Millicom during these important years of transition.

On behalf of the entire Board, I would like to thank our partners in Colombia, Guatemala, Honduras and Rwanda. We really appreciate your contribution to making Millicom as effective as any local country leader.

Finally, I would like to thank all of the Tigo people in Latin America, Miami, Africa and Europe who, through their continued commitment and dedication, make Millicom such a successful and innovative company.

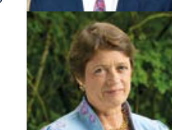
Cristina Stenbeck
Chairman of the Board

$2.64
Dividend per share

#1 or 2
Position in 85% of our mobile markets

Leadership
The Board and Board Committees are outlined in the governance section of this report.

Tomas Eliasson
Chair, Audit Committee



Dame Amelia Fawcett
Chair, Compensation Committee

Cristina Stenbeck
Chair, Corporate Responsibility Committee

Governance section page 56

Non-financial highlights are published in our 2014 CR Report.

Interim CEO's statement

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Strength and purpose in execution

Our business strategy

Mobile: from volume to value
Focus on building a sophisticated, value-oriented innovative mobile business. Increase revenues, loyalty and brand affinity with a focus on data penetration and bundling services to drive loyalty and revenue per user.

Cable & Digital Media: to capture the opportunity
Increase number of homes passed, and further coverage via satellite, through organic growth and strategic acquisitions to expand our footprint where we offer our increasingly attractive pay-TV portfolio and bundle with other services.

Mobile Financial Services: revolutionary banking for the unbanked
Increase penetration and breadth of the service to build the scale required to boost the number and volume of transactions on services such as peer-to-peer and merchant payments. Seek to further develop the mobile financial services (MFS) sector in our markets by promoting interoperability.

Millicom outlined its long-term strategy and ambitious targets to transform the Group into a digital lifestyle business at our capital markets day in 2013. Last year the Group focused on executing that strategy, which made it a year of transformation and progress.

As detailed in the timeline on pages four and five, 2014 was a busy year. Our merger with UNE in Colombia, the largest in our corporate history, symbolises the digital diversification strategy. We are now on our way to being the second largest combined digital operator in Colombia and continue to see exceptional growth there.

By combining the two businesses we are also well on track to achieve our targets for 2017, adding to an existing high-growth business with a substantial opportunity to realise the synergies of combining fixed and mobile service.

We remain the only telecom and digital company operating exclusively in the high-growth markets of Latin America and Africa. Our customers, whether they are in Kinshasa or Medellín, are just as aspirational as developed market consumers and now we are able to offer entry-level smartphones at increasingly affordable prices, enabling them to participate in the digital lifestyle. The most digitally aware consumers, whom we call "digital apprentices", are even leapfrogging the digital pathway of more developed countries and moving straight to a full digital lifestyle on their mobile devices.

They are enjoying world-class on-the-go music streaming, World Cup soccer videos and social media for the first time. They can buy goods using their mobile device and download educational packages. In countries where the vast majority of the population is without bank accounts, our mobile financial services (MFS), which allow safe, convenient and transparent money management, are changing lives and have the potential to change societies. Today one in six of our mobile customers now uses MFS and we are handling transactions worth more than $2.8 billion per quarter, and it is growing fast.

We are committed to providing the very best solutions for consumers to empower their digital lifestyle. So we are investing an average of $100 million a month, and working hard to develop reliable and modern infrastructure. We want our customers to be delighted by their Tigo experience. That way they spend more with us and stay longer.

In 2014 we were pleased to see strong revenue growth. In local currency, organic revenue grew 9.4% for the year, accelerating throughout the year giving us strong momentum into 2015. Group EBITDA was $2,093 million, supported by a data growth that once again exceeded our expectation. The phenomenal growth in smartphone sales saw more digital customers come onto the networks, which will continue to drive growth in the future. Yet still less than one in four of our customers has a smartphone so we expect 2015 to be another busy year as more and more customers join the digital world.

The last two years of investment in the business has meant that revenue growth has diluted our margins and consumed our cashflow. However, we are convinced these investments are now starting to pay off and position us to drive stronger overall financial performance from those in the future. Continued organic growth is key to doing that, but efficiency and investment optimisation also underline everything we do.

We made big steps last year in improving the efficiency of our network and in upgrading our sales and distribution capabilities. We also invested in our young and dynamic Tigo brand, which goes from strength to strength in all our markets. This is something we monitor closely.

In 2014 we launched a number of new sub-brands as well as additional value-added services for existing ones to reinforce this idea of value. Tigo Sports, Tigo Star and Tigo Music are all highly popular exciting new brands in the Tigo stable already delivering great returns. With satellite TV newly available in five of our Latin American markets we can now reach areas beyond the range of fixed cable and urban development.

In this transformational year we refocused our strategy on our core businesses of Latin America, where we have some great businesses with strong market positions and Africa, where we have incredible potential. This desire to concentrate on businesses we directly control led us to sell our 50% share in Emtel in Mauritius, after a long and successful relationship.

The work on developing a new entrepreneurial culture at Millicom can be seen every day throughout our organisation. So much of our success we owe to the Tigo people on the ground delivering day to day. On behalf of the senior management team I would like to thank our dynamic and committed workforce that is at the heart of the transformation of the business. We look forward to more exciting times ahead as we focus on long-term value creation and the continued execution of our digital lifestyle strategy in this landmark 25th year.

Tim Pennington
Interim CEO

Market overview

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Listening to customers wherever they may be

40,000

smartphones sold in Tanzania in October 2014, compared with 35,000 sold in all of 2013

We work in markets where population growth is high and where there is a large proportion of young people

Responding to what our customers want is key to our success. We operate in high-growth developing markets where consumers want the same digital lifestyle that their peers in more developed markets already enjoy. It is no longer a conversation about megabytes but about what services customers want. Each of our markets has different characteristics but there are certain similarities in their development where insights from one market may soon be applicable in another.

Our market drivers

Growth in our services is influenced by the macroeconomic and demographic conditions in our markets. Most enjoy above-average GDP growth rates. We work in markets where population growth remains high and where there is a large proportion of young people interested in our services who demand the digital lifestyle. The internet itself also drives digital services. Even with limited online access, it is still much easier now to know what is available elsewhere and to aspire to the same. Our customers are becoming more sophisticated and demanding a better and more ubiquitous service.

Market trends

Demand for data is having a significant impact on industry. Affordable smartphones are making the mobile internet accessible for millions who have never before been online. Consumers no longer need to wait for a fixed connection to access the digital world. Better mobile coverage makes everything possible. Meanwhile, the development of mobile phone applications to educate, entertain, communicate and make payments empowers consumers and societies.

Cable and satellite TV and internet brought into the home are big growth areas in our Latin American markets as consumers' appetite for accessible entertainment increases. In some markets this comes before they can access entertainment on their handsets. In others it is the other way around. But customers do not just want more channels from a TV provider. They want unique premium content and we are responding to that trend, firstly with the launch of Tigo Sports. As all these distinct services converge, so too does consumer desire to have one provider and seamlessly switch between devices to enjoy them.

Better networks across mobile and, in more developed markets, also across fixed networks, is fuelling the possibilities. Bundling of services drives revenue and provides a better deal for the consumer. Whether it is financial services with mobile, data with TV or voice, data and fixed TV all together, we believe buying services together is the future. For example 37% of the customers who access our satellite pay-TV service pay for it using our mobile financial services. That also impacts our brand initiatives, as consumers in Latin America, for example, may be interacting with one brand over a number of different devices, sometimes even at the same time. As customers become more sophisticated, greater segmentation in our marketing will also be a priority.

As fixed networks expand, so does the potential for business services to match those offered to consumers. Cloud services, internet security, surveillance and business MFS are all future growth areas for our business.

Regional differences

There are of course significant differences between individual countries in our regions and most particularly between our regions. Higher income levels in Latin America are reflected in much higher ARPUs and smartphone penetration than in Africa. Latin American governments and private operators have also invested in fixed line networks which simply do not exist in so much of Africa.

But the pace of change in Africa is faster than ever. In Tanzania we sold 35,000 smartphones in the whole of 2013. In October 2014, in one month alone, we sold 40,000 there. Africa will also invest in fibre to deliver the fixed line services that its businesses require and we intend to be first in line to help with that. As we expand mobile coverage, millions of customers in Africa will be able to make a mobile call for the first time.

Challenges

We operate in challenging markets. Whilst there is strong economic growth across our markets many of our countries face significant macroeconomic challenges, from currency devaluation, to high inflation and low incomes. We seek where we can to mitigate such challenges but the nature of our markets does not always make that possible. Local exchange rate fluctuations can damage our revenue depending on how our services are priced.

Competition is fierce in all our markets. For example, Ghana has six mobile operators and El Salvador has four. Both markets have stiff competition, which can lead to price erosion that in turn can reduce the impact of our differentiated offering.

Overview
Strategy
Performance
Governance
Financials

Market overview
(Continued)

The Amazing Spiderman 2 ©All rights reserved ©2015 HBO Ole Partners. All rights reserved. © 2014 Columbia Pictures Industries, Inc. and LSC Film Corporation. All Rights Reserved. © 2014 Marvel Entertainment, LLC and its subsidiaries. All Rights Reserved. Despicable Me 2 © Universal Studios. All Rights Reserved.

Regulation also has the capacity to change the returns on our business and investments. During 2014 we saw an increased tendency to levy ad hoc taxation on telecom and digital services. Whilst we ensure that the Group pays all applicable taxes we argue to our host governments that unplanned and ad hoc taxes damage investments in the long run.

License renewals are also a source of concern particularly when there is a state-owned dominant telecom provider. The role of state-owned operators and their sphere of influence can be a real issue for us. Anti-competition claims from other operators can be challenging both for our bottom line and our brand, especially if they result in unfair legislation.

In some markets we need to consider political risk and instability though we have proved we can operate in the most difficult of circumstances – for example, by returning quickly to the Kivu region in the DRC. Piracy can affect our cable business and we need to be vigilant against corruption in some of our markets.

Market expansion also brings its own trials. For example, the access to mobile broadband via 4G and the higher adoption of smartphones drives the growth of mobile data but could lead to a reduction of traditional revenues such as SMS. Similarly the introduction of number portability can be both an opportunity and a threat, depending on our current market position. Being present in both mobile and fixed internet, we do not want one to completely replace the other.

Finally, we need to ensure that both our network and our workforce are of sufficiently consistent quality to provide what customers need while competing with other operators. We need to recruit and develop the best people to provide the best service and ensure they can operate in a safe and secure environment. In addition, our networks need continued maintenance and investment to maintain our competitive position. In Chad and Tanzania, something as simple as a lack of electricity can impact our operations, as can the lack of adequate road infrastructure.

We need to ensure that both our network and our workforce are of sufficient consistent quality to provide what customers need

Our business model

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Creating value for all our stakeholders

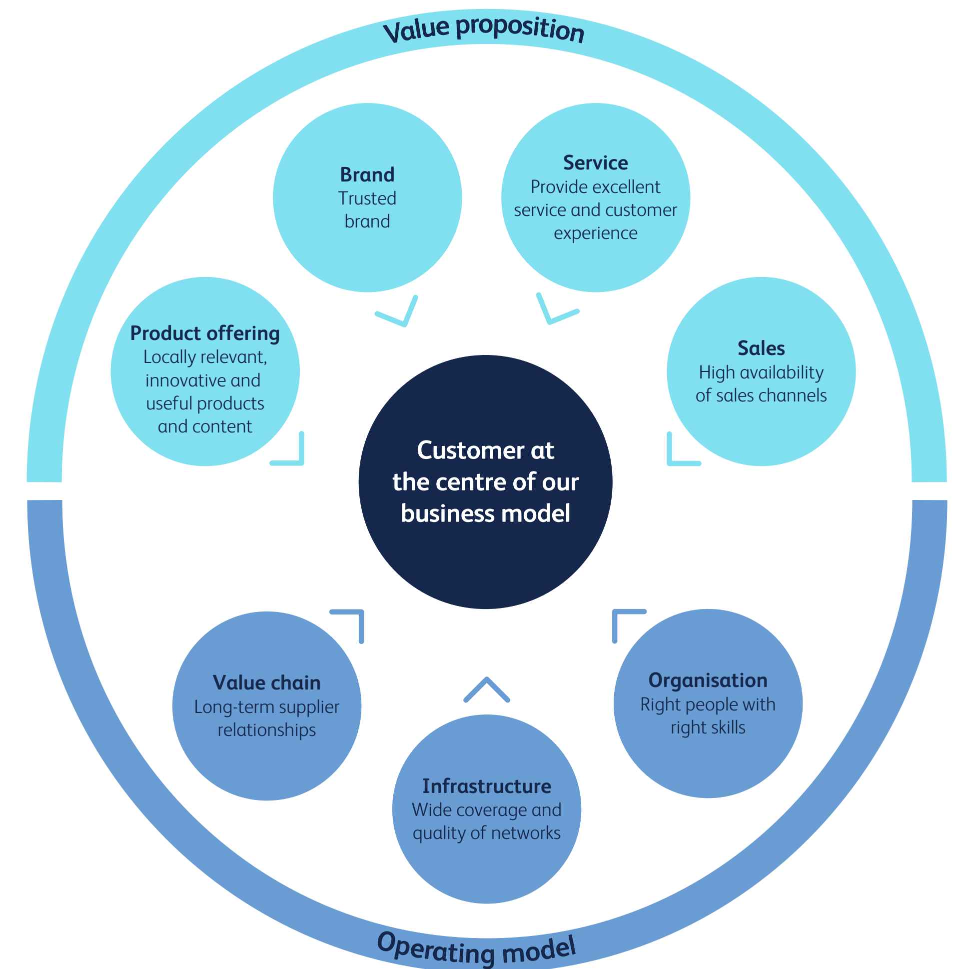
Creating value for customers

Our customers and their needs are at the centre of our business, both the value proposition and the operating model. We create customer value by providing relevant digital products with the best service and customer experience. With our strong trusted consumer brand, Tigo and innovative and accessible product offering, we help emerging and frontier countries in Africa and Latin America and their populations access the digital lifestyle.

Our operating model prioritises good long-term relationships with our suppliers and quality throughout the value chain. Our infrastructure needs to offer breadth of coverage and be of the highest quality to support our best-in-class service. Finally, we aim to have the best people with the right skills completely focused on the needs of our customers.

Creating value for shareholders

We create value for our shareholders by continuously striving for profitable growth through our transformation from telecommunications utility to a digital lifestyle enabler. We invest early in new technologies and services that we believe will become relevant to our customers. In 2014 we continued to see the benefits of our investments in mobile broadband, mobile financial services, cable and digital media.



Our strategy

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Empowering the digital lifestyle

We focus on three core businesses, our Mobile, Cable & Digital Media and Mobile Financial Services. We believe these are the building blocks that will deliver the global digital lifestyle to our customers.

Strategic pillar: Mobile
Move from volume to value

Progress

Up 12% to over 56 million customers

56m

Revenue up to

$4.7bn

Strategy

Latin America
- Increase in smartphone penetration to accelerate data penetration
- Develop digital products and services by focusing on unique, quality entertainment
- Data monetisation and cost reduction by leveraging bundles and "smart pricing"
- Optimise channel network innovating across trade channels to reach customers anytime, anywhere
- Bundling across business to increase stickiness and satisfy all our customer's digital lifestyle needs including convergent offers

Africa
- Focus on higher value consumers, primarily the digital segment
- Transform product, network and sales capabilities to cater to this segment
- Drive data penetration through strong focus on devices, 3G and 4G rollout and 'early adoption' value propositions to the consumer
- Focus on network investment monetisation and efficiency. Selective investment underway to expand footprint

Progress highlights
- Strong expansion of smartphone base
- 4G launches continue
- Innovation in digital services continues to increase ARPU and reduce churn
- Facebook partnership driving data adoption and loyalty World Cup app
- Tigo #8 most admired brand in Africa, Africa Business magazine
- Tigo Music continues to expand
- Tactical bundling offers of TV packages with free mobile minutes in El Salvador, Honduras

Challenges
- Competition in all markets remains fierce
- Balancing Africa investment with returns
- We need to educate people on why they need digital services, faster speeds and more content
- Regulation and taxation agenda
- We need to maximise efficiency and investments optimisation without compromising growth

KPIs

Mobile data revenue

$923m

Mobile data growth close to

34%

New Mobile data users

5.2m

Strategic pillar: Cable & Digital Media
To capture the opportunity

Progress

HFC homes passed

5.6m

Revenue more than doubles to

$970m

Strategy

Latin America
- Grow organically and make tactical acquisitions
- Buy old simple networks where available and upgrade them to international standards
- Bring satellite TV to rural areas where no TV available
- Bundle data, TV and mobile to drive revenues and make it harder for smaller operators to copy our service
- Provide premium content
- Maintain top-quality network and increase homes passed in new markets

Africa
- Cable business not yet operational in Africa because the fixed infrastructure is still lacking
- Selective Fiber To The Home (FTTH) pilots underway

Progress highlights
- Huge strides made with UNE merger
- Launched premium pay-TV channels in Paraguay and Bolivia
- Launched own content with Tigo Sports channel
- Satellite TV launched in five countries
- Close to half of our customers have high-speed fixed data products

Challenges
- Need to educate people on why they need our services and what faster internet speeds can deliver
- Piracy – signal theft by consumers and less ethical operators
- Have to be cost effective in lower ARPU markets – MFS perceived as a good way for people in remote areas to pay for our services
- We need to maximise efficiency and investments optimisation without compromising growth
- Need to create bundles with mobile service

KPIs

Organic Cable revenue growth

13.5%

HFC homes connected

2.6m

RGUs per HFC household

1.8

Strategic pillar: Mobile Financial Services (MFS)
Create a blockbuster

Progress

Revenue up

47%

Active users up

51%

Strategy

Medium and late stage markets
- Expand usage/ARPU and grow user base by increasing mobile penetration and customer acquisition and retention campaigns
- Grow the ecosystem through expansion of the product suite and offer advanced financial services products such as micro-loans and insurance
- Migrate to wallet-based products to accelerate financial inclusion

Transition and early stage markets
- Market services that can be profitable within existing regulatory environment
- Grow the MFS user base by increasing mobile penetration and customer acquisition campaigns with basic offers such as person to person payments and international remittances.
- Monetise the customer growth seen in 2014 focusing on eco system and transactional growth to increase ARPU
- Drive further regional interoperability in East Africa
- Focus on operational models that work in individual markets

Progress highlights
- Many innovative new products launched
- Payments enabled across borders and between operators
- Smartphone channel launched showing a 20% increase in usage and building on our smartphone mobile push
- Mobile proposition linked to MFS – rebates on usage or top-ups
- Two major platform upgrades in Rwanda and the DRC
- Joint venture with Kalixa to develop payments service provider for both businesses and consumers

Challenges
- Need to consistently monitor regulations and communicate well on new proposals
- We need to find MFS business models that will work in all our markets within existing regulatory frameworks
- Network stability impacts MFS more severely as it erodes money trust.

KPIs

Revenue up to

$113m

Transactions volume up

40%

MFS active users

9.5m

Our people

At the end of 2014:

23,297
employees

71%
were in South America

19%
were in Central America

9%
were in Africa

99% of our employees are employed locally. We are proud of our very diverse workforce, which comprises more than 56 nationalities

Our people are technical innovators, telecommunications experts, dynamic entrepreneurs and sales people, all working together across a unique geographical footprint. They are the backbone of our business, empowering the transformation to a digital lifestyle, with focus on the diversity of our customers and the markets we operate in.

At the end of 2014 we had 23,297 employees, 71% of those in South America, 19% in Central America and 9% in Africa. Some 99% of our employees are employed locally.

Our culture

As a Group that values innovation, we strive to have a dynamic work environment where employee creativity is highly encouraged and appreciated. In an ever-changing industry, we bring together ideas and people from a diverse set of countries and cultures and continue to build on the strength of that diversity. Our Executive Committee consists of nine individuals representing eight different nationalities.

Our people and our evolving culture are two of the key pillars in the strategic transformation from a standard telecommunications company to a digital lifestyle business. We continue to build on developing a dynamic and motivated team that can deliver the transformational change of turning our vision into reality.

Employee engagement

We are committed to responding to the needs of our employees and ensuring we provide a foundation for continued development and opportunities for personal growth. Over the past year the Africa Human Resources Leadership team, in conjunction with the respective Country Executive teams, have convened in Tanzania, Senegal, DRC, Ghana, Rwanda and Chad to facilitate mentoring and career counselling sessions, as well as to discuss and explore additional opportunities for individual career planning, development and growth. Millicom has a high focus on Talent Management, and this is an example of the Group's commitment to ensuring a continued strong focus and momentum on our people development.

Through Millicom University we deliver management and leadership development training, online functional development, and sales training via Tigo Sales Schools. Last year we trained over 18,000 contractors and agents through the Tigo Sales School in Latin America which was established in Guatemala, El Salvador, Colombia, Paraguay and Bolivia. Honduras and Costa Rica will follow in 2015.

Going forward, we continue to focus on developing our middle management leadership capabilities, further embrace the cultural diversity of our workforce, and improve aspects of staff and contractor health and safety (see following page).

Our highest profile method of recognising performance is our 'Millicommander' event where we invite 21 of the most outstanding of our employees to come and share their experiences and generate new ideas together. The event culminates in the selection of the seven top Millicommanders and an overall Employee of the Year.

More detail on all of these areas can be found in our Corporate Responsibility Report or at www.millicom.com

Our people
(Continued)

Valuing diversity

We are proud of our very diverse workforce, which comprises more than 56 nationalities. We work hard to promote inclusion in our workplaces so that all staff can feel at ease and appreciated.

In 2013 we recognised that we needed to improve gender diversity and particularly increase the number of women in senior roles. Hence, in 2014 we established a global programme to raise awareness, enhance our recruitment, learning and development processes from a diversity perspective, and review our family related policies. We are currently undertaking a diversity benchmarking exercise to provide us with external insights to support this global programme.

Although we know more needs to be done, we have already made significant progress, with women now our most senior staff in Ghana, DRC and Tanzania.

Creating a safe working environment

We are dedicated to providing a safe and healthy working environment for our employees, contractors and business partners. We work continuously to strengthen our integrated health and safety management and self-assessment system, and provide regular communication and training to relevant parties.

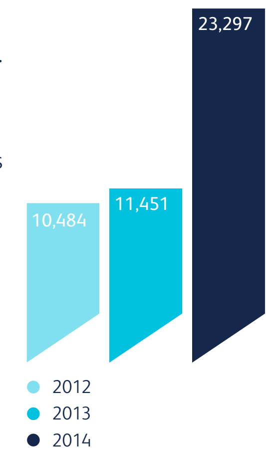
By the end of 2014, our incident management tool was in place in all countries where we operate, allowing local teams to capture real-time information on any incident. This will significantly help us manage our country level risks better, enabling us to analyse trends and identify key issues.

Doing business the right way

Millicom operates in highly demanding markets, each with its specific challenges due to the social, economic and political landscape. We face a range of different business cultures, traditions and risks so it is important to ensure that our employees, suppliers and other business partners are clear on our expectations and what we mean by doing business the right way. We take a strong stand against illegal and unethical activities and are committed to meeting the highest standards of compliance with applicable legislation, conventions and policies. As such, our aim is to continue to create value by being a trusted partner to our clients, our colleagues and our investors.

In order to protect the company and our employees, we have a set out a number of internal policies, such as the Code of Ethics and other risk-based policies, to guide us. We also have a global helpline – Millicom Ethics Line – where both employees and external parties can raise concerns. We ran a company-wide communication campaign on the Code of Ethics and the process for raising concerns in 2014. We also updated our Supplier Code of Conduct that we provide to the suppliers we work with to ensure they apply similar standards to ours.

Head count



Percentage employed locally

Percentage of female employees

More detail on all of these areas can be found in our Corporate Responsibility Report

Spotlight on Colombia

Two great complimentary businesses
Colombia is one of the most attractive emerging markets for investment in Latin America. It has strong economic growth, a stable political environment and 75% of its population in urban areas. Our merger with UNE in 2014 enables us to take advantage of the opportunities in this exciting market.

Separately Tigo and UNE had strong distinct positions in the market. Together we are #2 in pay-TV, #1 in fixed telephony, #2 in broadband internet and #3 in mobile telephony.

Before the merger, our mobile business at Tigo had grown at more than double the market rate for the last two years, gaining market share and a strong position in data. We were also the largest provider of digital music, included in 90% of our data plans. Our exclusive live music sessions, for example with Latin Grammy award winner Juanes, had helped firmly establish Tigo as the mobile music brand.

Coming together makes complete sense for both businesses and our business in Colombia is close to becoming the second largest telecommunications provider in the country.

An alliance for growth
The merger of the two companies into Tigo-UNE has created a business offering a comprehensive range of bundled digital services to millions of households including mobile and fixed telephony, mobile and fixed products. Together they have annual revenue of over $2 billion and over eight million mobile and fixed customers.

We will develop our integrated mobile and cable offer. In mobile we will offer tailored and segmented services in data and digital, providing excellent customer experience with a special focus on Bogotá, Medellín and the Atlantic Coast. We aim to increase mobile market share leveraging UNE's position in fixed services and increase profitability through operational excellence. The Colombian telecoms market has grown 7% per annum for the last two years and we see potential to significantly increase consumer spend.

In the cable business we will increase the number of homes passed and aim to grow the proportion of homes connected. We plan to increase our cable penetration outside Medellín, focusing on Bogotá and other cities. We will also expand our B2B business offering segmented products and customers support for SMEs, large corporates and government.

Empowering choice in Colombia
Our goal now is to successfully integrate the two businesses, realise synergies and grow the integrated offer. Together we are building a strong and exciting telecoms and media business to empower for the people of Colombia.

#2
Tigo and UNE had strong distinct positions in the market. Together we are en route to being the second player in the market

7%
Annual growth rate of the Colombian telecoms market with potential to significantly increase consumer spend

Our merger with UNE in 2014 enables us to take full advantage of the opportunities in this exciting market

Strategy in action
(Continued)

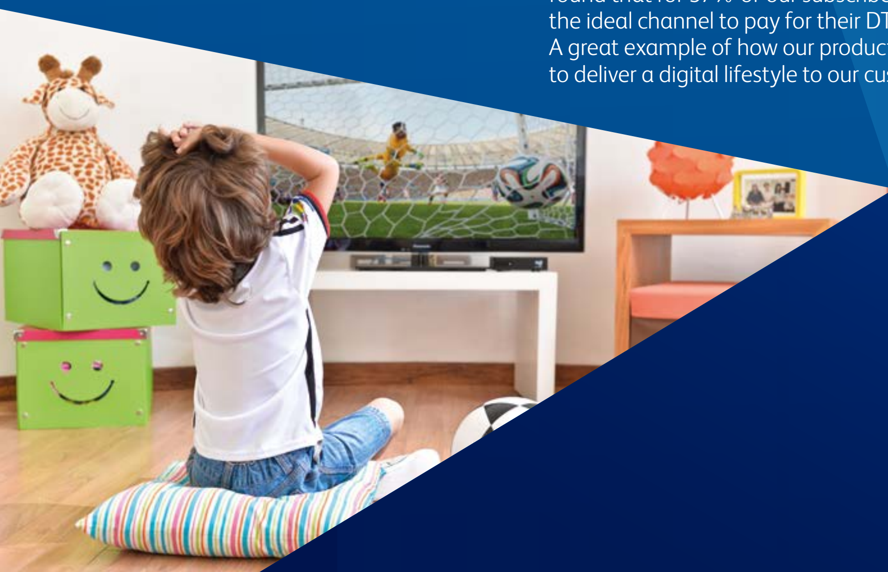
Spotlight on TV content

A big part of our strategy is the provision of content relevant to our customers. Empowering the digital lifestyle is not just about providing the products and infrastructure required, but the premium content customers are increasingly coming to expect. In 2013 we announced our goal of achieving a $2 billion consumer cable business by 2017. The provision of high-quality content into customers' homes is a key driver to reaching that target.

With the UNE merger last year we now have residential cable TV services in Costa Rica, El Salvador, Honduras, Guatemala, Paraguay, Bolivia and Colombia. We launched satellite services in five countries in 2014 in just five months. We are now the seventh largest pay-TV and broadband operator in Latin America. Our newly launched Tigo Star brand offers world-leading content to our 2.6 million homes connected.

We offer HD channels, pay-per-view and video-on-demand as well as 3D and a multiroom service allowing access to channels on multiple TVs. Last year we also launched Tigo Sports, our own exclusive sport channel in Paraguay and Bolivia providing unique content which is a key driver in digital lifestyle adoption. There are few local sports channels in our markets and Tigo Sports is already proving very popular. It is the most viewed pay-TV channel in Paraguay. Unlike other providers we can monetise our content across several platforms: cable, satellite and mobile. So there are many ways to access Tigo's great content.

We have launched DTH in five markets. Satellite technology allows a quick expansion of our footprint and expands the reach of out TV products. We have seen a strong appetite for the product in the first months reaching 85,000 new homes. Additionally, we have found that for 37% of our subscribers, MFS is the ideal channel to pay for their DTH service. A great example of how our products converge to deliver a digital lifestyle to our customers.



$2bn

target for B2C cable revenue by 2017 announced in 2013

7th

largest pay-TV and broadband operator in Latin America

With the UNE merger last year we now have cable TV services in Costa Rica, El Salvador, Honduras, Guatemala, Paraguay, Bolivia and Colombia

tigo STAR SÓLO EN HBO

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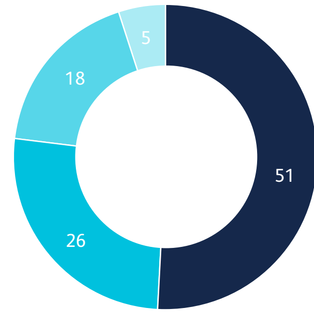
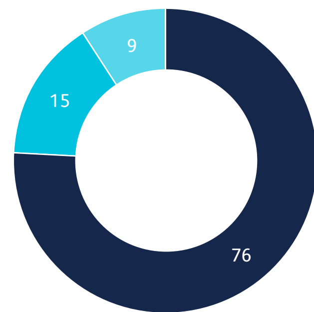
Central America

Weight of countries in regional revenue (%)



- Guatemala
- Honduras
- El Salvador
- Costa Rica and Nicaragua

Percentage of business mix (%)



- Mobile
- Cable
- MFS and other

Key highlights

Launch of our satellite pay-TV offers in four countries

In 2014, the region represented 39% of the Group revenues across five countries, with Guatemala as main contributor to the region (51% of revenues). Three countries (El Salvador, Guatemala and Honduras) in which we operate have mobile and cable networks, Costa Rica and Nicaragua operating only through our cable networks. In 2014, our Mobile business represented the major part of our revenues (76% down from 79% in 2013) with Cable revenues representing 15% (14% in 2013) and Others, handset sales in the vast majority, 9% (7% in 2013). The macroeconomic environment in the region was not uniform with some challenging conditions in El Salvador and Honduras whilst Guatemala experienced good momentum. Despite no new entrants, competition in Central America remained strong, especially in El Salvador, as competitors have continued to push reload multipliers, aggressively priced packages and activation benefits.

El Salvador

El Salvador faced a tough year due mainly to macroeconomic conditions and intense competition. Revenue was up 1% for the year helped by strong handset sales (multiplied by nearly three times); excluding handset sales revenue declined by 4%. This decline was due to the competitive pressure on the mobile market. Mobile revenue reduced by 8% for the year, with the decline of voice and SMS (-13%) not offset by the strong growth of data (+22%). Trends in Cable were more favourable. We achieved a 7% growth year-on-year, backed by the launch of Tigo Star brand and the launch of our DTH service. On MFS, we continue to see a strong adoption of the product and revenue grew by 58% for the year.

We closed the year with an EBITDA margin at 37%. Our investments on the year increased by 39% and have been geared to support the data growth and expanding our cable footprint including satellite pay-TV. In 2015, we will reinforce our affordability to counter competitive and economic pressures and prepare to win in the transition to fixed number portability. We see significant opportunity in the SME segment which we see as underserved.

Guatemala

Guatemala was our best performing business in Central America. We were able to deliver 5% year-on-year growth. Mobile revenue was up 3%, led by mobile data (+41%) more than offsetting the decline in voice and SMS. Since the launch of our marketing campaign "Desfrijolízate" in 2013, the appetite for smartphones in the country remained unabated and the adoption rate in 2014 increased by more than 22 percentage points to 37% with 1.5 million smartphones sold during the year. On the cable side, we successfully launched our Tigo Star brand in August after having consolidated part of the local cable market. Our cable footprint increased by 155,000 homes in 2014; we also started offering our satellite pay-TV service last summer. These efforts were rewarded with cable revenues up 13% compared to 2013. Our EBITDA margin declined by nearly one percentage point to 51% over the last 12 months. Despite a large corporate contract triggering significant implementation costs, we contained the increase of our investments to 4%, leading to a 6% improvement of our Operating Cash Flow.

In 2015, Guatemala should continue to be a solid source of growth in Central America driven by the launch of our 4G service, the uptake of our pay-TV satellite service and the expansion of our cable footprint.

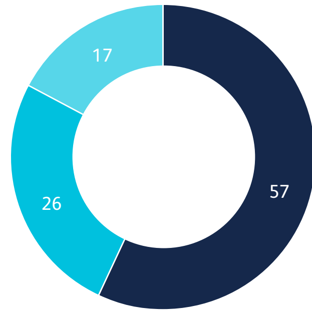
Honduras

In Honduras, revenue declined by 1% in 2014. On Mobile, revenue was down almost 4% versus the prior year resulting from difficult macroeconomic conditions, strong competition and some regulatory constraints that limited temporarily our coverage in certain areas. Mobile data had a good year, with penetration up five percentage points to 28% and revenue growth of over 27%. With a revamped product offering, a clear focus on data and a strong commercial push, we have seen net subscriber additions back in positive territory and a strong appetite for smartphones. The recent launch of 4G in the market will also provide a new customer experience on which we expect to capitalise in the coming quarters. Cable continues to perform well (+10% in 2014) thanks to the launch of Tigo Star and our DTH offer. Despite some temporary issues in the first half of the year due to regulatory constraints on geographical coverage, our MFS business grew by 39% with the penetration reaching 21% (8% in 2013). Following our commercial efforts, our EBITDA margin reduced by three percentage points in 2014 to 45%. In 2014, we invested $38 million in extending our mobile license (including 850MHz and AWS spectrum).

Continued focus on mobile data and convergent offers will be the biggest opportunities to capture growth in 2015.

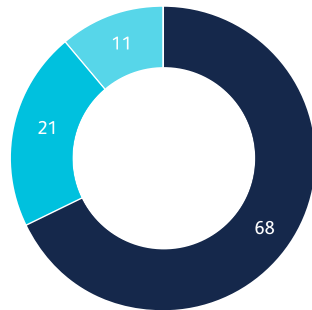
South America

Weight of countries in regional revenue (%)



- Colombia
- Paraguay
- Bolivia

Percentage of business mix (%)



- Mobile
- Cable
- MFS and other

Key highlights

Final approval for UNE merger received and transaction completed

Tigo Music has become the largest music streaming service in Colombia

Tigo Sports exclusive football rights and the HDTV offer differentiate us in Paraguay

In 2014, the region represented 46% of the Group revenues across three countries, with Colombia as main contributor to the region (57% of revenues). Since our merger with UNE in Colombia in August last year, each country in the region has now mobile and cable operations. In 2014, our Mobile business represented the major part of our revenues (68% down from 85% in 2013), the contribution from Cable strongly increased to represent 21% of the regional revenues (5% in 2013) thanks to the first time consolidation of UNE in Colombia as well as the solid growth of our Cable operations in Paraguay and Bolivia.

Colombia is the third largest economy in Latin America. Towards the end of 2014 the drop in world oil prices impacted the Colombian peso, which dropped to its lowest level in more than five years. The macroeconomic environment in Bolivia and Paraguay was stable in 2014 compared to 2013.

Bolivia

In Bolivia, 2014 yielded strong results. Revenue was up by 8% in 2014. Mobile revenue growth was over 5%, led by strong data growth (+59%) with data penetration exceeding 50% at the end of the year. The LTE launch was a key milestone in Bolivia during 2014 and we started to offer Tigo Music with weekly offers. On the Cable side, we acquired the exclusive local football rights and our Tigo Sports exclusive channel launched in November has started contributing to the revenue growth which reached 73% in 2014. EBITDA margin for the year was 36%, down 1 percentage point mostly due to the change in the revenue mix (handset sales increased by 100%). In 2015, we expect the demand for Tigo Sports to accelerate. The appetite for smartphones and mobile data will continue to increase strongly strengthening the need for synergies between our different business units.

Colombia

The merger of our mobile operation with UNE cable business was the key milestone of Millicom Group in 2014 and will be the key growth driver in the medium term. Colombia has become our largest operation in 2014 (26% of Group sales with UNE consolidated from August), in our most developed market and with phenomenal results. Mobile revenue increased by 22% in 2014 with data growing 36% and data penetration topping 31%. Our product development has been a key enabler of these results, for example Tigo Music has become the largest music streaming service in the country and our recently announced partnership with Facebook will allow a new segment of the population access to data for the first time, a key product that will reinforce our growth story in coming quarters. Since our merger with UNE in mid-August, we have worked on expanding our footprint, upgrading the network and offering new pay-TV and fixed broadband products to our customers. The EBITDA margin for Colombia reached 26%, up 2 percentage points compared to last year despite the dilutive impact coming from handset sales which grew by 92%. The integration process with UNE is progressing well and we have recently reaffirmed our synergies target which should reach at least a net present value of $600 million. We spent almost 17% of revenues in investments in 2014 with a specific focus on LTE coverage and 3G capacity as well as the expansion of the cable footprint. We will continue in 2015 our successful strategy on mobile data and expand the footprint of UNE.

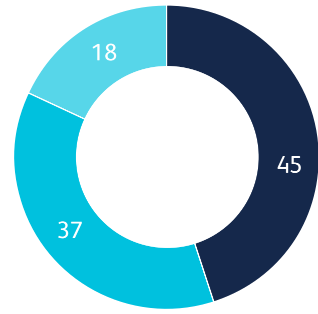
Paraguay

In Paraguay, the revenue growth was moderate (+2%). Cable performed strongly (+26%) on the back of Tigo Sports' launch, the exclusive football rights and the HDTV launch we had in Q1. Paraguay continues to be the best market in Latin America for MFS. We had positive results in both adoption and ARPU, and as a result we experienced over 40% year-on-year growth. Mobile revenues declined 6% for the year following strong competition and a MTR cut of 47% in November. The resulting product mix had a dilutive impact on the margin, which closed down four percentage points to 48%. Investments made in Paraguay were close to 16% of revenue and our operating cash flow improved by 2%. The end of the year gave encouraging signs for 2015 as some indicators regarding our brand recognition were recovering and we expect the adoption of our pay-TV products to continue driving cable revenues.

Review of operations
(Continued)

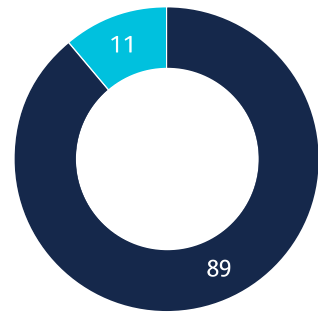
Africa

Weight of countries in regional revenue (%)



- Others
- Tanzania
- Chad

Percentage of business mix (%)



- Mobile
- MFS and other

Key highlights

First full interoperability service in mobile money in Tanzania

Tigo Wekeza – returns paid on mobile money accounts – a world first

Cross-border mobile money transfer service between Rwanda and Tanzania

Partnership with Facebook in East Africa

In 2014, the region represented 16% of the Group revenues across six countries, with Tanzania as main contributor to the region (37% of revenues). In 2014, our Mobile business represented the vast majority of our revenues (89% down from 92% in 2013), the contribution from MFS increased by two percentage points to 7% with Others, essentially handset sales, representing the remainder. GDP growth remained above global average in nearly all of our African markets; however, many new regulatory proposals made the operating environment challenging. New proposals for taxation of the telecommunications sector were introduced.

Tanzania

Tanzania closed the year with 8.2 million subscribers, with 2.2 million mobile additions in the year. Revenues grew by 8% in 2014, backed by not only the net additions but a strong growth in mobile data up 51% and MFS which grew at 40%. On mobile, despite strong competition in a multi-SIM market, we have been able to maintain a modest growth in voice and a stronger performance on SMS. Data has become more accessible, in part with the partnership with Facebook where we offer the Swahili based app to communities that are just discovering data for the first time. On MFS we continue to reach important milestones. After a difficult start to the year when one of our competitors offered free mobile money products for some months, our innovation was a key differentiation in the market. Products like cross-border/cross-currency money transfers with Rwanda in Q1, automatic returns with Wekeza in Q3 and the initial stages of interoperability encourage us to expect strong performance in the coming years. As a result of the product mix, we have had some erosion of margins with EBITDA at 35% (down two percentage points year-on-year).

Chad

Chad reported revenue growth of 21%. The subscriber base grew by 22% during the year. Voice revenues were up +20% year-on-year and we see an encouraging increase of data usage (revenue is up 55%). Voice remains the main revenue contributor but we see some encouraging signs in data with the penetration reaching 8%. We have launched 4G in key areas in Chad. MFS is still a small business, but penetration rate increased by 8 percentage points in one year to 18% and we experienced triple digit revenue growth. The EBITDA margin ended up at 36%, down five percentage points year-on-year essentially due to some incremental taxes.

We gained over 1.2 million subscribers in DRC, more than half a million in Rwanda, over 300,000 in Senegal and more than 155,000 in Ghana

Other African markets

We continued to pursue growth throughout our other African markets. We gained over 1.2 million subscribers in DRC, more than half a million in Rwanda, over 300,000 in Senegal and more than 155,000 in Ghana. We increased our coverage and deployed data to new areas in all of our markets. The results were positive in Rwanda and Ghana, where we saw revenue growth in excess of 20% while DRC grew at a modest rate and Senegal faced a small revenue decline. Data had a strong year, growing over 50% in all four markets, the biggest one being Ghana. Mobile data reached 26% of our customer base in Rwanda, 23% in Ghana, 14% in DRC and Senegal. MFS also had a strong year, particularly in Rwanda where it more than doubled the revenues, followed by Ghana.

Given the investment to pursue growth and high competitive pressure, these markets have experienced low margins. Capital investment remains high as a consequence of the strategic initiatives in place to improve the coverage and capacity to recapture growth. We expect the measures put in place in 2014 to help improve cash generation in 2015.

Risk management

Interim CEO's statement p.14
Market overview p.16
Our business model p.20
Our strategy p.22
Risk management **p.38**

Balancing risk with return

Millicom operates in a dynamic industry characterised by rapid evolution in technologies, consumer demand, and business opportunities. Millicom's markets are highly demanding, each with their specific challenges due to the social, economic and political landscape.

Our strategy and direction is significantly influenced by the objectives and expectations of our stakeholders, the needs of our customers and opportunities, both pre-existing and those we create. Millicom has a pro-active, enterprise-wide approach to identify, understand, assess, monitor and balance its numerous risks and opportunities. We empower our strategic and operational decision makers to strike the right balance between risk and profitable top-line growth, cash flow generation and return on invested capital, ensuring we both enhance and protect the business. We carefully assess our comprehensive risk exposure, taking into account risks from a macro perspective, such as developments in the political and regulatory area, and more direct and tangible risks, such as safety of our people and security of confidential brand and customer information. The risks are manifested in various ways, but directly or indirectly affect our products, our revenue, our systems, our people and our clients. Management of these risks is therefore essential to the way we do business.

Millicom's risk function

Millicom has a network of risk officers at headquarter, regional and each significant operating country level, led by the Chief Risk Officer. The risk function is tasked with identifying, analysing, monitoring and coordinating Millicom's approach to balancing risk with return and reporting to the Executive Committee. The Audit Committee is responsible for reviewing the effectiveness of risk function activities and has oversight of risk-related activities of the Group, reporting to the Board of Directors.

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

Risks are inherent in business, and Millicom accepts these risks to the extent that opportunities for sufficient returns exist and that systems and controls are in place and operating effectively to manage risks to an acceptable level.

Evolution of key risks in 2014

During 2014 we continued the transformation of Millicom from a mobile services provider to a digital lifestyle enabling company with an increasing portfolio of services delivered through mobile and fixed line businesses. We significantly expanded the fixed line business with the acquisition of UNE in Colombia, regionalisation of many commercial initiatives, and a reduction in non-core investments, all during a time of further pressure on margins and profitability through both competitive and regulatory forces. These developments have provided a number of opportunities and challenges, including an increased need to adapt and drive innovation, and maximise distribution of talent and resources.

The table overleaf summarises the business risks and opportunities we face operating in our various emerging markets and business units. We then touch on specific risks focusing on safety and security, legal and compliance, and corporate responsibility.

Risk management
(Continued)

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Shift in consumer demand			
The increasing availability of communication channels is providing customers with more choice. Failure to adapt our products and services to consumer trends and lifestyle-enhancing solutions or failure to be present in the consumer connectivity value chain may lead to decline in revenue.	Shift in consumer demand and connectivity channels in many of our markets is rapidly reshaping the competitive landscape. Lifestyle-changing product offerings, such as mobile financial services, are becoming critical components of mobile operators in certain markets (e.g. Tanzania). Access to the internet and availability of affordable handsets remains a key driver of customer uptake and retention in LATAM, and a decline in voice revenue as customers use other means of communicating (in particular over-the-top communication products), adds pressure to traditional business models.	We continue to see opportunities to migrate many of our customers to bundles of data and traditional mobile services, and experience rapid payback on handset subsidies in the fastest developing data markets. As customers evolve toward new lifestyle changing solutions (above and beyond communication) we are expanding our presence in cable and digital media businesses and forging new partnerships (e.g. Facebook and Deezer) to provide our customers with new and improved experiences.	We actively engage our customers and potential customers in consumer feedback experience programmes and look to roll-out innovations between our markets. We provide a mix of tariff and product structures targeting specific customer segments and promote the uptake of data and other value added services in our more developed markets. We have accelerated our investment in data uptake based on customer demand and trend and seek to expand our portfolio of offerings and services, by introducing new possibilities for consumers to access content-related products (e.g. the launch of satellite pay-TV in Latin America in 2014).
Financial risks			
32% of Group debt is denominated in US dollars and held at Group level. In addition 50% of the debt in the operations is exposed to US dollar fluctuations as it is in a currency other than the operations' functional currency. Our revenue-generating activities are predominantly in currencies other than US dollars. This creates an exposure to fluctuations in exchange rates that may negatively impact our reported results and US dollar cash flows. We are increasingly dependent on the ability of our operating entities to upstream cash to service US dollar borrowings, and exposed to potential risks related to macro-economic conditions, policies and currency controls in our operations.	Currency volatility has increased during the year, in particular because the Colombian peso has declined by over 20% against the US dollar during 2014. This fluctuation, together with the acquisition of UNE during 2014 has significantly increased our exposure to the Colombian peso. 100% of our debt in Colombia is in local currency providing a natural hedge against this heightened volatility of the peso. None of the countries in which we operate have hyperinflationary economies or immediate threat of forced currency devaluations. Nevertheless, in some of the countries in which we operate, political and economic stability may deteriorate rapidly, and result in currency devaluation or hyperinflation. In El Salvador and DRC the currency of operation is the US dollar. In Chad and Senegal, the local currencies are pegged to the Euro.	We continue to see opportunities to refinance existing debt and benefit from the relatively low cost of financing through global debt markets. Colombia has a relatively mature financial market with various financing and hedging instruments available that could be used to manage currency fluctuations in the income statement and cash flow as our balance sheet is already fully hedged.	We closely monitor economic and political conditions in the markets in which we operate. Our cash flow planning process involves careful analysis of the timing and amounts of cash flows required to service Group-level debt while balancing cash flow needs of each of our operations. Contingency plans are in place to ensure alternate sources of funds are available if required. In certain countries we obtain financing through our local entities reducing our exposure to risk factors. The diverse geographical spread of the countries and economies and currencies in which we generate revenues and cash flows reduces our exposure to fluctuations in individual countries or currencies. We maintain a policy of holding excess cash generated in US dollars and upstreaming cash to holding companies or cash pooling in US dollars. We repatriate cash as early as possible and through different means: royalties, dividends and management fees, supported by appropriate agreements. Non-US dollar denominated debt at holding company level is hedged to US dollars.

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Financial risks (continued)			
Sources of financing may not be available, or may not be available at commercially acceptable rates in the currencies in which we generate cash flows. Furthermore, financial instruments that hedge against currency fluctuations may not be available. This creates an exposure to exchange rate fluctuations that may impact our US dollar reported results and the US dollar value of our reported external debt.	We have been able to renew or replace existing debt on commercially acceptable terms. We have successfully raised additional financing through bonds, increasing our liquidity and raising our average debt maturity. Our average external financial debt maturity at the end of the year 2014 stood at 5.3 years and our debt maturing in the short term was fully covered by our committed and undrawn Revolving Credit Facility. In 2014 the acquisition of UNE increased our Net debt/EBITDA ratio. This was partially mitigated by the sale of non-controlling stakes in the Colombian tower company and the Mauritian business.	Low US dollar interest rates continue to provide opportunities to refinance or raise additional finance at lower rates than in previous years and extend our debt maturity. Further opportunities exist in refinancing debt in our local markets.	Sources and currencies of financing and our decision making is based on a variety of risk and opportunity-based factors including: interest rates, currencies, credit, counter parties, tax efficiencies, maturity and liquidity. We seek to balance the various financing risks that we face through a variety of sources of financing and a target mix of variable and fixed interest rates, local currency versus US dollar debt and hedges against fluctuations between financing currencies and the US dollar and variability of interest rates. We have significantly diversified our sources of financing and we are less dependent on bank financing, which now represent circa 25% of our total financing while public financing now accounts for almost 70% of our total financing with longer maturities. We are currently focusing on diversifying our sources of funding to reduce reliance on debt capital markets and optimise our maturity profile and interest charges. In 2014, we successfully refinanced our operations in Costa Rica and in Chad with respectively bank debt syndication and a loan with a Development Financial Institution.
We follow a strategy involving a mix of debt and equity financing that creates a degree of dependence and exposure to availability of external financing. If liquidity in the financial markets in which we have historically raised debt reduces we may need to seek financing or refinancing in different markets or at higher prices than in the past.	We have been able to renew or replace existing debt on commercially acceptable terms. In 2014 we have successfully negotiated a revolving credit facility that provides an additional source of finance as and when required. It was fully undrawn at December 31, 2014 and covers in excess of our debt maturing in 2015.	Operation of successful businesses in emerging markets and our historic cash flow have led to a stable credit rating by leading credit rating agencies Fitch and Moody's. Our company is currently rated BB+, stable by Fitch and Ba1, negative by Moody's. This in turn improved over the years our debt-raising ability and flexibility for pursuing our strategic objectives.	We seek to balance the various financing risks that we face through a variety of sources of financing and a target mix of variable and fixed interest rates, local currency versus US dollar debt and hedges against fluctuations between financing currencies and the US dollar and variability of interest rates. At December 31, 2014, 69% of the Group debt was at fixed rates.
We have significant amounts of cash balances with financial institutions exposing us to counterparty risk.	The risk is largely within our control as we can choose which financial institutions we use and specific amounts in each institution.	Our financial position and policy of holding cash with several banks provides us with greater negotiating power giving us access to a number of sources of additional financing if and when required.	We diversify the location of cash among a variety of banks so that our counterparty risk with individual banks does not exceed limits which we have set based on each bank's credit rating.

Risk management
(Continued)

Influence of shareholders and insiders

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Certain insiders represent entities that have a significant number of Millicom shares, giving them substantial influence over management.	The shareholdings in Millicom of these entities have remained relatively constant in recent years as has the proportion of representation on the Board of Directors.	These entities have similar business interests as Millicom which can lead to additional business opportunities and sharing of knowledge and skills as well as entering into new businesses. Opportunities for cost and process efficiencies exist with fellow subsidiaries including procurement and supplier relationships.	Our Board of Directors comprises nine members of whom four are independent Directors. The three-member Audit Committee of Millicom comprises two independent Directors and the Chairman. Business dealings with related parties are performed on an arm's-length basis. Transactions and balances with related parties (including entities controlled by the largest shareholder) and non-controlling shareholders in our local operations are periodically reviewed and approved by the Audit Committee. Directors refrain from participating in decisions and votes where they have conflicts of interest.
Our ability to exercise control over some of our operations is dependent on the consent of shareholders who are not under our control. Disagreements or unfavourable terms in agreements governing our joint ventures may adversely affect our operations.	We continue to maintain strong and productive relationships with our fellow shareholders. In early 2014 we signed an agreement with our local partner in Guatemala, which strengthens our relationship by providing us with an option to acquire the remaining 45% of shares in our Guatemalan operation at any time over the next two-year period.	Local partners have local expertise and know-how which can lead to opportunities and efficiencies in operating our businesses. Skills, knowledge and experience from our local partners reduce the risk of entering new countries or new businesses and provide us with opportunities to apply this across our different countries and operations.	We are in constant dialogue with our local partners in Honduras, Guatemala, Colombia, Rwanda and the Rocket Online businesses. The shareholders' agreement in Colombia that gives us management rights, and the option agreements we have related to Honduras (and since January 1, 2014 in Guatemala), enable us to fully control and consolidate those businesses.

Regulatory, tax and legal risks

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
The mobile telephony market is heavily regulated and taxed. Regulations in new areas of business such as Mobile Finance Services are often less developed and as a result subject to rapid change.	Rules and regulations in the markets in which we operate continue to evolve with increasing types and rates of regulation. Margins on traditional mobile telephony services have continued to be pressured during 2014 with rate cuts and regulatory restrictions imposed in many markets.	Advanced planning enables us to predict and plan for potential changes in tariffs and regulations. Dynamic pricing enables us to adjust rapidly to the impact of rate changes. In addition, the experience we gain in more regulated and taxed markets enables us to transfer knowledge and best practice to less developed markets and thereby react quickly to changes. Diversification of products and services from the traditionally heavily regulated communications business reduces our exposure to fluctuations in rates and regulations.	We constantly monitor and review potential changes in regulations and taxes and have implemented a tax risk management system to identify and actively manage these risks. Cost-cutting opportunities are sought in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations. We are operating our telephony businesses in 12 main countries, significantly spreading our regulatory, tax and legal risks. Additionally we have diversified our products/services base with less exposure now to pure telecom operations that are heavily dependent on regulations (these are generally less applicable to Cable and Digital Media, and Value Added Services).
The tax and regulatory environments in many of the countries in which we operate are evolving in such a way that rates and types of tax (including withholding tax) and related charges, and tariff limits are increasing regularly. This may impact the amount and cost of repatriation of cash from our operations and may increase operating costs and/or reduce interconnection revenues.	Taxes and regulatory changes are increasingly impacting the amount of cash available for repatriation relative to cash generated. The frequency and type of tax authority and regulatory audits are increasing, raising the risk of claims for payment of additional taxes, or fines.	Regulatory pressures often create opportunities for us to serve our customers better through continuous innovation, especially in our products and pricing.	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. However, we pro-actively engage with regulatory and other relevant authorities to ensure our considerations are factored in to any potential regulatory change. We have adopted a tax strategy with a considered approach to risks and uncertainties, particularly where legislation is either underdeveloped or lacking in clarity. We apply international practice including OECD guidelines in setting transfer prices.

Regulatory, tax and legal risks (continued)

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
The mobile telephony sector may be forced to provide access to its spectrum, which may result in additional competition, or may be forced to pay high prices to get access to spectrum.	Demand for high-quality spectrum continues to outweigh availability and shortages are expected to continue as demand for data and non-voice services increases. Demand for LTE spectrum continues to increase as broadcasters, media firms and others seek to gain footholds in wireless markets.	Our position as an established number one or two operator with contractual rights of renewal in many of our markets positions us favourably for both renewals and new spectrum auctions. Our diversifying product and service portfolio enables us to provide services that optimise usage of spectrum and reduce reliance on certain types of spectrum. We are developing opportunities in partnering to deliver such services as TV and Machine to Machine). Our strong cellular tower footprint in many countries reduces our reliance on specific spectrum.	We actively monitor and execute a strategy to secure high-quality spectrum as and when it becomes available based on knowledge of customer needs. We believe that our present and future success is very much correlated to our understanding of our customers. We are used to operating in highly competitive environments and expect competition to remain strong. We are ready to share spectrum with other operators or competitors if necessary to get access to attractive spectrum and to reduce costs.
Many of the telecommunications regulatory regimes and legal systems in the countries in which we operate are underdeveloped compared to those in developed markets. This can lead to uncertainty and unpredictability in application of rules and regulations and reduced levels of transparency and/or equitableness regarding claims or disputes.	There have been no significant changes in the risk during 2014.	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. We lead by example in the way we do business and in positively impacting and influencing the economic environments in which we do business. In turn this raises our local and global brand equity. Our increasing engagement with key stakeholders in our markets as a corporate citizen promoting governance and ethics strengthens the economic environment in the countries where we operate.	We pro-actively engage with regulators, governments and other key stakeholders in our operations. We constantly monitor legal and regulatory developments in our markets and in many countries provide input into developing or enhancing existing rules and regulations. We operate our businesses across multiple countries and business units subject to various different regulations. This diversification reduces our exposure to country-specific issues. Our policies and procedures are based on a backbone of integrity and ethical practices which include promotion of transparency and equity among our business partners and stakeholders in each of our markets.
Most of the countries in which we operate, telecommunications businesses have not historically had universal service obligations (USOs). If such obligations were introduced the profitability of our operations may be negatively impacted.	There have been increasing trends toward introducing USOs in the mobile sector in the telecommunications markets in which we operate including government enforcement of such obligations. Spectrum and licenses in certain countries, most notably Colombia and Honduras, create certain coverage and social obligations. Increasingly high penetration levels in many of our markets might potentially reduce the likelihood of introduction of USOs.	In certain markets regulators offer or require investment in coverage expansion as an alternative to cash payments. This can create a cost effective opportunity to increase our subscriber base with limited additional capital expenditure. Introduction of USOs may present opportunities to further fulfill our social responsibility ambitions.	We pro-actively engage with regulators, governments and other key stakeholders in our operations. We constantly monitor legal and regulatory developments in our markets and in many countries provide input into developing or enhancing existing rules and regulations. We are actively involved in the countries and communities in which we do business constantly seeking ways in which the benefits of the services that we provide can be cost-effectively provided to a larger base of consumers.
Any failure to comply with local or international laws and regulations could result in liabilities, reputational damage, sanctions or restrictions in activities. Any of these events could have a material adverse impact on our business.	Internal compliance, corporate responsibility and integrity activities continued to strengthen during the year. No significant changes noted in the inherent aspects of this risk.	Our presence and reach in many of our markets provides us with significant opportunities to demonstrate our role as leading corporate citizens. In offering affordable access to voice, data, entertainment, mobile financial services, and related solutions we are also investing a meaningful share of our local net profits in corporate social responsibility activities.	Corporate governance and corporate citizenship are embedded in the Millicom culture. We directly associate brand equity with our public profile and see management of our image with customers, regulators and lawmakers in our markets as being closely correlated. We adopt a proactive approach to ensuring compliance with current law and monitor developments. Scenario and impact analysis is performed regularly on potential developments, and preparatory actions taken in advance of effective dates of new or amended local laws and regulations.

Risk management
(Continued)

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Emerging market risks			
Many of the countries in which we operate have a history of political instability. Any current or future instability may negatively affect our ability to conduct business, revenue and profitability.	While political change has occurred with relatively little instability during 2014 in several of our markets, the political systems in some of our markets (mainly in Africa) remain relatively fragile, and potentially threatened by internal disruption (for example DRC). Political instability can have a negative impact on currency value. As the majority of our markets generate revenue in local currencies, this can have a negative impact on our US dollar results.	Political uncertainty typically hinders country growth. Stability drives economic growth and provides more opportunities for customers to improve their lives through use of the services that we provide. As the services we provide contribute positively to the societies in which we operate, improving stability in our markets can lead to an appreciation of the value of our businesses.	We regularly engage key stakeholders in and monitor political and economic stability in all our markets. We have contingency plans in place that enable us to operate under challenging/constrained business environments. Our corporate responsibility initiatives include demonstration of the significant role we play in contributing to economic development in the countries in which we operate. Local debt which is non-recourse to Millicom reduces exposure to political risk and currency risk.
Some of the countries in which we operate have political regimes that may not view foreign business interests favourably and may attempt to expropriate all or part of our local assets or impose controls.	Government expropriation of assets does occur in some of our markets (in recent years in the energy sector in Bolivia), and this threat remains. However, other than Bolivia the overall threat has steadily declined over recent years.	A marked increase in social responsibility programmes and stakeholder engagement contributes to an improved profile as a good corporate citizen. We strongly believe that such actions and activities lead to increased customer uptake and loyalty (reduced churn). They also contribute to raising our brand image and government view of our profile.	We are constantly monitoring and managing our local profiles, and engaging with key stakeholders, including government ministries, agencies and regulatory bodies. We develop and implement strategies to position our brand and corporate profile highlighting our contributions back to the economies, societies and communities in which we operate. This includes our profile as an employer of choice, charitable actions and our fiscal contributions. We have a balanced approach towards leverage. We raise debt at local operating level and on a non-recourse basis, wherever possible and at commercially acceptable rates.
Many of the countries in which we operate lack infrastructure or have infrastructure in relatively poor condition.	Our tower sharing and network maintenance outsourcing arrangements have reduced (shared) many of the direct operational risks connected to operation of cell sites. Challenges remain in certain countries where natural and man-made risks and threats to sites threaten coverage and quality of services. These include natural disasters as well as reliability of energy supply.	Further opportunities exist for sharing of passive infrastructure or outsourcing to specialised tower management companies. Such deals generate value in operating efficiency and shared risk generally reduces risk to the relevant parties. Expansion of cable and digital media services reduces our reliance on infrastructure connected to operation of cell sites for revenue generating activities.	Network optimisation and operating efficiency projects are a regular and ongoing part of our actions to minimise connection issues. We make use of backup generators at many of our sites to ensure our services are constantly available. We are continuously looking for site-sharing opportunities with other operators and tower management companies. Our business continuity plans include assessment of infrastructure related risks to which we devise and implement back-up and other contingency plans including alternate sources of energy.
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.	Some of the economies in which we operate continue to be impacted by global or local economic slowdown. The markets in which we operate in Central America, which are to some degree dependent on international remittances, remain particularly affected. This increases consumer price sensitivity which typically lowers margins and increases potential customer churn.	Despite economic conditions, demand for the increasingly diversified range of our services from higher value and target customers continues to increase, in particular data, mobile financial services, entertainment and solutions. Many of the economies in our markets continue to outgrow more developed economies, leading to increased disposable income and consumer demand for our products and services.	We are continuously monitoring and refining affordability of our services. Operational efficiency management programmes in place seek to reduce cost and deploy capital expenditures in business areas offering higher return on investments. Our business model is focused on cross-selling and upselling more services to our high-value customers and therefore should enable us a higher resilience to economic conditions than the telecom industry on average.

Overview
Strategy
Performance
Governance
Financials

Potential risk	Evolution of the risk	Where we see opportunities	How we balance risk with return
Dependence on spectrum and licenses			
We face substantial competition in obtaining and renewing licenses, particular in our mobile businesses.	We have successfully renewed and obtained new licenses in our operations in recent years (including LTE). We have successfully obtained licenses for operation of new businesses (such as mobile financial services). Diversification of our businesses reduces to some extent, our dependence on one or limited numbers of licenses and our geographical spread of operations further reducing our exposure to individual license renewal risk. Our UNE acquisition has further diversified our revenue-generating activities from mobile towards cable/fixed line.	We expect a degree of consolidation will occur in some of our markets and especially in Africa. This will reduce demand for existing and future spectrum. Many of our markets are still to auction or make available spectrum enabling LTE service provision. As an established operator in all of our markets we see strong opportunities to acquire such spectrum which will enable us to follow our strategy of providing consumers with more value added services.	Our preparation for license renewals and spectrum auctions or allocations starts well in advance of expiry or availability. Our approach focuses on legal requirements, our historic compliance, as well as amounts and sources of financing. We have ongoing dialogue with governments and regulators responsible for spectrum and licenses. We are regular participants in industry groups and work with governments in addressing mutual industry issues. With penetration levels close to 100% and our extensive distribution footprint in our Latin American markets and in the urban areas of our African markets, we believe that potential new entrants in our markets have limited opportunities to jeopardise our established position. We actively support government programmes that link social objectives with license acquisitions or renewals.
Availability or cost may limit our ability to acquire required or preferred frequency blocks of spectrum in some of our markets.	Governments are opening up additional blocks of spectrum as technologies change. Diversification of our businesses reduces to some extent, our dependence on one or limited blocks of frequency and our geographical spread of operations further reduces exposure to individual frequency related risk.	We consider spectrum an attractive and scarce resource. It is a pre-requisite to operate as a mobile telecommunication service provider. Consolidation and our active approach to pursuing acquisition opportunities in some of our markets create opportunities to obtain spectrum from other operators. Such acquisitions may be less competitive and less costly than direct purchase from governments or regulators. Spectrum sharing among competing operators is increasingly common in the industry and we see opportunities in this area particularly in lower cost of acquisition and efficiency in use.	The timing and cost of our investments in spectrum are evaluated carefully against potential returns (ROIC). We consider alternate frequency blocks and the possibility for jointly bidding for spectrum with other operators. We evaluate ongoing spectrum needs against current capacity and quality as well as forecast growth or transition to new technologies (from cost of capital expenditures and equipment service and customer demand perspectives). Over the years, we have developed extensive experience in negotiating license renewals and spectrum prices. We actively support government programmes that link social objectives with spectrum acquisitions and renewals.
Entering into new businesses			
Our growth strategy is supported by constant innovation and acquisition of complementary businesses within the Digital Lifestyle sphere. As we develop our new business areas such as Mobile Financial Services, music, social media access and entertainment, we face new and differing risks including: regulatory requirements, employee skills, reputation risk, start-up operating losses and success factors different from those we are familiar with in the telecom business.	While acquisition of new businesses increases risk, we are acquiring knowledge, skills and experience of executives and management driving these businesses or leveraging from our existing businesses (e.g. cable). We have invested considerably in innovation and value added services in people, process and technology to balance risks connected with new businesses.	We see significant potential in synergies from combinations of cable, TV, and broadband services with our mobile operations in many of our markets (particularly LATAM and in Colombia). Expanding our presence to cover more of the spaces and places where people "connect" will enable us to protect and grow our market share and provide our customers with more and higher quality services. We also believe that such positioning will enable us to develop more partnerships with businesses seeking channels to provide services to our customer bases such as Deezer, Facebook and other content and media businesses.	We seek to make additional acquisitions if opportunities are available at the right price. When necessary, we partner with experts in the business areas we are developing and monitor risks and returns against targets, refining timing and direction as necessary. We have a step-by-step approach to entering into new business areas and markets; we trial first and assess the risks and potential rewards before taking any decision to launch.
Acquisition and integration of UNE in Colombia			
Failure to adequately integrate UNE and extract value from synergies and efficiencies may impact shareholder value and cash flow generation in our Colombian operations.	Our merger with UNE in Colombia provides a number of challenges and opportunities. The merger was completed in 2014 and we are well into the integration process. Significant areas have been identified and synergy and value creation activities commenced.	We see significant potential in synergies from combinations of cable, fixed line and broadband services with our traditional mobile operations in Colombia, and the merger has significantly strengthened our presence and reach into additional geographic areas of Colombia. We believe that expanding our presence in Colombia to cover more of the spaces and places where people "connect" in the future will enable us to protect our market share and provide our customers with higher quality and more services in future.	Our investment strategy is based on careful analysis and diligence in the pre-acquisition stages. Our existing knowledge of the Colombian and LATAM markets provide us with the ability to identify value creating opportunities from market to market and our experience in integrating cable operations in other LATAM markets enables us to apply knowledge and skills obtained to the Colombian market. Key members of our management team in Colombia have been deployed from other Group companies with cable and fixed line operations to run the merged business.

Risk management
(Continued)

In the previous section we have explored the financial and business-related risks and how they are managed and in this section we look in-depth at a wider spectrum of important risk that can affect the Company, our people and our customers.

Safety and security
Information Security and Business Continuity Risk are now being managed as part of a Company-wide programme, incorporating Physical and Information Security, Business Continuity Management (BMC), Health, Safety, Fraud and Investigation management. The work on integrated security management, specifically in the areas of BCM, Information and Physical Security, has led to a 25% improvement in the Loss Prevention Rating awarded to Millicom by insurers in 2014.

Physical safety
In many of the markets where we operate the level of maturity of infrastructures and safety measures is sometimes very low, which can lead to a significant risk of damage to infrastructure and injuries to people. We therefore have a programme in place to protect our staff and any third party accessing our offices and work sites through our Health, Safety & Environment Management System, which all our operations are improving on. For more details, please refer to the People section of this report.

Information security
We published the Information Security Policy in July 2014 and we have designed the Information Security Standard (ISS) to support the Policy. The ISS is the core document of the Information Security Framework and will be published in February 2015. The ISS is based on the International Standard for Information Security Management, ISO 27001, and establishes minimum security requirements which every Millicom Business must satisfy. The Operations are currently in the process of assessing their compliance status and documenting implementation plans to reach compliance. Information Security Training & Awareness is being delivered to all employees to reinforce an Information Security compliance culture in Millicom.

Business continuity and crisis management
With major incidents occurring, like the recent Ebola outbreak, the Company further focused on preparing its Business Continuity Management (BCM) and Crisis Management (CM) readiness. Globally led tests were held with our operations in Senegal and Rwanda, with a regional recovery test held in Latin America. "Live" BCM readiness plans were enacted successfully in all African Operations in response to the Ebola outbreak, and in Honduras, El Salvador and Nicaragua in response to the earthquake in October 2014. We co-ordinate our response to such events through our Global Crisis Committee.

Legal & Compliance related risks
There are several Legal & Compliance risks that could in varying degrees impact the Company, our people and our business. In this section we cover three key risks inherent to our local and global geographic footprint, and to the nature of our business.

Anti-money laundering
As we continue to roll out mobile financial services to more markets, we continuously assess our business delivery models and transactions to ensure we can prevent, detect and stop any attempts at using our systems for illegal transactions such as money laundering and terrorism financing. The Millicom Board of Directors approved our new policy on Anti-Money Laundering, Counter Terrorism Financing and Know Your Customer. In 2014 we appointed a Global Anti-Money Laundering Officer who works with our local operations and global teams to appoint Local Anti-Money Laundering Officers and to ensure we have the right tools, processes and resources in place to effectively manage the risk on an ongoing basis. We independently operate a framework with investigation resources to follow up on any suspected or alleged breaches.

Data privacy and protection
In the telecoms and digital sector we gather and hold data on our customers to continue to provide a good quality of service. In order to safeguard the privacy of the individuals and protect their data, we follow formal regulation set out by the relevant mandated authorities. In addition, we operate a system of self-regulation through our policy framework on data privacy and protection. When handling requests from law enforcement authorities for customer data and interception of communications, Millicom applies a Group level guideline to ensure the appropriate legal reviews and protection of customer privacy throughout the process. More information about risks relating to law enforcement assistance can be found in the Millicom Corporate Responsibility Report.

Anti-bribery and anti-corruption
Business customs and traditions vary greatly across the markets we operate in and so do the legal frameworks and the enforcement of such frameworks. We take a clear stand against bribery and corruption in all of our business dealings. Through clear policies, risk awareness training and monitoring initiatives we ensure that all of our employees are aware of the risk to them as individuals and to the Company and know how to act if faced with the risk. Global Compliance and Global Security work closely to follow up on all concerns raised. We also work with our suppliers and other third parties to ensure they have clarity on our principles and policies in this area. For more information on the third-party management, please refer to the corporate responsibility section of this report.

Corporate responsibility risk
As a company, we acknowledge that through our business activities and corporate responsibility initiatives, we have a role to play in helping to support and protect our customers and others from certain restrictions to their rights. We cover two key risks in this section, but for more information on our own environmental, social and governance (ESG) related risks and initiatives, please refer to the corporate responsibility section of this report and Millicom Corporate Responsibility Report 2014.

Child online protection
Just as the internet is a source of information and education, it can also be used to host and distribute illegal child sexual abuse content, or expose children to inappropriate content or inappropriate conduct. At Millicom we work in collaboration with UNICEF to actively minimise the risk of our networks being used for such exploitation, and to educate parents and children on online safety.

Data privacy
There is a risk that some national governments and related authorities request us to restrict customer access to specific data or communication tools. Millicom is a founding member of the Telecommunications Industry Dialogue on Privacy and Freedom of Expression where we actively work with our peer companies, engaging many other stakeholders, to minimise risks to our customers' rights in such cases.

Corporate responsibility

Focusing on what matters

Our five focus areas

Supply chain
We work with thousands of suppliers around the world, ranging from small local vendors to large multinationals. Ensuring that all suppliers adhere to high standards of ethical behaviour is a priority. Our Supplier Code of Conduct was updated in 2014, and is now a mandatory annex in all of our supplier agreements. The Code covers ethics and integrity, workers' rights and protection, prohibition of child labour and environmental protection.

Diversity
To deliver our business strategy of creating successful and innovative products that appeal to a wide customer base, it is essential that we employ a diverse workforce with complementary skills at all levels. Our workforce reflects the countries in which we operate in terms of the wide range of nationalities it includes. In 2014, we launched a diversity programme focusing on improving gender balance in senior management. More information on this can be found in our section on employees on page 27.

Child protection
Children benefit from increased access to information and education through the internet, but they may be exposed to inappropriate content and are otherwise more vulnerable to inappropriate contact or conduct online. There is also a risk that our networks may be used to host or distribute illegal child abuse content. Child online protection is a priority for us and our stakeholders. In October 2014, in Paraguay, we jointly hosted a workshop with UNICEF and GSMA on Child Online Protection, the first of its kind in Latin America. At the end of the year, we announced a three-year partnership with UNICEF to co-operate even more broadly on child protection in the telecommunications sector.

Environment
While our materiality analysis suggested that environmental protection is not a significant challenge for us, we recognise this is an area that can help us create operational efficiencies, as well as reduce our environmental impact. Some initiatives we delivered in 2014 to achieve these objectives included sharing base station sites with our competitors and improving our e-waste management.

Privacy and data protection
Protection of privacy and freedom of expression of our customers are among the most important corporate responsibility concerns for us as a digital lifestyle company. As is the case for all providers of communications networks and services, Millicom faces risks relating to the handling of requests from government authorities for customer data, interception of communications and restriction of content or access to services. We continuously work to strengthen our processes in this area. We are a founding member of Telecommunications Industry Dialogue on Freedom of Expression and Privacy (ID) and have been actively working with the industry group to mitigate negative impact on freedom of expression and privacy of customers in the telecommunications sector since 2011. In October 2014, Millicom took over the Chairmanship of the ID.

Focusing on what matters
For Millicom, corporate responsibility (CR) is about delivering long-term value to our investors, customers, employees and our wider stakeholders in the countries where we operate. As we deliver a new digital lifestyle to our customers, we continue to focus on managing our own environmental, social and governance (ESG) related risks. Our corporate responsibility strategy also supports our business in identifying opportunities around ESG issues, such as cost efficiencies through reducing our environmental footprint or revenue generation by selling our e-waste to accredited vendors.

In 2014, we strengthened the governance of CR, and our tools and policies for managing CR-related risks and opportunities. Following extensive engagement with our stakeholders and building on our existing materiality assessment, we identified five focus areas that present the highest ESG risks and opportunities. Our 2014 Corporate Responsibility Report explains how these focus areas were selected, why they are important to our business and stakeholders, and our achievements relating to them in more detail. Moving forward, we will build on this work to understand materiality also at country level.

Governance of corporate responsibility
Our new global corporate responsibility team was appointed in 2014, and reports directly into the Executive Vice President for External Affairs. Our Chairman, Cristina Stenbeck, now leads our Board-level Government Relations and Corporate Responsibility Committee. During 2014 we launched a new online CR reporting tool across all our operations, which helps us improve the quality of our data. We also issued new or revised global policies and standards around some of our key focus areas, such as our Supplier Code of Conduct and Minimum Employment Age Policy. Ensuring that all countries aim for the same standards will help us continuously identify and manage risk in a structured way. Strengthening our processes will continue to be a focus in 2015.

Harnessing mobile infrastructure to improve quality of life
As well as our five focus areas, using our products and services to improve people's quality of life is a big part of what makes us a responsible business. In countries with low smartphone penetration and data availability our customers can access digital services through SMS. We enable people at the "bottom of the pyramid" to access the digital lifestyle, facilitating their transfer of money using MFS, accessing healthcare over the network from remote communities using Tigo Care, and receiving education through EduMe. Whenever possible we utilise our network, innovation and the passion of our people to empower positive solutions.

Using mobile data to fight against Ebola
Millicom signed an agreement with Flowminder – a group of public health researchers and epidemiologists from Harvard University, University of Southampton and Karolinska Institute – in 2014 to provide the researchers with access to analyse historical, anonymised and encrypted customer data records to predict the spread of Ebola in West Africa.

The researchers use specifically created methods to analyse mobile data to understand mobility patterns among populations. This information is used to identify areas that are at increased risk of new outbreaks, and can inform decision makers on the effects of interventions such as information campaigns and travel restrictions. Data can also be used to more effectively direct prevention efforts.

Resulting maps and analysis will be disseminated to WHO, UN and government agencies to improve situational awareness and inform intervention planning. Flowminder researchers pioneered the use of mobile data for infectious disease (Zanzibar malaria 2009) and crisis response (Haiti 2010 earthquake and cholera outbreak). While the collaboration has been triggered by Ebola, the method can be applied to support the fight against any number of diseases.

The collaboration between Millicom and Flowminder aligns fully to the GSMA privacy guidelines recently published for mobile data use for public health purposes.

Facilitating loan payments with Habitat for Humanity in Honduras
Our mobile financial services, Tigo Money in Latin America and Tigo Cash in Africa, provide financial access to millions of previously unbanked and underserved customers. By the end of 2014, over 9.5 million people were using services that range from international remittances and money transfers, to interest earning mobile money accounts, micro-credit, payments and billing. In Honduras, for example, in partnership with Habitat for Humanity, we enable unbanked individuals to save up to 50% in loan collection costs by repaying debt through Tigo Cash. Partnerships are in development with corporations to facilitate electronic payments by distributors and suppliers, including cocoa and rice farmers.

More detail on all of these areas can be found in our Corporate Responsibility Report

Digital Changemakers Award

With its Digital Changemakers Award which ran in eleven of our African and Latin American markets last year, Millicom identifies innovative, digitally-driven ideas and solutions to social challenges.

Helping to get girls excited about technology in Ghana
Winners from the Tigo Digital Changemakers Award benefit from an incubation programme organised in co-operation with our project partner Reach for Change.

As part of this programme, Tigo Ghana has extended lifeline support to "Tech needs Girls", a social enterprise project that uses technology to unearth and drive potential among young women, with the aim of mentoring and empowering them to lead and innovate. The project aims to encourage young girls to pursue various courses in ICT.

"Tech needs Girls" was founded by Regina Agyare and Rasheeda Yehuza, both software developers. Their Nima centre now caters for over 250 young girls in the Nima-Maamobi community. We believe the objectives of "Tech needs Girls" fit perfectly with the overall objective of Millicom's corporate responsibility objective to provide "innovative solutions that use digital and mobile technology to solve social challenges."

Millicom identifies innovative, digitally-driven ideas and solutions to social challenges

Digitising the high school curriculum in Tanzania
Tanzania's education system faces its share of challenges. Some 67% of assigned teachers are missing from public schools. There is current annual demand for 26,000 science and maths teachers with an output of only 1,000 teachers per year.

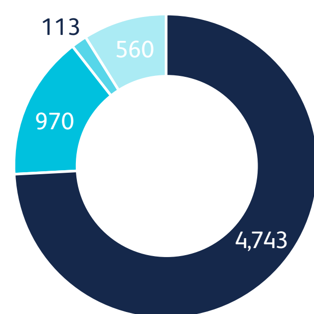
Faraja Nyalandi is the founder of Shule Direct and a winner of the Tigo Digital Changemakers Award. As a trained lawyer turned social entrepreneur, she believes in the power of education to help people achieve their full potential.

Her organisation is addressing gaps in the Tanzanian educational system by creating an online curriculum that can be accessed through mobile phones or via the internet. Through co-operation with the leading university for teacher training, interactive learning content is being designed that gives an opportunity to children in Tanzania to learn and realise their full potential. In addition students can get tutoring and discuss the content in online forums.

250
young girls catered for at the Nima centre in the Nima-Maamobi community

A year of transformation and progress

Revenue per business unit (US$m)



56m
mobile customers

Group
In 2014 our mobile customer base rose 12% to over 56 million.

Group revenues increased by almost 45% to $6.4 billion after adjusting for the changes in accounting for Guatemala. This represents 9.4% organic growth. UNE contributed $504 million to the Group's revenue following the merger in August 2014.

In 2014 we experienced significant local currency declines against the US dollar, particularly in Colombia and to a lesser extent in Paraguay and Tanzania, which reduced revenue by more than $200 million.

With the merger of UNE and significant adoption of data, our revenue mix moved further away from pure mobile voice and SMS revenue. In 2014, Cable and Digital Media revenue represented 15% of Group Revenue whilst sales of handsets and other equipment contributed 9% of the total.

Growth in data revenue continues to be strong and more than offset the decline in SMS as customers adopt new forms of communication.

At the end of 2014 over 15 million customers, representing 27% of our mobile customers, were using data services. This is an increase of over seven percentage points and five million customers since 2013.

Group EBITDA was $2,093 million including a first time contribution from UNE of $138 million. Growth and the phenomenal acceleration of smartphone sales through the year contributed to the dilution in EBITDA margin to 32.8%.

Depreciation and amortisation
Depreciation and amortisation was $1,158 million, including $135 million from UNE. Excluding UNE, the charge was $237 million higher than last year, mainly due to investments in spectrum, networks and IT systems, and the impact of full consolidation of Guatemala.

Net finance costs
Net finance costs, which include interest expense and interest income, increased by 60% for the year to $404 million. The increase was mainly due to a higher level of debt, including the $800 million bond in Guatemala in early 2014, and the full year impact of financing raised in 2013 including the $800 million bond to finance the UNE transaction and the $500 million bond which was used primarily to refinance the African operations.

Revaluation of previously held interests
At the beginning of the year, we fully consolidated our Guatemalan business and revalued to fair value our 55% previously held interest, recognising a non-cash non-operating gain of $2,250 million.

Other non-operating income/expenses, net
Other net non-operating income in 2014 amounted to $211 million, compared to a net expense of $134 million in 2013. In 2014, $307 million of non-operating income related to the change in carrying value of the put options granted to our local partners in Guatemala and Honduras, a $46 million increase in value of the Guatemala call option and offset by foreign exchange losses of $175 million. In 2013, $62 million of non-operating expense related to the change in carrying value of the put option granted to our partner in Honduras and net exchange losses were $52 million.

Income (loss) from joint ventures and associates
Net income from associates and joint ventures of $55 million was derived from sale and dilution of investments and our share of the results of tower companies and Online ventures. In 2013 we recorded $210 million mainly representing our share of the result of Guatemala.

Charge for taxes
Our net tax charge in 2014 increased to $256 million from $144 million in 2013. During 2013, a non-cash tax credit of $79 million was recorded from the activation of deferred tax assets relating to expected utilisation of tax loss carry-forwards of the Company. The remaining increase in tax is related to various local tax rate increases and increased provision following tax reassessments by local authorities. Our effective tax rate in 2014 was heavily impacted by the $2,250 million non-taxable gain recorded on the revaluation of our previously held interest in Guatemala. Without this item the effective tax rate would have been 33%, broadly in line with 2013.

Net profit for the year
Net profit in 2014 attributable to equity holders of the Millicom Group was $2,643 million compared to a net profit of $229 million in 2013. Excluding the one-off $2,250 million gain on revaluation, net profit attributable to equity holders was $393 million, an increase from the prior year of 72%. The change is largely due to the increase in operating profit from $583 million to $924 million and to the non-cash movement in the value of the put and call options of $353 million offset by foreign exchange losses of $175 million. Profit before taxes, excluding the gain from revaluation of the previously held interest, increased to $786 million in 2014 from $412 million for 2013. The profit from discontinued operations net of tax for 2014 was $21 million.

Capital expenditure
In 2014 we invested close to $1.2 billion or 19% of our revenue (excluding spectrum and licences) mainly to increase our mobile network coverage and capacity, expand the footprint of our fixed network, to launch our DTH services and in the expansion of MFS. Additionally, we spent $88 million on spectrum acquisition and renewals, mainly in Chad and Honduras.

Cash flows
In 2014, cash provided by operating activities was $1,458 million, compared to $916 million in 2013. $294 million of the increase is attributable to the change in accounting of Guatemala and Mauritius and the remaining increase is mainly due to higher operating profit.

Net cash used in investing activities was $276 million in 2014, compared to $1,878 million in 2013. Property, plant and equipment spend increased by $496 million and intangible assets decreased by $216 million in 2014, due in part to the full consolidation of Guatemala in 2014. Cash received from sale of Emtel Mauritius and ATC Colombia amounted to $175 million. The remaining difference relates to the $800 million of pledged deposits which were invested in 2013 and redeemed in 2014 and subsequently used to pay liabilities of the UNE Companies, classified as financing activities.

Net cash used by financing activities was $1,368 million in 2014, compared to $715 million provided from financing activities in 2013. In 2014, we distributed $264 million to shareholders in dividends ($2.64 per ordinary share), and repaid debt of $1,182 million while raising funds of $779 million from bond financing and $569 million from other debt and financing. $860 million was paid to settle the above mentioned liabilities of the UNE companies.

As a result of the cash flow movements described above, the net cash outflow in 2014 was $215 million. As a consequence, the Millicom Group had closing cash and cash equivalents balances of $694 million at the end of 2014 compared to $909 million at the end of 2013.

Debt
As of December 31, 2014, the Millicom Group's total debt was $4,829 million compared to $3,927 million at the end of 2013. The $902 million increase of our total debt is mainly due to the $860 million payment for UNE Companies' liabilities and the subsequent consolidation of the UNE Companies' debt. Our total net debt was $3,997 million as of December 31, 2014. The outstanding exposure of the Group's debt guaranteed by MIC S.A. was $287 million at the end of the year.

66% of our debt was held at the operating company level at year end. 50% of our debt is denominated in local currency. 69% of the Group's borrowings are at a fixed rate of interest or swapped for fixed rates reducing our exposure to interest rate volatility. At the end of Q4 2014, 69% of Group gross debt was in bonds and 23% from bank financing which allowed us to extend average maturities from 4.8 to 5.3 years.

Dividends
In 2014, as in 2013, we returned $264 million to shareholders through dividends. Our dividend policy is to pay out no less than $2 per share and at least 30% of adjusted net profit. We continue to have the ambition to progressively grow ordinary dividends. However, our immediate priority will be on reducing Group leverage towards the middle of our target range of 1.0-2.0x Net Debt/EBITDA. The Board will propose to the 2015 AGM the payment of a stable dividend of $2.64 per share.

$1.3bn
in capital expenditure

$4.0bn
in net debt

Overview
Strategy
Performance
Governance
Financials

Financial review
(Continued)

46.6%
EBITDA margin in Central America

33.5%
EBITDA margin in South America

21.9%
EBITDA margin in Africa

Key financials by region

Central America

Revenue increased by 31% ($576 million) in 2014 to $2,460 million. Revenue growth amounted to $55 million, mainly attributable to mobile data, smartphone sales, MFS and cable and the remaining $521 million of the increase reflect the full consolidation of Guatemala.

At the year-end we had 15.8 million mobile customers and almost two million MFS customers across the region. Our cable and broadband business in Central America had one million revenue-generating units, an increase of approximately 16% year-on-year. Broadband customer growth continued to be strong.

The EBITDA margin for the region was 46.6%, up by 1.1 percentage points from the full consolidation of Guatemala. Proforma in 2013, the impact would have been broadly flat.

In Central America, we continued to focus on data penetration by pushing smartphone sales to record levels in 2014. Capital expenditure in 2014 amounted to $432 million or 17.6% of revenue, including $38 million for spectrum in Honduras.

South America

Revenue increased by 33% in 2014 to $2,926 million, from $2,192 million. Since its acquisition in August 2014, the UNE Companies have contributed $504 million to 2014 revenue. The remaining growth was primarily due to a 9.5% increase in our mobile customer base during the period, strong sales of smartphones (particularly in Colombia) and an increase in mobile data revenue, as the data penetration rate increased by over 11% to 39% during the year.

The number of homes passed in our residential cable business increased to 3.5 million and the ratio of revenue-generating units to homes connected reached 1.8. The MFS penetration rate reached 20.9%, an increase of two percentage points in 2014.

In South America our EBITDA margin declined by three percentage points, mainly due to growth in handset sales, particularly in Colombia, the addition in Q3 of UNE's business and some margin pressure in Paraguay.

We invested $501 million, or 17.1% of revenue, in South America during the year.

Africa

Revenue of $1,000 million was stable compared with 2013, despite the negative impact of currency movements in several of our markets (particularly in Tanzania and Ghana), and the sale of our Mauritius operations in 2014. However, this was offset by a marked increase in our mobile customer base, reaching over 25 million at the end of 2014, an increase of over 24% during the year. Our MFS customer base also expanded significantly with almost 50% growth, to over six million customers by December 31, 2014. MFS and mobile ARPU declined in US dollars in fiscal 2014 due to the dilutive effect of new customers and exchange rate changes.

The EBITDA margin was down six percentage points due to increased commercial efforts in the region, coupled with the mix effect from the growth of MFS, and the sales of Mauritius. On a proforma basis, EBITDA margin would have declined four percentage points.

Capital expenditure in Africa amounted to $360 million in 2014, or 36% of revenue, as we continued our investments in network coverage, 3G and spectrum and license renewals (including Chad and Tanzania).

Central America key financials

	2014	2013	% change
Mobile customers (m)	**15.8**	15.8	0%
Revenue ($m)	**2,460**	1,884	31%
EBITDA ($m)	**1,153**	858	34%
EBITDA margin %	**46.6%**	45.5%	1.1ppt

South America key financials

	2014	2013	% change
Mobile customers (m)	**15.1**	13.8	9.4%
Revenue ($m)	**2,926**	2,192	33%
EBITDA ($m)	**980**	805	3.7%
EBITDA margin %	**33.5%**	36.7%	(3.3 ppt)

Africa key financials

	2014	2013	% change
Mobile customers (m)	**25.3**	20.4	24.1%
Revenue ($m)	**1,000**	1,000	0%
EBITDA ($m)	**219**	279	(22%)
EBITDA margin %	**21.9%**	27.9%	(6.0 ppt)

Financial performance by business unit (revenue growth comparisons made on a proforma basis)

2014	Group	Central America	South America	Africa
Mobile	4,743	39%	42%	19%
Of which mobile data	923	37%	55%	7%
Cable	970	37%	62%	0%
MFS	113	5%	29%	66%
Other	560	40%	55%	5%

Mobile

Our overall total mobile customer base increased by 12% or 6.2 million subscribers to 56.3 million at year end. In Africa, total mobile customers increased by 26.7% year-on-year to approximately 25.9 million in 2014. The two best-performing markets in terms of year-on-year customer growth were Tanzania and DR Congo, which grew by 36.5% and 31.5% respectively. In South America, total mobile customers increased by 9.5% year-on-year to approximately 15.1 million, with Bolivia and Colombia showing increases of 3% and 18.6% (15% excluding UNE), respectively. In Central America, the customer base was flat with prepaid customers accounted for 93%, or 52.3 million, of the total mobile customers at the end of 2014. Data users increased by 34% in Central America, 53% in South America and 69% in Africa. Mobile ARPU growth in local currency was down 0.6% in Central America, flat in South America and down 9% in Africa due in part to the dilution from new subscribers, mobile termination rate cuts and competitive pressure in markets like DRC, Senegal and Tanzania.

At Group level Mobile revenues were up 5.3% year-on-year, with voice growing at 2% and data up almost 34%, partially offset by SMS down 16%, from a natural cannibalisation of data products. Data contributed with close to 20% of the Mobile revenues.

We are investing to accelerate growth and strengthen our position in the longer term. We value sustainable revenue growth over net customer additions, and we are focusing on data and VAS customers from whom, on average, we generate a higher ARPU than 2G voice only customers. We believe that in more developed markets this has a stronger correlation with future growth than customer numbers.

Cable & Digital Media

Following the UNE merger and other activity, Cable and Digital Media revenues rose from $459 million to $970 million for the year. This represents over 15% of our business, up from around 8% in 2013. That trend will continue.

Our cable business now passes approximately 5.6 million HFC homes in Latin America, and we provided services to approximately 5.1 RGUs, up from 1.3 million at the end of 2013. The launch of satellite pay-TV, with more than 85,000 customers in five countries by end of 2014, boosted TV RGU growth and fixed broadband internet gained momentum as penetration in the HFC network increased.

We continue to see positive trends on adoption of multiple services per household, reaching 1.8 revenue-generating units per household (HFC) by the end of the year. More than 46% of our households enjoy high-speed internet and 38% have access to Digital TV.

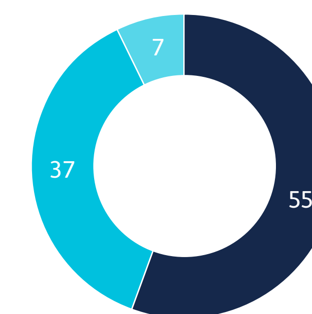
Mobile Financial Services

The customer base reached 9.5 million, up 51% in one year as revenue rose from $80 million to $113 million. Average ARPU was slightly down at $1.21 million due to the dilution from new customers.

The main contributors to the growth were Tanzania, DRC, Honduras and El Salvador. Tanzania added over 1.1 million new users, reflecting the interest-sharing programme that is driving customer acquisition, transactions, and awareness in the market.

MFS Revenues increased by $33 million (+41%) to $113 million in 2014, primarily driven by Tanzania, Paraguay, Rwanda, Honduras and Chad.

Weight of regions in mobile data revenue (%)



9.5m
Mobile Financial Services customers

Introduction to Corporate governance

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

The Articles of Association of Millicom define its purpose as follows: "to engage in all transactions pertaining directly or indirectly to the acquisition and holding of participating interests, in any form whatsoever, in any Luxembourg or foreign business enterprise, including but not limited to, the administration, management, control and development of any such enterprise."

Millicom's shares are listed on the NASDAQ OMX exchange in Stockholm in the form of Swedish Depository Receipts. Accordingly, Millicom's Corporate Governance Framework is primarily based on Luxembourg and other EU legislation, the listing requirements of NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and good stock market practice. Within these frameworks, the Board of Directors has developed and continuously evaluates internal guidelines and procedures, as further described below, to ensure quality and transparency of corporate governance practices within Millicom.

Compliance with the Swedish corporate governance code
Millicom is committed to complying with best-practice corporate governance on a global level wherever possible. Millicom applies home state rules or deviates in relation to the Code in the following areas: shareholder meetings are held in Luxembourg in accordance with Luxembourg law and the Company's Articles of Association; shareholder meetings are held in the English language and meeting material is available in English only; shareholder meeting minutes are signed by the meeting Chairman, Secretary and Scrutineer in accordance with Luxembourg law. Luxembourg law and the Company's Articles of Association do not specify the language used at shareholders' meetings. The Company's investor base is international and the Company considers English to be the best language in which to communicate with its shareholders.

With regard to share-related incentive programmes, the Code (Article 9.8) states that the vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years. The Company's programme for variable remuneration related to the deferred restricted share plan vests with 16.5% after one year, 16.5% after two years, and 67% after three years. Most of the award vests at the end of year three, but some also vest at the end of years one and two. This plan applies to a wide range of employees, including younger executives and the Company believes that this vesting schedule ensures alignment between the interests of the Company's shareholders and its employees.

Corporate governance in practice
Allocation and delegation of Board responsibilities
The Board has a protocol that divides work between the Board and the President and Chief Executive Officer ("the CEO"), and there are also work procedures for each of the Board committees. Further details on the roles and activities of the various committees are set out later in this section.

The main task of the Board committees (Audit, Compensation and Corporate Responsibility) 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.

Evaluation of performance
The Board carries out a self-assessment of its performance and the performance of each individual Board member. The Board also evaluates the performance of the CEO each year.

Corporate policy manual
The Board has adopted several corporate policies on governance including ethics and conduct, corporate responsibility, human resources, and accounting policies as well as and other matters. These policies are collected in a corporate policy manual. 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 Directors, senior executives, management and employees must sign a statement acknowledging that they have read, understood and will comply with the Code of Ethics.

Millicom's governance position papers, codes of conduct, Code of Ethics, annual corporate governance report and terms and conditions for the Swedish Depositary Receipts are available on its corporate website www.millicom.com.

Internal control environment
Millicom implemented processes and further improved the effectiveness and efficiency of its internal controls, aligned with the COSO 2 internal control framework. Within this framework, controls are performed by operational and functional management, and regularly reviewed in the framework of two complementary Group processes: audit of internal control practices in Millicom entities to ensure consistency with the principles and rules defined by the Group; and global review of internal control systems in the Group based on materiality of related risks, following the implementation of a Control and Risk Self-Assessment strategy. This work is led by the Internal Audit & Control department, with reporting to and oversight by the Audit Committee of the Board.

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

Management has assessed the effectiveness of Millicom International Cellular S.A. internal control over financial reporting as of December 31, 2014. In making its assessment, management has utilised 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, 2014.

Annual General Meeting and other general meetings
General meetings of shareholders are convened after the publication of a convening notice in the Luxembourg Official Gazette and in a Luxembourg newspaper. The Board of Directors sets the formalities to be observed by each shareholder for admission to the general meeting in the convening notice, as required by article 18 of the Articles of Association.

Annual General Meeting (AGM)
An AGM is convened every year in May in the Grand-Duchy of Luxembourg at the registered office of the Company, or at another place as specified in the notice convening the meeting. The Chairman of the AGM is elected by the shareholders.

Other general meetings
Other general meetings are convened by the Board of Directors of the Company if requested by shareholders representing at least ten per cent (10%) of the Company's issued share capital.

There were no other general meetings during 2014.

Corporate governance
(Continued)

Directors

The Company is administered by a Board of Directors composed of at least six (6) members. Members of the Board of Directors need not be shareholders of the Company.

The Directors and the Chairman of the Board of Directors are elected by the shareholders' meeting, which will determine the number, and period of service (not exceeding six years). Directors hold office until their successors are elected.

Restrictions on voting – No contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any Director, officer or employee of the Company has a personal interest in, or is a director, officer or employee of such other person, except that (x) such contract or transaction shall be negotiated on an arm's-length basis on terms no less favourable to the Company than could have been obtained from an unrelated third party and, in the case of a Director, the Director shall abstain from voting on any matters that pertain to such contract or transaction at any meeting of the Board of Directors of the Company, and (y) any such personal interest shall be fully disclosed to the Company by the relevant Director, officer or employee.

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

Compensation and nomination – decisions on annual remuneration of Directors ("tantièmes") is reserved by the Articles of Association to the general meeting of shareholders. Directors are therefore prevented from voting on their own compensation. However, Directors may vote on the number of shares they may be allotted under any share-based compensation scheme.

The Nomination Committee makes recommendations for the election of Directors to the AGM. At the AGM, shareholders may vote for or against the Directors proposed or may elect different Directors. The Nomination Committee reviews and recommends the Directors' fees which are approved by the shareholders at the AGM.

The remuneration of Directors comprises an annual fee. Director remuneration is proposed by the Nomination Committee and approved by the shareholders at the Annual General Meeting of shareholders as follows and as adjusted for length of service.

Borrowing powers – Directors generally have unrestricted borrowing powers on behalf of and for the benefit of Millicom.

Time and age limit – no age limit exists for being a Director of Millicom. Directors could be elected for a maximum period of six years, but are generally elected annually.

Share ownership requirements – Directors need not be shareholders in Millicom.

Director remuneration (i)

	2014 US$ '000(ii)	2013 US$ '000(iii)
Mr. Allen Sangines-Krause (until May 2014)	–	190
Ms. Cristina Stenbeck (since May 2014)	173	–
Mr. Kim Ignatius	–	130
Ms. Mia Brunell Livfors	90	96
Mr. Paul Donovan	90	110
Mr. Omari Issa (until May 2014)	–	110
Mr. Tomas Eliasson (since May 2014)	124	–
Dame Amelia Fawcett (since May 2014)	95	–
Mr. Dominique Lafont (since May 2014)	105	–
Mr. Lorenzo Grabau	105	110
Mr. Alejandro Santo Domingo	86	90
Mr. Ariel Eckstein	90	96
Total	958	932

(i) Cash compensation converted from SEK to USD at exchange rates on payment dates for each year, net of 20% withholding tax. Share based compensation (2014 only) based on the market value of Millicom shares on the date of the AGM.
(ii) For the period from May 27, 2014 to May 15, 2015.
(iii) For the period from May 28, 2013 to May 27, 2014.

Shareholders

Changes in shareholders' rights

In order to change the rights attached to the shares of Millicom, a general meeting of shareholders must be duly convened and held before a Luxembourg notary, as under Luxembourg law such change requires an amendment of the Articles of Association. A quorum of presence of at least 50% of the shares present or represented is required at a meeting held after the first convening notice and any decision must be taken by a majority of two thirds of the shares present or represented at the general meeting. Any change to the obligations attached to shares may be adopted only with the unanimous consent of all shareholders.

Limitation on securities ownership

There are no limitations imposed under Luxembourg law or the Articles of Association on the rights of non-resident or foreign entities to own shares of Millicom or to hold or exercise voting rights on shares of Millicom.

Disclosure of shareholder ownership

As required by the Luxembourg law on transparency obligations of January 11, 2008 (the "Transparency Law"), any person who acquires or disposes of shares in Millicom's capital must notify Millicom's Board of Directors of the proportion of shares held by the relevant person as a result of the acquisition or disposal, where that proportion reaches, exceeds or falls below the thresholds referred to in the Transparency Law. As per the Transparency Law, the above also applies to the mere entitlement to acquire or to dispose of, or to exercise, voting rights in any of the cases referred to in the Transparency Law. As per the Articles of Association, the requirements of the Transparency Law also apply where the mentioned proportion reaches, exceeds or falls below a threshold of 3%.

Shares and dividends

Equity and dividends

Holders of Millicom common shares are entitled to receive dividends proportionately when and if declared by the Company's Board of Directors, subject to Luxembourg legal reserve requirements and the approval of its shareholders at general meetings.

On February 3, 2015, Millicom announced that the Board would propose to the AGM a dividend distribution of $2.64 per share to be paid out of Millicom's retained profits at December 31, 2014.

Freely negotiable shares

Rights attached to the shares – Millicom has only one class of shares, common shares, and each share entitles its holder to:

- One vote at the general meeting of shareholders;
- Dividends out of distributable profits when such distributions are decided; and
- Share in any surplus left after the payment of all the creditors in the event of liquidation. There is a preferential subscription right under any share or rights issue for cash, unless the Board of Directors restricts the exercise thereof.

Redemption of shares – Millicom's Articles of Incorporation provide for the possibility and set out the terms for the repurchase by Millicom of its own shares. Any repurchase is at Millicom's discretion. The Company may repurchase its shares of common stock using a method approved by the Board of Directors of the Company in accordance with Luxembourg law and the rules of the stock exchange(s) on which the Company's common stock may be listed from time to time.

Sinking funds – Millicom shares are not subject to any sinking fund.

Liability for further capital calls – all of the issued shares in Millicom's capital are required to be fully paid up. Accordingly, none of Millicom's shareholders are liable for further capital calls.

Principal shareholder restrictions – there are no provisions in the Articles of Association that discriminate against any existing or prospective holder of Millicom's shares as a result of such shareholder owning a substantial number of shares.

Changes in the Articles of Association

Unless otherwise required under Luxembourg law, an extraordinary general meeting must be convened to amend any provisions of the Articles of Association.

Nomination Committee

The Nomination Committee, appointed by major shareholders in Millicom, is responsible for preparing proposals for the election and remuneration of Directors of the Board, Chairman of the Board and external auditor, as well as a proposal on the Chairman of the Annual General Meeting. The Committee's charter is based on the requirements of the Swedish Code of Corporate Governance, as described further below.

The current Nomination Committee was formed during October 2014, in consultation with the larger shareholders of the Company as per 30 September 2014 and in accordance with the resolution of the 2014 Annual General Meeting.

It is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik and serving as Chairman of the Committee, Tomas Risbecker on behalf of AMF and AMF Funds and Mathias Leijon on behalf of Nordea Funds.

While representing a departure from the Swedish Corporate Governance Code, the other members of the Nomination Committee have supported the appointment of Ms. Stenbeck as its Chairman as being in the Company's and its shareholders' best interests, as a natural consequence of her leading the Committee's work in recent years, and based on her connection to Millicom's largest shareholders.

The Nomination Committee was appointed for a term of office commencing at the time of the announcement of the interim report for the period January to September 2014 and ending when a new Nomination Committee is formed.

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

Corporate governance
(Continued)

Equal treatment of shareholders and transactions with related parties
The table below sets out certain information known to Millicom as at February 17, 2015, unless indicated otherwise, with respect to beneficial ownership of Millicom common shares, par value $1.50 each, by each person who beneficially owns more than 5% of Millicom common stock.

Shareholder	Number of shares	Percentage
Investment AB Kinnevik	**37,835,438**	37.5%
Dodge & Cox	**11,007,492**	10.9%
Nordea Funds Oy	**5,725,381**	5.63%
Veritas Asset Management (UK) Ltd	**5,223,414**	5.13%

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

The Company conducts transactions with a number of related parties, including its principal shareholder, Investment AB Kinnevik ("Kinnevik") and its subsidiaries, tower companies in which it holds a direct or indirect equity interest in Ghana, DRC, Tanzania and Colombia, and with businesses owned or related to the other shareholders of our operating subsidiaries, notably in Guatemala, Honduras and Colombia. Transactions (including loans) with related parties are conducted at arm's length (refer to note 32 of the financial statements for details of transactions with related parties).

Information and communications
The Company communicates with financial markets based on principles of openness and equal treatment of shareholders. All information distributed to shareholders is published on the Company's website.

The Company promptly submits all material press releases to the stock exchanges to which it has reporting obligations.

Takeovers
With reference to Article 11 of the Luxembourg Law on Takeover Bids there are no provisions in the Articles of Association of Millicom that would have the effect of delaying, deferring or preventing a change in control of Millicom and that would operate only with respect to a merger, acquisition or corporate restructuring involving Millicom, or any of its subsidiaries. Luxembourg laws impose the mandatory disclosure of an important participation in Millicom and any change in such participation.

Auditor
The external monitoring of the operations of the Company is entrusted to one or more auditors who need to be independent from the Company.

The auditors will be elected by the shareholders' meeting by a simple majority of the votes present or represented at such meeting, which will determine their number, for a period not exceeding six (6) years.

They will hold office until their successors are elected. They are re-eligible, but they may be removed at any time, with or without cause, by a resolution adopted by a simple majority of the shareholders present or represented at a meeting of shareholders.

Ernst & Young S.A., Luxembourg was elected as the external auditor of Millicom in 2014 for a term ending on the day of the 2015 AGM.

Board committees

Audit Committee
In May 2014 Mr. Tomas Eliasson and Mr. Dominique Lafont were appointed as Directors and to the Audit Committee. At the same time Mr. Paul Donovan and Mr. Omari Issa stepped down from the Audit Committee.

Members	Attendance (since appointment)
Mr. Tomas Eliasson (Chair)	100%
Mr. Dominique Lafont	100%
Mr. Lorenzo Grabau	100%

The Audit Committee met seven times during 2014 (including two by phone) and Millicom's external auditors participated in four meetings.

What have we done during the year
- Review and approval of quarterly earnings releases
- Review and recommendation to the Board of approval of 2013 Annual Report
- Guidance, direction and assessment of significant financial activities during the year – financial and tax structuring and activities
- Review and recommendation of 2015 budget
- Guidance, direction and assessment of internal control, internal audit and risk functions
- Review of revenue assurance strategy
- Review of internal control environment and risk matrix
- Review of tax strategy

Millicom's Audit Committee is responsible for planning and reviewing the financial reporting process, 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, 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 is in place. The ultimate responsibility for reviewing and approving Millicom's Annual Report and Accounts remains with the Board. The Committee comprises three Directors and convenes at least four times a year.

Compensation Committee

Members	Attendance
Dame Amelia Fawcett (Chair)	100%
Ms. Brunell Livfors	100%
Mr. Donovan	100%
Mr. Eckstein	100%

In 2014 the Compensation Committee met three times.

What have we done during the year
- Recommendation of remuneration of Senior Executives, including the CEO
- Review of succession planning
- Review of long-term incentive programmes
- Review of bonus and performance calculations
- Review of remuneration structures in the Company

Outcome
- Report on executive compensation and guidelines

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

The Board of Directors, based on a proposal by the Compensation Committee, propose guidelines for remuneration to Senior Management to be approved by the shareholders at the Annual General Meeting.

The objective of the guidelines is to ensure that Millicom can attract, motivate and retain executives, within the context of Millicom's international talent pool, which primarily consists of Telecom, Media and FMCG companies.

The Compensation Committee comprises four members.

Government Relations and Corporate Responsibility Committee

Members	Attendance
Ms. Stenbeck (Chair)	100%
Ms. Brunell Livfors	100%
Dame Amelia Fawcett	100%
Mr. Paul Donovan	100%

The Committee (formerly Corporate Responsibility Committee) met once as a CR Committee and once as a GRCR Committee.

What have we done during the year
- Review of the corporate responsibility strategy and five (5) year plans
- Review of Millicom's first Corporate Responsibility reporting process
- Review of the government relations strategy

Outcome
- Millicom published a CR Report separate from the 2013 Annual Report in 2014.

Our plan for 2015/2016
- Implement new corporate responsibility structure and government relations strategy

Millicom's Government Relations and Corporate Responsibility (GR & CR) Committee has responsibility for overseeing and making recommendations to the Board regarding the management of the Company's activities in the areas of government relations, corporate responsibility and charitable donations.

The GRCR Committee convenes at least twice a year, and comprises four members.

Board of Directors

1. Cristina Stenbeck
Chairman, Non-Executive Director
Ms. Stenbeck was elected a new member of the Board of Millicom in May 2014 and chairs the Government Relations and Corporate Responsibility Committee.

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

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

Ms. Stenbeck also chairs the Nomination Committees of several of Kinnevik's investee companies, including Millicom.

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

She does not qualify as independent of the major shareholders due to her significant ownership of and affiliation to Kinnevik.

Ms. Stenbeck holds 34,484 Millicom shares and 45,000 Millicom share options.

2. Mia Brunell Livfors
Non-Executive Director
Ms. Mia Brunell Livfors was elected to the Board of Millicom in May 2007. She is a member of the Compensation Committee and the Government Relations and Corporate Responsibility Committee.

From August 2006 until 2014, Ms. Brunell Livfors was President and Chief Executive Officer of Investment AB Kinnevik.

Ms. Brunell Livfors joined Kinnevik-owned company Modern Times Group MTG AB in 1992, and was appointed Chief Financial Officer in 2001. As Chief Financial Officer, Ms. Brunell played a central role in MTG's development. Currently, Ms. Brunell Livfors is Chairman of Reach for Change and a member of the board of directors of Tele2 AB, Qliro Group AB (formerly CDON AB), Modern Times Group, Transcom Worldwide AB, Stena AB, Efva Attling Stockholm AB, and BillerudKorsnäs AB. She is proposed to be elected to the board of Axel Johnson AB in March 2015.

She studied Business Administration at Stockholm University.

She does not qualify as independent of major shareholders. However, she is independent of the Company and its management according to the Swedish Code of Corporate Governance.

Ms. Brunell Livfors holds 2,946 Millicom shares.

3. Paul Donovan
Non-Executive Director
Mr. Paul Donovan was elected to the Board of Millicom in May 2009. He is a member of the Compensation Committee and the Government Relations and Corporate Responsibility Committee.

Mr. Donovan is currently Chief Executive Officer of Odeon and UCI Cinemas, the leading European cinema operator. He is also Director of Exide Technologies AB – Sweden and Exide Technologies AS – Norway.

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

Mr. Donavon joined Vodafone in 1999, and from 2004 was a member of Vodafone's Executive Committee with responsibility for the Group's operations in its subsidiaries in Eastern Europe, Middle East and Asia Pacific, adding Africa, the US, India and China in 2006.

He is a former director and Chief Executive Officer of Eircom, Ireland's leading telecommunications company, from 2009 to 2012.

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

He qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Donovan holds 1,943 Millicom shares.

4. Ariel Eckstein
Non-Executive Director
Mr. Ariel Eckstein was elected to the Board of Millicom in May 2013. He is a member of the Compensation Committee.

Mr. Eckstein is Managing Director for LinkedIn EMEA, the social networking website founded in 2002 for those with professional occupations.

He was appointed in March 2011 to develop, lead and deliver the Company's strategy and growth initiatives in Europe, the Middle East and Africa.

Mr. Eckstein began his career in management consultancy and as Engagement Manager at Deloitte Consulting LLP.

Mr. Eckstein later became principal of New York City Investment Fund Manager Inc and is a former Chief Financial Officer at Clickthings.com

He also became Vice President of Business Expansion for AOL Inc. Europe, a multinational mass media corporation that develops, grows and invests in brands and websites. Mr. Eckstein holds a Bachelor's degree in International Relations from Tufts University and an MBA from the University of Virginia.

Mr. Eckstein qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Eckstein holds 587 Millicom shares.

5. Tomas Eliasson
Non-Executive Director
Tomas Eliasson was elected a new member of the Board of Millicom in May 2014 and chairs the Audit Committee.

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

Mr. Eliasson has previously held various management positions in Sweden and abroad, at the leading power and automation technologies company ABB Group, from 1987 to 2002.

Mr. Eliasson was Chief Financial Officer of the tools manufacturer Seco Tools AB from 2002 to 2006 and Chief Financial Officer of the intelligent lock and security solutions company Assa Abloy AB from 2006 to 2012.

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

He qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Eliasson currently holds 587 Millicom shares.

6. Dame Amelia Fawcett
Non-Executive Director
Dame Amelia Fawcett was elected a new member of the Board of Millicom in May 2014 and chairs the Compensation Committee and is a member of Government Relations and Corporate Responsibility Committee.

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

Dame Amelia began her career at the US law firm of Sullivan and Cromwell and then worked for Morgan Stanley from 1987 to 2007.

She was Chairman between 2007 and 2010 of Pensions First, a financial services and systems solutions business, which she helped set up.

Dame Amelia was a Non-Executive Director and then Chairman of the UK's Guardian Media Group, between 2007 and 2013.

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

She holds degrees in History from Wellesley and Law from the University of Virginia.

Dame Amelia does not qualify as independent of the major shareholders due to her significant affiliation to Kinnevik.

However, she remains independent of the Company and its management according to the Swedish Stock Exchange.

Dame Amelia holds 587 Millicom shares.

7. Lorenzo Grabau
Non-Executive Director
Mr. Lorenzo Grabau was elected to the Board of Millicom in May 2013 and is a member of the Audit Committee.

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

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

Previously, Mr. Grabau was a member of the Board of Directors for SoftKinetic BV (2011 to 2014).

Mr. Grabau is Chairman of Rocket Internet AG, Avito AB and Global Fashion Holding SA. He is also Vice Chairman of Zalando SE, the leading European fashion and accessories e-commerce company, and member of the Board of Directors of Modern Times Group MTG AB, Tele2 AB and Qliro Group AB.

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

He does not qualify as independent of major shareholders, but is independent of the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Grabau holds 3,587 Millicom shares.

8. Dominique Lafont
Non-Executive Director
Dominique Lafont was elected a new member of the Board of Millicom in May 2014 and is a member of the Audit Committee.

Mr. Lafont is Chief Executive Officer since 2006 of Bolloré Africa Logistics, a French company that provides integrated logistics networks on the African continent and for major emerging countries that trade with Africa, while also operating public-private partnerships in the port and rail sectors.

Mr. Lafont began his career at the auditing firm Arthur Andersen in France and later held senior positions at the Saga Group and international construction firm Sogea, of the Vinci Group.

He became Director of Industrial Participations of the Rivaud Group, before joining the Bolloré Group following its friendly takeover of the Rivaud Group in 1997.

Mr. Lafont joined the company in 1999 as the Financial Director for Africa. In 2003, he was appointed the Managing Director of its Anglophone Africa Unit.

Mr. Lafont holds an MBA from the ESSEC Business School and a degree in Business Law from the Panthéon-Assas University in Paris. He is a graduate of the Institut d Études Politiques de Paris.

He qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Lafont holds 587 Millicom shares.

9. Alejandro Santo Domingo
Non-Executive Director
Mr. Alejandro Santo Domingo was elected to the Board of Millicom in May 2013.

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

Mr. Santo Domingo is also a member of the Board of Directors of SABMiller Plc, the world's second largest brewery, and serves as Vice-Chairman of SABMiller Latin America.

He sits on the boards of several companies controlled by his family-owned business, the Santo Domingo Group.

Mr. Santo Domingo is Chairman of the Board of the beverage company Bavaria S.A. in Colombia, and Chairman of Backus and Johnston in Peru.

He serves as Chairman of the Board of Valorem S.A., which manages industrial and media assets in Latin America, and as Director of the Board of Caracol Television S.A., Colombia's leading broadcaster.

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

He qualifies as independent of major shareholders as well as the Company and its management according to the Swedish Code of Corporate Governance.

Mr. Santo Domingo holds 5,587 Millicom shares.

Executive Committee

Tim Pennington
Interim CEO and Chief Financial Officer
Tim Pennington joined Millicom in June 2014 as Chief Financial Officer.

Previously he was the Chief Financial Officer at Cable and Wireless Communications, Group Finance Director for Cable and Wireless plc and, prior to that, CFO of Hutchison Telecommunications International Ltd, listed in Hong Kong and New York.

Tim was also Finance Director of Hutchison 3G (UK), Hutchison Whampoa's British mobile business.

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

He has a Bachelor of Arts (Honours) degree in Economics and Social Studies from the University of Manchester.

From December 2, 2014 Tim has performed the role of Interim CEO whilst the Company recruits a permanent successor to Hans-Holger Albrecht.

Tim Pennington holds 9,620 Millicom shares.

Mario Zanotti
Senior Executive Vice President, Latin America
Mario Zanotti is Senior EVP, Latin America

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 Asuncion, Paraguay.

Mario Zanotti holds 8,120 Millicom shares.

Arthur Bastings
Executive Vice President, Africa
Arthur Bastings was appointed EVP Africa in May 2013 and oversees Mobile Financial Services at executive level.

Previously Arthur was Chief Executive at online games developer Bigpoint. Prior to this he was Managing Director of Discovery Communications Europe – the largest pay-TV channels business in the region. Before that he had senior roles at Time Warner and Viacom. His early career was in strategy consulting and brand development.

Arthur Bastings holds no Millicom shares.

Martin Lewerth
Executive Vice President, Cable and Digital Media
Martin Lewerth was appointed as EVP of Cable and Digital Media in December 2012.

Previously, Martin was Executive Vice President Pay TV and Technology at MTG. Martin joined MTG in 2001 where he served in various management positions including CTO for MTG, CEO for the IPTV distribution, Business area manager for the Pay TV business and manager responsible for the group's online strategy and operations. Before joining MTG, Martin worked for the management consulting firm Applied Value and the Swedish company SKF Group. Martin holds a M.Sc. from Chalmers University of Technology in Sweden.

Martin Lewerth holds 356 Millicom shares.

Heather Morgan
Executive Vice President, Chief Talent Officer
Heather Morgan joined Millicom as an EVP and Chief Talent Officer on October 1, 2014.

Heather began her Human Resources career at British American Tobacco where she worked in senior generalist HR roles and as the Head of Career Management and Development for the global Corporate and Regulatory Affairs function.

She has over 20 years of Human Resources experience which encompasses strategic and operational HR, leadership development, talent management, organisational change, employee relations and reward. She is an experienced executive coach and HR consultant, and most recently worked as Group HR Director for a global risk advisory consultancy.

Heather holds a PhD in Organisational Psychology from the University of London, an MSc in Career Management and Coaching, and is a Fellow of Britain's Chartered Institute of Personnel and Development.

Heather Morgan holds no Millicom shares.

Xavier Rocoplan
Executive Vice President, Technical and Global Chief Technology Information Officer
Xavier was previously Chief Global Networks Officer, a position he held from April 2012. He joined Millicom in 2000 as CTO in Vietnam and then became CTO for the South East Asian cluster (Cambodia, Laos and Vietnam). In 2004, he was appointed CEO of Paktel in Pakistan, a role he held until 2007. During this time, he launched Paktel's GSM operations and led the process that was concluded with the disposal of the business in 2007. After Millicom's exit from Asia, Xavier was appointed to head the New Corporate Business development unit where he managed the Tower Assets Monetization programme which led to the creation of tower companies in Ghana, Tanzania, DRC and Colombia. Xavier holds Master's degrees from Ecole Nationale Supérieure des Télécommunications de Paris and from Université Paris IX Dauphine.

Xavier Rocoplan holds 5,000 Millicom shares.

Rachel Samrén
Executive Vice President, External Affairs
Rachel Samrén joined Millicom in July 2014. She is Executive Vice President External Affairs, managing the Company's Government Relations, Corporate Communications and Corporate Responsibility functions.

Rachel's focus is on developing and driving Millicom's global stakeholder engagement and communication as well as devising and executing special situation strategies. Rachel has a background in the risk management consulting sector and started her career at Citigroup. She currently serves as Deputy Chairman of the Board of Directors of Reach for Change. Rachel holds a BSc in International Relations from the London School of Economics and Political Science and a MLitt in International Security Studies from the University of St Andrews.

Rachel Samrén holds no Millicom shares.

Victor Unda
Executive Vice President, Commercial and Head of Mobile
Victor Unda was appointed Executive Vice President, Commercial on January 1, 2015. He was previously Senior Vice President, Commercial and Area Manager for Central America, Colombia and the US.

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

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

Victor has more than 15 years of experience in team building, strategic organisational leadership and relationship management. Since 2013, as Senior Vice President, Commercial, he has driven the financial performance of all global activities in Sales and Distribution, Product Development, Customer Operations, Digital and Valued Added Services.

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

Victor Unda holds 1,131 Millicom shares.

Martin Weiss
Executive Vice President, Strategy and Corporate Development
Martin Weiss joined Millicom on June 1, 2013 as EVP Strategy and Corporate Development.

Martin Weiss was previously founding Partner at Solon Management Consulting where he developed extensive experience advising telecommunications and media companies internationally including consultancy to Millicom. He began his business career at McKinsey & Company.

Martin Weiss holds 593 Millicom shares.

Remuneration of the Executive management

The remuneration of senior management of the Company ("Officers") comprises an annual base salary, an annual bonus, share-based compensation, social security contributions, pension contributions and other benefits. From 2013 the senior management of the Company is considered to be the CEO and the Executive Vice Presidents (previously only CEO and CFO). The bonus and share-based compensation plans (see note 12) are based on actual performance (including individual and Group performance). Share-based compensation is granted once a year by the Compensation Committee of the Board. The annual base salary and other benefits of the Chief Executive Officer ("CEO") and the Executive Vice Presidents ("Executive Team") is proposed by the Compensation Committee and approved by the Board.

In December 2014 it was announced that Hans-Holger Albrecht would leave the position of CEO by the end of 2014 and that Tim Pennington would assume the role of interim CEO.

In February 2014 Tim Pennington was appointed as Chief Financial Officer, effective from June 2014.

On August 31, 2013 Marc Zagar was appointed as Interim Chief Financial Officer after the departure of Francois-Xavier Roger. Marc Zagar left the organisation on October 31, 2014.

On October 31, 2012 the Board appointed Hans-Holger Albrecht, who was a Director of Millicom since May 2010, to succeed Mikael Grahne as President and CEO.

The remuneration charge for the Officers for the years ended December 31, 2014 and 2013 was as follows:

2014	Former Chief Executive Officer US$'000	Executive Team (8 members at December 31) US$'000
Base salary	2,344	4,582
Bonus	–	3,079
Pension	586	499
Other benefits	752	1,715
Termination benefits	–	1,411
Total	**3,682**	**11,286**
Share-based compensation (i) (ii)	–	3,927

2013	Former Chief Executive Officer US$'000	Executive Team (9 members at December 31) US$'000
Base salary	2,252	3,532
Bonus	2,269	1,768
Pension	723	573
Other benefits	1,282	747
Total	6,526	6,620
Share-based compensation (i)	1,705	3,057

(i) See note 12.
(ii) Share awards of 62,437 and 54,684 were granted in 2014 under the 2014 LTIPs to the former CEO, and Executive Team. Share awards of 65,178 and 71,899 were granted in 2013 under the 2013 LTIPs to the former CEO and Executive Team. Share awards of 33,209 and 13,962 were granted in 2012 under the 2012 LTIPs to the CEO in 2012 and former CFO.

The number of shares and unvested share awards beneficially owned by senior management as at December 31, 2014 and 2013 was as follows:

2014	Former Chief Executive Officer	Executive Team	Total
Shares	**Not applicable**	**23,689**	**23,689**
Share awards not vested	**Not applicable**	**103,669**	**103,669**
2013			
Shares	8,810	20,174	28,984
Share awards not vested	65,178	105,102	170,280

Notice period

If employment of the executives is terminated by Millicom, a notice period of up to 12 months is applicable, and the CEO is entitled to receive a termination payment equivalent to 24 months' basic salary if he complies with certain conditions.

Principal activities and background

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

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

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

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

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

Group performance

The Group delivered organic and acquisition-based revenue growth in 2014, a year of transformation and rapid progress in executing on the digital lifestyle strategy. The acquisition of UNE in August and full consolidation of Guatemala significantly added to the Group's financial results and position. The total mobile customer base increased by 12% to over 56 million compared to 50 million at December 31, 2013. Organic revenue growth reached 9.4% for the year. In 2014, our emphasis was building on the foundations of our digital lifestyle strategy and further diversifying revenue-generating activities. The merger with UNE was the highlight of 2014 and together with the expansion of our cable and satellite footprints, the rapid adoption of data across our markets and developments in mobile money services our achievements were numerous during the year.

Total operating profit for the year ended December 31, 2014 was $924 million from $583 million for the year ended December 31, 2013 (as restated for Guatemala and Mauritius), reflecting 100% of Guatemala in 2014 and lower operating profit margins as a result of the shift in revenue mix to lower margin products such as smartphones to encourage customers to migrate towards data through increased handset subsidies. During the year we recorded non-cash income items of $2,250 million related to revaluation of our previously held interest in Guatemala and $353 million of gains from changes in the value of the put and call options related to Guatemala and Honduras. Without these items net profit attributable to equity holders of the Company declined from $229 million in 2013 to $40 million.

The Group generated operating free cash flow of $500 million in 2014, equivalent to 7.8% of revenue, compared to $497 million as reported in 2013 (9.6% of 2013 revenue). Cash, cash equivalents and low-risk interest bearing deposits declined to $694 million compared to $909 million at December 31, 2013. As at December 31, 2014, the Group had total equity of $3.7 billion compared to $2.1 billion at December 31, 2013.

The Group's performance throughout 2014 demonstrates our ability to transform, execute on new products and services, expand our physical and digital footprint, and progress well despite challenging economic conditions and currency declines in some of our markets.

Significant developments in 2014

In January we announced the signing of a put and call option agreement with our partner in Guatemala. While our share ownership remained unchanged at 55%, the agreement strengthened our partnership with our local partner, Miffin Associates Corp, and provided us with full control over the Guatemalan business. As a result and under IFRS rules in effect from 2014 Millicom fully consolidated the Guatemalan business from January 1, 2014.

On February 3 we announced the successful issuance of a $800 million ten-year bond to finance the Guatemalan operation.

On February 11 Tim Pennington was announced as the Chief Financial Officer of Millicom to take up the role from June 2014.

On April 16 Millicom received the first of three regulatory approvals related to the merger of the Colombia mobile business with UNE EPM Telecomunicaciones. The second and final approvals were obtained by August 14, 2014 and merger and integration activities progressed well by the end of 2014.

In April satellite TV services were launched in Latin America, and by December 31, 2014 the customer base had reached 85,000 subscribers.

In June Millicom, together with other mobile financial services providers, announced Africa's first mobile money interoperability agreement.

In July mobile education services were launched in Africa and Latin America, allowing customers access to mobile-based language courses, opening up new opportunities for our users to develop.

In July we announced the sale of our 50% stake in our Mauritian business to our local partner. This was followed soon after with the sale of our stake in ATC BV, the parent company of the tower company in Colombia. The cash generated from sale of these assets was redirected to our core businesses.

4G services were launched in Bolivia in July, Millicom's second operation to launch 4G, after Colombia in December 2013.

In September and October digital music initiatives were announced within existing and new African markets to provide our customers with access to extensive catalogues of music.

The Millicom Foundation was launched in October to support digital innovators in emerging markets.

On December 2 Millicom announced the intention of Hans-Holger Albrecht to step down from the position of Chief Executive Officer and the appointment of Tim Pennington as interim Chief Executive Officer.

In December and in response to the Ebola crisis Millicom campaigned and raised funds to assist in the fight against the Ebola virus in West Africa.

On December 19 Millicom's subsidiary in Costa Rica signed an agreement to acquire Telecable Economio TVE SA.

In 2014 we returned $264 million to shareholders through dividends and our dividend policy is no less than $2 per share and at least 30% of adjusted net profit. We continue to have the ambition to progressively grow ordinary dividends, however our immediate priority will be on reducing Group leverage towards the middle of our target range of 1.0-2.0x Net Debt/EBITDA. The Board will propose to the AGM the payment of a 2014 ordinary dividend of $2.64 per share.

Risk management activities are presented on pages 38 to 46 of this Annual Report.

Hedging activities are set out in note 31 of the consolidated financial statements.

Treasury (own) shares

At December 31, 2014 Millicom held 1.8 million treasury shares (2013: 1.9 million) having acquired 25,790 shares during the year and issued 165,104 shares.

Subsequent events

Dividend

On February 3, 2015 Millicom announced that the Board will propose to the Annual General Meeting of the Shareholders a dividend distribution of $2.64 per share to be paid out of Millicom profits for the year ended December 31, 2014 subject to the Board's approval of the 2014 consolidated financial statements of the Group.

Agreements to acquire Sur Multimedia (Paraguay) and the remaining shares in Tigo Rwanda

On January 20, 2015 Millicom's Paraguay operation reached agreement to acquire a 100% stake in the cable business Sur Multimedia and on February 10, 2015 Millicom reached agreement to acquire the remaining 12.5% non-controlling interest in its Rwandan business. These acquisitions will be made for cash consideration of approximately $31 million. The completion of the Sur Multimedia transaction remains subject to customary closing conditions being met including obtained regulatory approvals.

Appointment of Mauricio Ramos as CEO

On March 2, 2015 Millicom appointed Mauricio Ramos as its new Chief Executive Officer with effect from April 1, 2015.

Outlook for the Group

In 2015, we will continue to build on the progress and momentum of 2014.

We expect to increase revenue in 2015 to between $7.1 billion and $7.5 billion, and to generate EBITDA of between $2.20 billion and $2.35 billion. CAPEX is expected to be in the range of $1.25 billion to $1.35 billion. Integrating the UNE business and developing our service offerings and efficiency in the merged company will remain a priority in 2015.

We expect trading conditions to remain challenging in many of our markets in 2015 impacting local currencies and regulatory and tax environments. We will sharpen our focus on effective cost management to maintain the Group's margins and so preserve and enhance cash flow.

Financial statements

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Independent auditors' report

To the Shareholders of Millicom International Cellular S.A.

Following our appointment by the General Meeting of the Shareholders dated May 27, 2014, we have audited the accompanying consolidated financial statements of Millicom International Cellular S.A., which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Millicom International Cellular S.A. as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The accompanying Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

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

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Olivier Lemaire
Luxembourg, March 2, 2015

Consolidated income statement
for the year ended December 31, 2014

	Notes	2014 US$m	2013 (restated)(i) US$m	2012 (restated)(i) US$m
Revenue	9, 10	**6,386**	4,390	4,136
Cost of sales		**(2,522)**	(1,723)	(1,539)
Gross profit		**3,864**	2,667	2,597
Sales and marketing expenses		**(1,280)**	(938)	(798)
General and administrative expenses		**(1,432)**	(985)	(858)
Other operating expenses		**(236)**	(178)	(122)
Other operating income		**8**	17	19
Operating profit	10, 11	**924**	583	838
Interest expense		**(426)**	(267)	(206)
Interest and other financial income		**22**	20	12
Revaluation of previously held interest	4	**2,250**	—	9
Other non-operating income (expenses), net	14	**211**	(134)	12
Income (loss) from joint ventures and associates, net	5, 7, 8	**55**	210	207
Profit before tax from continuing operations		**3,036**	412	872
(Charge) credit for taxes	15	**(256)**	(144)	(360)
Profit for the year from continuing operations		**2,780**	268	512
Profit (loss) for the year from discontinued operations, net of tax	5	**21**	(63)	(8)
Net profit for the year		**2,801**	205	504
Attributable to:				
Equity holders of the Company		**2,643**	229	508
Non-controlling interests		**158**	(24)	(4)
Earnings per share for the year	16			
(US$ per common share)				
Basic earnings per share				
– from continuing operations attributable to equity holders		**26.22**	2.93	5.10
– from discontinued operations attributable to equity holders		**0.21**	(0.63)	(0.08)
– for the year attributable to equity holders		**26.43**	2.30	5.02
Diluted earnings per share				
– from continuing operations attributable to equity holders		**26.21**	2.93	5.09
– from discontinued operations attributable to equity holders		**0.21**	(0.63)	(0.08)
– for the year attributable to equity holders		**26.42**	2.30	5.01

(i) Restated for discontinued operations (see note 5) and changes in accounting standards (see note 2.1).

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

Consolidated statement of comprehensive income
for the year ended December 31, 2014

	Notes	2014 US$m	2013 (restated)(i) US$m	2012 (restated)(i) US$m
Net profit for the year		**2,801**	205	504
Other comprehensive income (loss) (to be reclassified to profit and loss in subsequent periods):				
Exchange differences on translating foreign operations(ii)		**(380)**	(73)	(55)
Cash flow hedges	32	**1**	7	(2)
Other comprehensive income (loss) (that will not be reclassified to profit and loss in subsequent periods) net of tax:				
Changes in pension obligations	13	**1**	–	–
Total comprehensive income for the year		**2,423**	139	447
Attributable to:				
Equity holders of the Company		**2,433**	182	469
Non-controlling interests		**(10)**	(43)	(22)

(i) Restated for discontinued operations (see note 5) and changes in accounting standards (see note 2.1).
(ii) Exchange differences on translating foreign operations arising from discontinued and disposed operations were not significant.

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

Consolidated statement of financial position
as at December 31, 2014

	Notes	2014 US$m	2013 (restated)(i) US$m	January 1, 2013 (restated)(i) US$m
ASSETS				
Non-current assets				
Intangible assets, net	17	**5,503**	2,458	2,331
Property, plant and equipment, net	18	**4,631**	2,771	2,754
Investments in joint ventures	7	**89**	327	320
Investments in associates	8	**185**	122	193
Pledged deposits	19	**2**	—	45
Deferred tax assets	15	**294**	312	259
Call option	27	**74**	—	—
Other non-current assets		**113**	83	85
Total non-current assets		**10,891**	6,073	5,987
Current assets				
Inventories		**152**	122	72
Trade receivables, net	20	**492**	282	288
Amounts due from non-controlling interests, associates and joint venture partners	31	**212**	67	—
Prepayments and accrued income		**283**	156	134
Current income tax assets		**150**	56	37
Supplier advances for capital expenditure		**64**	51	33
Advances to non-controlling interest	32	**88**	69	56
Other current assets		**103**	77	122
Pledged deposits	19	**6**	817	8
Restricted cash	21	**128**	80	41
Cash and cash equivalents	22	**694**	909	1,155
Total current assets		**2,372**	2,686	1,946
Assets held for sale	5	**34**	14	21
TOTAL ASSETS		**13,297**	8,773	7,954

(i) Restated for changes in accounting standards (see note 2.1).

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

	Notes	2014 US$m	2013 (restated)(i) US$m	January 1, 2013 (restated)(i) US$m
EQUITY AND LIABILITIES				
EQUITY				
Share capital and premium	23	**639**	640	642
Treasury shares		**(160)**	(172)	(198)
Put option reserve	24	**(2,513)**	(737)	(737)
Other reserves	25	**(388)**	(185)	(133)
Retained profits		**2,121**	2,154	1,942
Profit for the year attributable to equity holders		**2,643**	229	508
Equity attributable to owners of the Company		**2,342**	1,929	2,024
Non-controlling interests	6	**1,405**	152	312
TOTAL EQUITY		**3,747**	2,081	2,336
LIABILITIES				
Non-current liabilities				
Debt and financing	26	**4,467**	3,504	2,344
Derivative financial instruments	31	**43**	23	4
Amount due to associates and joint venture partners	32	**31**	1	–
Provisions and other non-current liabilities	27	**259**	150	113
Deferred tax liabilities	15	**176**	183	176
Total non-current liabilities		**4,976**	3,861	2,637
Current liabilities				
Debt and financing	26	**362**	423	643
Put option liabilities	27	**2,260**	792	730
Payables and accruals for capital expenditure		**371**	424	371
Other trade payables		**386**	239	232
Amounts due to non-controlling interests, associates and joint venture partners	32	**4**	84	186
Accrued interest and other expenses		**501**	369	306
Current income tax liabilities		**143**	147	157
Provisions and other current liabilities	27	**545**	351	351
Total current liabilities		**4,572**	2,829	2,976
Liabilities directly associated with assets held for sale	5	**2**	2	5
TOTAL LIABILITIES		**9,550**	6,692	5,618
TOTAL EQUITY AND LIABILITIES		**13,297**	8,773	7,954

(i) Restated for changes in accounting standards (see note 2.1).

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

Consolidated statement of cash flows
for the year ended December 31, 2014

	Notes	2014 US$m	2013 (restated)(i) US$m	2012 (restated)(i) US$m
Cash flows from operating activities				
Profit before taxes from continuing operations		**3,036**	412	872
Profit (loss) for the period from discontinued operations	5	**21**	(63)	(8)
Profit before tax		**3,057**	349	864
Adjustments to reconcile to net cash:				
Interest expense		**426**	267	206
Interest and other financial income		**(22)**	(20)	(12)
Adjustments for non-cash items:				
Depreciation and amortisation	9,10,17,18	**1,158**	786	727
Share of (gain) loss from joint ventures, net	7	**8**	(219)	(229)
Loss (gain) on disposal and impairment of assets, net	9,17,18	**15**	29	1
Share-based compensation	12	**22**	17	22
Revaluation of previously held interests	4	**(2,250)**	–	(9)
(Income) loss from associates, net	8	**(67)**	9	22
Other non-operating (income) expenses, net		**(235)**	134	(12)
Decrease (increase) in trade receivables, prepayments and other current assets		**59**	41	173
(Increase) in inventories		**(2)**	(58)	(9)
Increase in trade and other payables		**–**	56	190
Changes in working capital(ii)		**57**	39	354
Interest paid		**(350)**	(214)	(156)
Interest received		**19**	16	9
Tax paid		**(380)**	(277)	(252)
Net cash provided by operating activities	5	**1,458**	916	1,535
Cash flows from (used in) investing activities:				
Acquisition of subsidiaries and non-controlling interests, net of cash acquired	4	**46**	(3)	(166)
Proceeds from disposal of subsidiaries and non-controlling interests	5	**175**	(1)	(1)
Purchase of intangible assets, including licenses	17	**(184)**	(400)	(166)
Proceeds from sale of intangible assets		**7**	–	2
Purchase of property, plant and equipment	18	**(1,128)**	(632)	(704)
Proceeds from sale of property, plant and equipment		**13**	60	115
(Increase)/decrease of pledged deposits	19	**800**	(800)	–
Net increase in restricted cash	21	**(48)**	(39)	(23)
Loans to associates		**(3)**	(20)	(31)
Cash (used in) provided by other investing activities, net		**46**	(43)	(52)
Net cash used in investing activities	5	**(276)**	(1,878)	(1,026)

	Notes	2014 US$m	2013 (restated)(i) US$m	2012 (restated)(i) US$m
Cash flows from (used in) financing activities:				
Proceeds from the 6.875% Guatemala bond	19,26	**779**	–	–
Proceeds from 6.625% bond	19,26	**–**	800	–
Short-term loans to other non-controlling interests		**–**	–	(24)
Purchase of treasury shares		**–**	–	(190)
Payment of liabilities from UNE merger	4	**(860)**	–	–
Proceeds from debt and other financing	26	**569**	1,163	1,428
Repayment of debt and financing	26	**(1,182)**	(1,110)	(842)
Advances for, and dividend payments to, non-controlling interests	32	**(300)**	(46)	–
Payment of dividends to equity holders	28	**(264)**	(264)	(541)
Cash (used in) provided by other financing activities, net		**(110)**	172	–
Net cash (used in) from financing activities	5	**(1,368)**	715	(169)
Exchange gains (losses) on cash and cash equivalents		**(29)**	1	2
Net increase (decrease) in cash and cash equivalents		**(215)**	(246)	342
Cash and cash equivalents at the beginning of the year (restated)		**909**	1,155	813
Cash and cash equivalents at the end of the year		**694**	909	1,155

(i) Restated for discontinued operations (see note 5) and changes in accounting standards (see note 2.1).
(ii) Excludes working capital balances acquired through business combinations (note 4) totaling $57 million of inventory, $378 million of trade receivables, prepayments and other current assets, and $232 million of trade and other payables.

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

Consolidated statement of changes in equity

for the year ended December 31, 2014

	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[iii] US$'000	Other reserves[iv] US$'000	Total equity holders' interests US$'000	Non-controlling interests US$'000	Total equity US$'000
			Attributable to Equity Holders								
Balance on January 1, 2012 (restated)[x]	**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**
Profit for the year	–	–	–	–	–	508,306	–	–	508,306	(4,718)	503,588
Cash flow hedge reserve movement	–	–	–	–	–	–	–	(1,118)	(1,118)	(85)	(1,203)
Currency translation differences	–	–	–	–	–	–	–	(37,709)	(37,709)	(17,530)	(55,239)
Total comprehensive income for the year	–	–	–	–	–	508,306	–	(38,827)	469,479	(22,333)	447,146
Dividends[v]	–	–	–	–	–	(541,133)	–	–	(541,133)	–	(541,133)
Purchase of treasury shares	–	(2,106)	–	–	(189,619)	–	–	–	(189,619)	–	(189,619)
Cancellation of treasury shares	(3,200)	3,200	(4,800)	(15,000)	344,377	(324,577)	–	–	–	–	–
Share-based compensation[vi]	–	–	–	–	–	–	–	21,929	21,929	–	21,929
Issuance of shares under the LTIPs[vi]	–	237	–	(1,106)	25,453	(11,926)	–	(12,421)	–	–	–
Non-controlling interests in Online businesses[viii]	–	–	–	–	–	–	–	–	–	160,321	160,321
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(16,969)	(16,969)
Change in scope of consolidation[vii]	–	–	–	–	–	8,658	–	–	8,658	–	8,658
Balance on December 31, 2012 (restated)[x]	**101,739**	**(2,176)**	**152,607**	**489,014**	**(198,148)**	**2,450,458**	**(737,422)**	**(132,811)**	**2,023,698**	**312,189**	**2,335,887**
Profit for the year	–	–	–	–	–	229,147	–	–	229,147	(24,547)	204,600
Cash flow hedge reserve movement	–	–	–	–	–	–	–	6,857	6,857	182	7,039
Currency translation differences	–	–	–	–	–	–	–	(53,903)	(53,903)	(19,068)	(72,971)
Total comprehensive income for the year	–	–	–	–	–	229,147	–	(47,046)	182,101	(43,433)	138,668
Dividends[v]	–	–	–	–	–	(263,627)	–	–	(263,627)	–	(263,627)
Purchase of treasury shares	–	(44)	–	–	(3,702)	–	–	–	(3,702)	–	(3,702)
Shares issued via the exercise of stock options	–	90	–	(343)	8,166	(4,796)	–	(3,027)	–	–	–
Share-based compensation[vi]	–	–	–	–	–	–	–	16,871	16,871	–	16,871
Issuance of shares under the LTIPs[vi]	–	235	–	(1,106)	21,313	(1,104)	–	(19,103)	–	–	–
Change in scope of consolidation[vii]	–	–	–	–	–	1,391	–	–	1,391	(91,834)	(90,443)
Change in deferred tax liabilities[ix]	–	–	–	–	–	(28,000)	–	–	(28,000)	–	(28,000)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(24,872)	(24,872)
Balance on December 31, 2013 (restated)[x]	**101,739**	**(1,895)**	**152,607**	**487,565**	**(172,371)**	**2,383,469**	**(737,422)**	**(185,116)**	**1,928,732**	**152,050**	**2,080,782**
Balance on January 1, 2014	**101,739**	**(1,895)**	**152,607**	**487,565**	**(172,371)**	**2,383,469**	**(737,422)**	**(185,116)**	**1,928,732**	**152,050**	**2,080,782**
Profit for the year	–	–	–	–	–	2,642,730	–	–	2,642,730	157,570	2,800,300
Cash flow hedge reserve movement	–	–	–	–	–	–	–	1,216	1,216	–	1,216
Currency translation differences	–	–	–	–	–	–	–	(212,533)	(212,533)	(167,239)	(379,772)
Changes in pension obligations	–	–	–	–	–	–	–	1,414	1,414		1,414
Total comprehensive income for the year	–	–	–	–	–	2,642,730	–	(209,903)	2,432,827	(9,669)	2,423,158
Dividends[v]	–	–	–	–	–	(263,978)	–	–	(263,978)	–	(263,978)
Purchase of treasury shares	–	(26)	–	–	(2,548)	–	–	–	(2,548)	–	(2,548)
Share-based compensation[vi]	–	–	–	–	–	–	–	22,411	22,411	–	22,411
Issuance of shares under the LTIPs[vi]	–	165	–	(760)	14,991	1,011	–	(15,227)	15	–	15
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(193,845)	(193,845)
Change in scope of consolidation[vii]	–	–	–	–	–	–	–	–	–	1,461,000	1,461,000
Deconsolidation of Online businesses[viii]	–	–	–	–	–	–	–	–	–	(4,386)	(4,386)
Put option[iii]	–	–	–	–	–	–	(1,775,078)	–	(1,775,078)	–	(1,775,078)
Balance on December 31, 2014	**101,739**	**(1,756)**	**152,607**	**486,805**	**(159,928)**	**4,763,232**	**(2,512,500)**	**(387,835)**	**2,342,381**	**1,405,150**	**3,747,531**

(i) Share capital and share premium (see note 23).
(ii) Retained profits – includes profit for the year attributable to equity holders, of which $285million (2013: $41 million; 2012: $38 million) are not distributable to equity holders.
(iii) Put option reserve (see note 24).
(iv) Other reserves (see note 25).
(v) Dividends (see note 28).
(vi) Share-based compensation (see note 12).
(vii) Change in scope of consolidation (see note 4).
(viii) Acquisition/disposal of Online businesses (see note 4).
(ix) Change in deferred tax liabilities (see note 15).
(x) Restated for changes in accounting standards (see note 2.1).

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

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014

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 an international telecommunications and media group providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband and investments in online businesses in Latin America and Africa.

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

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

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

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

On March 2, 2015 the Board of Directors ("Board") authorised these consolidated financial statements for issuance. The approval will be submitted for ratification by the shareholders at the Annual General Meeting on May 15, 2015.

2. Summary of consolidation and accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group ("financial statements") are presented in US dollars and amounts are rounded to the nearest million (US$ million) except where otherwise indicated. The financial statements have been prepared on a historical cost basis, except for certain items including derivative financial instruments, call options and debt financing (measured at fair value), financial instruments that contain obligations to purchase own equity instruments (measured at the present value of the redemption price), and property, plant and equipment under finance leases (initially measured at the lower of fair value and present value of the future minimum lease payments).

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 financial statements for the year ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect 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. These estimates are based on management's best knowledge of current events and actions, and actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on January 1, 2014 which have had a material impact on the Group:

– Scope of the reporting entity, a group of standards comprising IFRS 10, 'Consolidated financial statements' (which replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements', and SIC-12, 'Consolidation – special purpose entities'), IFRS 11 'Joint Arrangements'; IFRS 12, 'Disclosure of interests in other entities'; and consequential amendments to IAS 28, 'Investments in associates'.

As a result of adoption of these standards and amendments, other than IFRS 11, there was no significant impact for the Group. IFRS 11 required Millicom to change its accounting for its joint ventures from January 1, 2014 from proportionate consolidation to equity accounting. Accordingly Millicom's joint ventures in 2012 and 2013 (Guatemala and Mauritius) have been shown as equity accounted in the comparative information presented in these financial statements.

From January 1, 2014 Mauritius has been equity accounted for until July 15, 2014, the date on which Millicom reached agreement to sell Mauritius and consequently ended its joint control (see note 5).

Millicom obtained control of the Guatemalan operation from January 1, 2014 (see note 4).

The impact of applying IFRS 11 on comparative information presented in these financial statements was as follows:

Income statements (US$m) Movement in:	Year ended December 31, 2013	Year ended December 31, 2012
Revenue	(686)	(665)
Cost of sales	194	176
Gross profit	**(492)**	**(489)**
Sales and marketing expenses	117	116
General and administrative expenses	114	98
Other operating expenses	1	–
Other operating income	–	–
Operating profit	**(260)**	**(275)**
Interest expense	9	14
Interest and other financial income	(4)	(2)
Other non-operating income (expenses), net	(2)	1
Income (loss) from joint ventures and associates, net	219	229
Profit before tax from continuing operations	**(38)**	**(33)**
(Charge) credit for taxes	38	33
Profit for the year from continuing operations	**–**	**–**
Profit for the year from discontinued operations, net of tax	–	–
Net profit for the year	**–**	**–**
Attributable to:		
Equity holders of the Company	–	–
Non-controlling interests	–	–

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)

Statements of financial position (US$m) Movement in:	At December 31, 2013	At December 31, 2012
ASSETS		
Non-current assets		
Intangible assets, net	(85)	(88)
Property, plant and equipment, net	(392)	(354)
Investments in joint ventures	327	320
Investments in associates	–	–
Pledged deposits	(1)	(1)
Deferred tax assets	(1)	(1)
Call option	–	–
Other non-current assets	–	(1)
Total non-current assets	**(152)**	**(125)**
Current assets		
Inventories	(18)	(21)
Trade receivables, net	(38)	(34)
Amounts due from non-controlling interests, associates and joint venture partners	(98)	(25)
Prepayments and accrued income	(7)	(6)
Current income tax assets	(2)	(2)
Supplier advances for capital expenditure	(12)	(12)
Advances to non-controlling interest	–	–
Other current assets	(13)	(12)
Pledged deposits	–	–
Restricted cash	(2)	(1)
Cash and cash equivalents	(32)	(19)
Total current assets	(222)	(132)
Assets held for sale	–	–
TOTAL ASSETS	**(374)**	**(257)**

Statements of financial position (US$m) Movement in:	At December 31, 2013	At December 31, 2012
EQUITY AND LIABILITIES		
EQUITY		
Share capital and premium	–	–
Treasury shares	–	–
Put option reserve	–	–
Other reserves	–	–
Retained profits	–	–
Profit for the year attributable to equity holders	–	–
Equity attributable to owners of the Company		
Non-controlling interests	–	–
TOTAL EQUITY	**–**	**–**
LIABILITIES		
Non-current liabilities		
Debt and financing	(182)	(222)
Derivative financial instruments	–	–
Amount due to associates and joint ventures partners	(1)	–
Provisions and other non-current liabilities	(11)	(14)
Deferred tax liabilities	(5)	(4)
Total non-current liabilities	**(199)**	**(240)**
Current liabilities		
Debt and financing	(48)	(50)
Put option liability	–	–
Payables and accruals for capital expenditure	(29)	(40)
Other trade payables	(38)	(27)
Amounts due to associates and joint venture partners	(3)	167
Accrued interest and other expenses	(24)	(35)
Current income tax liabilities	(6)	(4)
Provisions and other current liabilities	(27)	(28)
Total current liabilities	**(175)**	**(17)**
Liabilities directly associated with assets held for sale	–	–
TOTAL LIABILITIES	**(374)**	**(257)**
TOTAL EQUITY AND LIABILITIES	**(374)**	**(257)**

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)

Statements of cash flows (US$m) Movement in:	At December 31, 2013	At December 31, 2012
Cash flows from operating activities		
Profit before taxes from continuing operations	(38)	(33)
Profit (loss) for the period from discontinued operations	–	
Profit before tax	**(38)**	**(33)**
Adjustments to reconcile to net cash:		
Interest expense	(9)	(14)
Interest and other financial income	3	2
Revaluation of previously held interests	–	
Other non-operating (income) expenses, net	1	1
Adjustments for non-cash items:		
Depreciation and amortisation	(89)	(84)
(Income) loss from joint ventures, net	(219)	(229)
Share of (gain) loss from associates, net	–	–
Loss (gain) on disposal and impairment of assets, net	–	(5)
Share-based compensation	–	–
Decrease (increase) in trade receivables, prepayments and other current assets	3	275
Decrease (increase) in inventories	(3)	5
Increase in trade and other payables	1	(11)
Changes in working capital	**1**	**269**
Interest paid	13	13
Interest received	(3)	(1)
Tax paid	46	31
Net cash provided by operating activities	**(294)**	**(50)**
Cash flows from (used in) investing activities:		
Acquisition of subsidiaries and non-controlling interests, net of cash acquired	1	6
Proceeds from disposal of subsidiaries and non-controlling interests	(1)	(1)
Purchase of intangible assets, including licenses	2	(7)
Proceeds from sale of intangible assets	–	–
Purchase of property, plant and equipment	126	138
Proceeds from sale of property, plant and equipment	–	–
Disposal of pledged deposits, net	–	–
(Increase) decrease of pledged deposits	–	–
Disposal of time deposits, net	–	–
Net increase in restricted cash	–	–
Loans to associates	–	–
Cash (used in) provided by other investing activities, net	14	(21)

Statements of cash flows (US$m) Movement in:	At December 31, 2013	At December 31, 2012
Net cash used in investing activities	**142**	**115**
Cash flows from (used in) financing activities:		
Proceeds from the 6.875% Guatemala bond	–	–
Proceeds from 6.625% bond	–	–
Short-term loans to other non-controlling interests	–	–
Proceeds from issuance of shares	–	–
Purchase of treasury shares	–	–
Payment of liabilities from the UNE merger	–	–
Proceeds from debt and other financing	(16)	(117)
Repayment of debt and financing	58	81
Advances for and dividend payments to non-controlling interests	–	–
Payment of dividends to equity holders	–	–
Cash (used in) provided by other financing activities, net	97	–
Net cash (used in) from financing activities	**139**	**(36)**
Exchange gains (losses) on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	**(13)**	**29**
Cash and cash equivalents at the beginning of the year	(19)	(48)
Cash and cash equivalents at the end of the year	**(32)**	**(19)**

There was no impact of IFRS 11 on the basic and diluted EPS or internal management reporting and therefore segment information in note 9.

The following standards and amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2014 but have not had a material impact on the Group:

- Amendment to IAS 32, 'Financial Instruments: Presentation', which updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify certain requirements for offsetting financial assets and financial liabilities on the statement of financial position. The Group adopted the amendment on its effective date for the accounting period beginning on January 1, 2014. There was no significant impact on the Group as a result of adoption.
- Amendment to IAS 36, 'Impairment of Assets', which amends certain disclosure requirements regarding disclosure of recoverable amounts and measurement of fair value less costs to sell when an impairment loss has been recognised or reversed. There was no significant impact on the Group as a result of adoption.
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement', which covers novation of hedging instruments to central counterparties. There was no impact on the Group as a result of adoption.
- IFRIC 21, 'Levies', which provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', and those where the timing and amount of the levy is certain. There was no significant impact on the Group as a result of adoption.
- Amendment to IFRS 13, Fair Value Measurement', which sets out in a single IFRS a framework for measuring fair value and requires additional disclosures about fair value measurements. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

New standards and interpretations not yet adopted by the Group

The following standards, amendments and interpretations issued are not effective for the financial year beginning January 1, 2014 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 amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. A final standard on hedging (excluding macro-hedging) has been issued in November 2013 which aligns hedge accounting more closely with risk management. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the compulsory adoption date of January 1, 2018 (subject to endorsement by the EU).
- IFRS 15, 'Revenue from Contracts with Customers', which establishes a five-step model related to revenue from customers. Under IFRS 15 revenue is recognised at amounts that reflect the consideration that an entity expects to be entitled in exchange for transferring products or services to a customer. The Group is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no later than the compulsory adoption date of January 1, 2017 (subject to endorsement by the EU).

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

Notes to the consolidated financial statements
as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)

2.2 Consolidation

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

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

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 at 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 fair value on acquisition date, irrespective of the extent of any non-controlling interest. The excess of 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 recognised directly in the income statement (see policy note 2.6 on Goodwill). All acquisition related costs are expensed as incurred.

Subsidiaries

Subsidiaries are all entities (including structured entities) which the Group controls. Control is achieved when the Group is exposed to, or has rights to, variable returns from its investment in the subsidiary, and has the ability to affect those returns through its power over the subsidiary. Generally control accompanies a shareholding of more than half of the voting rights although certain other factors (including contractual arrangements with other shareholders, voting and potential voting rights, and the existence of any other special relationships) 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. The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. They are de-consolidated from the date that control ceases.

Non-controlling interests

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

Joint operations

Joint operations are all entities whereby its equity holders have joint control of the arrangement and share rights to the assets, and obligations for the liabilities, relating to the operation of the entity. Joint operations are consolidated in proportion to the Group's shareholding or rights.

Joint ventures and associates

Joint ventures are all entities over which the Group has joint control of the arrangement and has rights to the net assets of the joint venture. Joint control exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. 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.

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.

Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost or carrying value (see policy note 2.1 Changes in Accounting Policies, for a change in accounting for joint ventures applicable from January 1, 2014). The Group's investments in associates and joint ventures includes goodwill (net of any accumulated impairment loss) on acquisition.

The cost of shares acquired in associates from sale and lease back transactions with tower companies are initially measured based on the fair values of the towers sold. The fair value of the towers sold is 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 Group's share of post-acquisition profits or losses of joint ventures and associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates or joint ventures.

Gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. 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 and joint ventures are recognised in the income statement.

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 are located in various countries and operate in different currencies. The Group's consolidated financial statements are presented in US dollars (the "presentation currency").

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 recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges.

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 recognised 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 recorded in equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised 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.

The following table presents currency translation rates for the Group's most significant operations to the US dollar on December 31, 2014 and 2013 and average rates for the year ended December 31, 2014.

Country	Currency	2014 Average rate	2014 Year-end rate	2013 Year-end rate
Bolivia	Boliviano (BOB)	**6.91**	**6.91**	6.91
Chad and Senegal	CFA Franc (XAF)	**497.83**	**544.28**	477.45
Colombia	Peso (COP)	**2,010.84**	**2,392.46**	1,926.83
Costa Rica	Costa Rican Colon (CRC)	**543.53**	**545.53**	507.90
Ghana	Cedi (GHS)	**2.88**	**3.20**	2.16
Guatemala	Quetzal (GTQ)	**7.73**	**7.60**	7.84
Honduras	Lempira (HNL)	**21.06**	**21.59**	20.67
Luxembourg	Euro (EUR)	**0.76**	**0.83**	0.73
Nicaragua	Cordoba (NIO)	**25.96**	**26.60**	25.33
Paraguay	Guarani (PYG)	**4.484.23**	**4,629.00**	4,585.00
Rwanda	Rwandan Franc (RWF)	**685.90**	**694.37**	676.00
Sweden	Krona (SEK)	**6.89**	**7.84**	6.42
Tanzania	Shilling (TZS)	**1,663.11**	**1,725.79**	1,590.00
United Kingdom	Pound (GBP)	**0.61**	**0.64**	0.60

The effect of exchange rate changes on cash and cash equivalents held or due in 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 dollar.

2.4 Segment reporting

Management determines operating and reportable segments based on the reports that are used by the Chief Operating Decision Maker ("CODM") to make strategic and operational decisions from both a business and a geographic perspective. The Group's risks and rates of return for its operations are predominantly affected by operating in different geographical regions. The businesses are predominantly organised and managed according to the selected geographical regions. These regions (Central America, South America, and Africa), represent the basis for evaluation of past performance and for future allocation of resources.

2.5 Property, plant and equipment

Items of property, plant and equipment are stated at either historical cost, or the lower of fair value and present value of the future minimum lease payments for assets under finance leases, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to acquisition of items. The carrying amount of replaced parts is derecognised.

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

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)

Estimated useful lives are:

Buildings	40 years or lease period, if shorter
Networks (including civil works)	5 to 15 years or lease period, if shorter
Other	2 to 7 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 its carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labour and other direct costs associated with property, plant and equipment being constructed by the Group, or purchased assets which have yet to be deployed. When the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and depreciation commences.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Ongoing routine repairs and maintenance are charged to the income statement in the financial period in which they are incurred. Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognised.

Equipment installed on customer premises which is not sold to customers is capitalised and amortised over the customer contract period.

A liability for the present value of the cost to remove an asset on both owned and leased sites (for example cell towers) and for assets installed on customer premises, is recognised when a present obligation for the removal exists. The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset, or lease period if shorter.

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

2.6 Intangible assets

Intangible assets acquired separately are initially recognised 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 amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised but expensed to the income statement in the year in which incurred.

Intangible assets with finite useful lives are amortised 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition over the Group's share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired subsidiary, at the date of the acquisition. If the fair value of identifiable assets, liabilities or contingent liabilities or the cost of the acquisition can only be determined provisionally, then goodwill is initially accounted for using provisional values. Within 12 months of the acquisition date any adjustments to the provisional values are recognised. This is done when 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 recognised from the acquisition date. Goodwill on acquisition of subsidiaries is included in "Intangible assets, net". Goodwill on acquisition of joint ventures or associates is included in "Investments in joint ventures and associates". Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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.

Impairment is determined by assessing the recoverable amount (value in use) and, if appropriate, the fair value less costs to sell of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount and fair value less costs to sell of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised for the lower amount.

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

Licenses

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

Licenses have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation 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 amortised 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 recognised as intangible assets only when acquired or gained in a business combination. Their cost represents fair value at the date of acquisition. Trademarks and customer bases have finite useful lives and are carried at cost less accumulated amortisation. Amortisation 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 15 years
Customer bases	4 to 9 years

Programming and content rights

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

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

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

Indefeasible rights of use

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

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

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

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

If the arrangement is, or contains a lease, the lease is accounted for as either an operating lease or a financial lease (see policy note Leases 2.21). A financial lease of an IRU of network infrastructure is accounted for as a tangible asset. A financial lease of an IRU on capacity is accounted for as an intangible asset.

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

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)

2.7 Impairment of non-financial assets

At each reporting date the Group assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, 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. The foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses of continuing operations are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset.

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

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 those maturing more than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.9 Derecognition of financial assets and liabilities

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

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

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

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

2.10 Financial instruments

Financial instruments at fair value through profit or loss

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

Financial instruments that contain obligations to purchase own equity instruments

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

Financial instruments that contain call options over non-controlling interests

Call option contracts over non-controlling interests that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity.

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

Call option contracts over non-controlling interests that require net cash settlement or provide a choice of settlement are classified as financial assets.

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

Offsetting financial instruments

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

Derivative financial instruments and hedging activities

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

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

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

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

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

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

2.11 Discontinued operations and 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 sale, not through continuing use). Liabilities of disposal groups are classified as "Liabilities directly associated with assets held for sale".

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. Revenue 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.

2.12 Inventories

Inventories (which mainly consist of mobile telephone handsets and related accessories) are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable 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 recognised at fair value and subsequently measured at amortised 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 reorganisation, and default or delinquency in payments are indicators of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognised in the consolidated income statement within "Cost of sales".

Notes to the consolidated financial statements
as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)
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.

2.15 Restricted cash
Cash held with banks related to mobile financial services which is restricted in use due to local regulations, but typically cycled out of the banking system within three months, is denoted as restricted cash.

2.16 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.

2.17 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 recognised in the consolidated income statement.

2.18 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 holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

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

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

2.20 Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.21 Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and involves an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset.

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

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

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

Tower sale and leaseback transactions
The sale and leaseback of towers and related site operating leases and service contracts are accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements.

When sale and leaseback agreements are concluded, the portions of assets that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable. Asset retirement obligations related to the towers are classified as liabilities directly associated with assets held for sale.

On transfer to the tower companies, the portion of the towers leased back are accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represents the dedicated part of each tower on which Millicom's equipment is located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers are located are accounted for as operating leases, and costs of services for the towers are recorded as operating expenses.

2.22 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognised as interest expenses.

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

2.24 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 recognised 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 recognised.

Recurring revenue consist of monthly subscription fees, airtime usage fees, interconnection fees, roaming fees, revenue from online product and service sales, mobile finance service commissions and fees from other telecommunications services such as data services, short message services and other value added services. Recurring revenues are recognised on an accrual basis, i.e. as the related services are rendered. Unbilled revenue 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 amortised over the estimated life of the customer relationship. Related costs are also deferred, to the extent of the revenues deferred, and amortised 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 or other credit in advance, revenue is recognised as the credit is used. Unused credit is carried in the statement of financial position as deferred revenue within "Other current liabilities".

Revenue from content services such as video messaging, ringtones, games etc., are recognised net of payments to the providers under certain conditions including if the providers are responsible for the music and other content and determining the price paid by the customer. For such services the Group is considered to be acting in substance as an agent. Other revenue is recognised gross.

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

Revenue arrangements with multiple service deliverables ("Bundled Offers") such as various 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 recognised separately for each unit of accounting.

Revenue from the sale of online and e-commerce services is recognised as and when the service is provided or on delivery of products to customers, less provision for product returns, based on the amounts expected to be received from customers.

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

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

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

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

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

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

2. Summary of consolidation and accounting policies (continued)

2.26 Customer acquisition costs

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

2.27 Employee benefits

Pension and other similar employee related obligations

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

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

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

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

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

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

Share based compensation

Share awards are granted to management and key employees.

The cost of equity-settled transactions is based on the fair value (market value) of the shares on grant date. The cost is recognised, 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 recognised 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 recognised 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 recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

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

Deferred income tax assets are recognised 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 utilised, 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 utilise the deferred income tax asset. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent it is probable that future taxable profit will enable the 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 realised 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 recognised directly in equity is recognised 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.

Withholding tax

Withholding tax on royalties is classified under "Charge/(credit) for taxes".

3. Significant accounting judgments and estimates

Judgments

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

- Contingent liabilities – the determination of whether or not a provision should be recorded for any potential liabilities (see note 31).
- Leases – determination of whether the substance of leases meets the IFRS criteria for recognition as finance or operating leases or services contracts, or elements of each (see notes 18 and 31).
- Control – determination of whether Millicom, through voting rights and potential voting rights attached to shares held, or by way of shareholders agreements or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates, or jointly direct the relevant activities of its joint ventures (see notes 4, 6 and 7).
- Discontinued operations and assets held for sale – classification and presentation (see note 5).
- Deferred tax assets – likely timing and level of future taxable profits together with future tax planning strategies (see note 15).
- Acquisitions – allocation of excess of purchase price between newly identified assets and goodwill, measurement of property, plant and equipment and intangible assets and assessment of useful lives (see note 4).
- Financial instruments that contain obligations to purchase own equity instruments – determination of the likelihood of change of control events occurring in assessing the fair value of these instruments (see notes 27 and 34).
- Defined benefit plans – key assumptions related to life expectancies, salary increases and leaving rates (see note 13).

Estimates

Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainties in this evaluation process, actual results may differ from original estimates. Estimates are subject to change as new information becomes available and may significantly affect future operating results. Significant estimates have been applied in respect of the following items:

- Accounting for property, plant and equipment, and intangible assets in determining fair values at acquisition dates, particularly for sale and leaseback transactions, and assets acquired in business combinations (see note 4).
- Estimation of useful lives of property, plant and equipment and intangible assets (see policy note 2.5).
- Estimation of provisions, in particular provisions for asset retirement obligations, legal and tax risks (see note 27).
- Revenue recognition (see note 9).
- Impairment testing (see note 17).
- Estimates for defined benefit plans (see note 13).
- Accounting for share-based compensation (see note 12).
- Fair value of financial assets and liabilities (see note 34).

4. Acquisitions of subsidiaries, joint ventures and non-controlling interests

Put and Call Agreement related to Guatemalan operations

Effective January 1, 2014 Millicom's local partner in Guatemala, Miffin Associates Corp ("Miffin") granted Millicom, for a minimum term of two years, an unconditional call option for its 45% stake in the Guatemalan operations ("Comcel"). The call option allows Millicom, unconditionally at any time during the two-year period from January 1, 2014 to exercise its right to acquire the 45% stake (and voting rights) of Miffin at a price which Millicom believes represents the strategic value of Comcel. Previously Millicom was dependent on the consent of Miffin for strategic decisions related to Comcel, as the shareholders agreement required a vote of 80% of shares to authorise and approve significant financial and operating policies of Comcel.

In return, Millicom granted Miffin a put option for the same duration, exercisable in the event Millicom sells its 55% interest in Comcel or undergoes a change of control, and consideration of $15 million. A change of control event may occur at Millicom level which is beyond the control of Millicom. Such an event would trigger the ability of our local partner to exercise his put option at his discretion. Therefore, the put option is a financial liability and Millicom recorded a current liability for the present value of the redemption price of the put option of $1,775 million at January 1, 2014 (see note 27) against a corresponding put option reserve in equity (see note 24). Millicom's call option is a financial instrument measured at fair value of $74 million at December 31, 2014.

As a consequence, and in accordance with IFRS 10 'Consolidated Financial Statements' effective January 1, 2014, Millicom fully consolidated Comcel from January 1, 2014. Previously, the results of the Guatemalan operations were proportionately consolidated (see note 2.1 for changes in accounting standards).

Millicom revalued to fair value its 55% interest in Comcel, and recognised a gain of $2,250 million under other non-operating (expenses) income, net. The goodwill is not deductible for tax purposes.

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

4. Acquisitions of subsidiaries, joint ventures and non-controlling interests (continued)

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

	Fair value 100% US$m	Historical value of 55% interest US$m
Intangible assets (excluding goodwill), net	1,401	84
Property, plant and equipment, net	653	349
Other non-current assets	7	4
Current assets (excluding cash)	332	184
Cash and cash equivalents	54	30
Total assets	**2,447**	**651**
Non-current financial liabilities	324	187
Other long-term liabilities	22	2
Current liabilities	290	160
Total liabilities	**636**	**349**
Fair value of assets and liabilities, net	**1,811**	

Fair value of non-controlling interests (45%)	815
Fair value of Millicom's 55% interest	996
Fair value of Millicom's call option	28
Goodwill arising on change of control	1,528
Historical carrying value of Millicom's 55% interest in Comcel	(302)
Revaluation of previously held interest	**2,250**

Merger of Colombia Móvil and UNE

On October 1, 2013 Millicom signed an agreement with Empresas Públicas de Medellín E.S.P. ("EPM"), the largest public service company in Colombia, whereby, subject to regulatory approval and closing conditions, the parties will combine and merge their mutual interests in Millicom's Colombian operations ("Colombia Móvil"), with UNE EPM Telecomunicaciones S.A. ("UNE"). UNE is the second largest fixed telephony/broadband/subscription TV provider in Colombia. The statutory merger will create a business offering a comprehensive range of bundled digital services including mobile and fixed telephony, mobile and fixed broadband and pay-TV and offer products and services in complementary geographic areas.

By August 14, 2014 all approvals had been obtained, and steps precedent to Millicom obtaining operational control had been completed.

Through statutory merger of Millicom Spain Cable S.L. (a fully owned subsidiary of Millicom) and UNE, (i) $860 million in cash held by Millicom Spain Cable S.L. ($800 million of which was previously held as pledged deposits) and Millicom's controlling interest into Colombia Móvil were absorbed by UNE and (ii) Millicom obtained a 50% -1 stake in UNE. By virtue of the statutory merger from August 14, 2014 Millicom owns a 50% -1 share interest in UNE and has operational control of the merged entity through a majority of voting shares.

Prior to the closing of the transaction, UNE purchased 25% of Colombia Móvil from a third party for $243 million, which was disbursed after August 14, 2014. Accordingly, prior to completion of the transaction UNE owned a 50% -1 share of Colombia Móvil (as it already owned 25% prior to October 1, 2013) and after, 100% of Colombia Movil. Consequently, before and after the transaction, Millicom retained control over Colombia Móvil.

Subsequently, UNE paid dividends to EPM for a total of $617 million, which were declared by UNE before the merger.

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

The purchase accounting was updated as additional information became available regarding fair values of acquired assets and liabilities, but remains provisional at December 31, 2014. Items in which further information is expected include the impact of the regulatory requirement to return spectrum, and the impact of the tangible and intangible assets related to the spectrum.

The preliminary goodwill, which comprises the fair value of the assembled work force and expected synergies from the merger, is not expected to be tax deductible.

The assets and liabilities recognised as a result of the acquisition were as follows:

	UNE Group Fair value 100% US$m
Intangible assets (excluding goodwill), net	297
Property, plant and equipment, net	1,417
Other non-current assets	74
Current assets (excluding cash)	347
Cash and cash equivalents	123
Assets held for sale (see note 5)	22
Total assets	**2,280**
Non-current liabilities	413
Current financial liabilities	608
Total liabilities	**1,021**
Fair value of assets and liabilities acquired, net(i)	**1,259**
Fair value of non-controlling interest(ii)	646
Millicom interest in fair value	613
Goodwill(iii)	**247**

(i) After deducting from equity the $617 million of dividends declared prior to the merger and including the additional 25% ownership acquired by UNE in Colombia Móvil for $243 million from a third party prior to the merger.
(ii) Non-controlling interest in one of UNE's subsidiaries was 60%.
(iii) $860 consideration less Millicom's $613 million interest in the fair value of the net assets acquired.

The fair value of the trade receivables amounted to $177 million.

From the date of acquisition to December 31, 2014, UNE contributed $504 million of revenue and loss of $16 million to profit before tax from continuing operations of the Group. If UNE had been acquired on January 1, 2014 incremental revenue for the year would have been $1,369 million and incremental loss for that period of $18 million.

Acquisition-related costs included in the income statement under general and administration services were approximately $1 million.

Online businesses

On December 31, 2012 Millicom held 20% interests in MKC Brilliant Services GmbH ("Latin America Internet Holding" or "LIH") and Africa Internet Holding ("AIH") and unconditional options to acquire the remaining shares in three steps. On this date both AIH and LIH were consolidated as subsidiaries.

By December 31, 2014, as a result of the transactions described below, Millicom held 33% in AIH and accounted for it as a joint venture, and 35% in LIH and accounted for it as an investment in an associate.

Africa Internet Holding GmbH (AIH)

AIH has a number of operating subsidiaries which are owned by Africa e-Commerce Holding ("AEH"). AEH is owned by a number of shareholders with rights that initially prevented AIH from controlling AEH. Millicom's initial investment in AEH was therefore an investment in an associate from Millicom's acquisition date of September 1, 2012.

On March 27, 2013 Millicom exercised its first call option increasing its ownership in AIH from 20% to 35%. As the consideration for this option was not provided in 2013 Millicom was no longer entitled to participate in the returns of AIH related to this incremental 15% in 2013. Accordingly, Millicom's ownership in AIH reverted to 20% and remained at 20% at December 31, 2013.

On April 1, 2013 as a result of an agreement with a minority shareholder, AIH gained control of AEH which was consolidated by AIH and Millicom from that date.

On December 13, 2013 Millicom, Rocket and Mobile Telephone Networks Holdings (Pty) Limited ("MTN") signed an agreement whereby MTN will invest in the AIH Group such that, following anti-trust and other requisite clearances and closing conditions, each of the three parties will own a 33.33% interest in AIH and together will have joint control over AIH. Under this agreement Millicom's three options to acquire a controlling interest in AIH ended and Millicom deconsolidated AIH by the end of 2013 and accounted for AIH as an investment in an associate.

By June 25, 2014 the requisite clearances had been obtained and Millicom's stake increased from 20% to 33% and Millicom accounted for AIH as a joint venture from that date. MTN's 33.3% stake will be acquired by cash investment in new shares at a price equivalent to 20% more than the investment made by Millicom.

Millicom will pay Euro 35 million for its additional stake of which Euro 10 million had been paid by December 31, 2014. Millicom may invest a further Euro 70 million under the agreement.

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4. Acquisitions of subsidiaries, joint ventures and non-controlling interests (continued)

MKC Brilliant Services GmbH (LIH)

On March 27, 2013 Millicom exercised its first call option increasing its ownership in LIH from 20% to 35%. In December 2013 consideration for exercise of the first LIH option of Euro 50 million ($68.5 million) was agreed to be provided at the earlier of when the cash balances of LIH fall below Euro 15 million or September 2014. As the consideration was not provided in 2013 Millicom was no longer entitled to participate in the returns of LIH related to this incremental 15% in 2013. Accordingly, Millicom's ownership in LIH reverted to and remained at 20% at December 31, 2013.

On January 20, 2014 Millicom amended its investment agreement with Rocket regarding its share purchase options for LIH. The amendment restricted Millicom's ability to exercise its Third Option to acquire the final 50% of LIH to no earlier than one year after exercising its Second Option to raise its stake from 35% to 50%. Accordingly, from January 20, 2014 Millicom no longer had the ability to exercise its options to acquire a controlling stake in LIH, and deconsolidated the LIH Group. As a consequence, its investment is accounted for as an investment in an associate at fair value of $70 million at that date, and a $15 million gain from discontinued operations was recognised as a result of the loss of control.

In February 2014 Millicom exercised its first option raising its stake from 20% to 35% with the purchase price of Euro 50 million paid during the year. On September 17, 2014 Millicom amended its investment and shareholder agreements related to LIH whereby its option to increase its shareholding from 35% to 50%, and its call option to acquire the remaining 50% of LIH have been cancelled.

Telecable Costa Rica

On December 19, 2014 Millicom signed an agreement to acquire 100% of the shares of Telecable Economico TVE S.A., a cable operator in Costa Rica, and related intellectual property, for cash consideration of $82.9 million. The acquisition is subject to customary closing conditions (including regulatory approval), and is expected to close during 2015.

Other minor acquisitions

During 2014 Millicom made other smaller acquisitions in Rwanda, the UK and Guatemala for total consideration of $19 million. During 2013 Millicom made other smaller acquisitions of cable and television businesses in Guatemala and Bolivia for total consideration of $19 million. During 2012 Millicom increased its ownership in Navega El Salvador from 55% to 100% and completed other minor acquisitions for consideration of $16 million.

Cash inflows from investing activities

Cash inflows and outflows from the acquisition of subsidiaries and investments in joint ventures and associates during the year ended December 31, 2014 were as follows:

	US$m
Net cash acquired from full consolidated of Guatemala	39
Net cash acquired from acquisition of UNE	123
Increase in shareholdings (investments) in Online businesses	(79)
Other acquisitions (net of cash acquired)	(37)
Total	**46**

5. Disposal of investments, discontinued operations and assets held for sale

Disposal of investments in joint ventures and associates

Sale of ATC BV and Mauritius (Emtel Ltd)

During the year Millicom's stake in ATC BV was diluted from 40% to 18.2% and in July 2014 Millicom sold its 18.2% stake to American Tower. On July 15, 2014 Millicom reached agreement to sell its 50% investment in Emtel Ltd (its Mauritius joint venture) to its partner in Mauritius. This transaction was completed in November 2014. Prior to sale the carrying values of the investments were as follows:

	% Ownership	Investment US$m
Emtel Ltd	50%	29
ATC BV	18.2%	73
Total		**102**

As a result of these dilutions and disposals Millicom received $175 million in cash and recorded a gain on sale of $73 million under "Income (loss) from joint ventures and associates, net".

Reduction in shareholding in Helios Towers Tanzania

During the year Millicom reduced its shareholding in its associate, Helios Towers Tanzania, from 40% to 24.15% realising a gain on dilution of $6 million.

Discontinued operations

Deconsolidation of AIH and LIH

As described in note 4, during 2013 as a result of the investment agreement with MTN, Millicom deconsolidated AIH (previously reported in the Africa segment), and from January 21, 2014 as a result of an amendment to the shareholders' agreement, Millicom deconsolidated LIH (previously reported in the South America segment).

Consequently, and in accordance with IFRS, the results of the online businesses were classified as discontinued operations.

The results of discontinued operations for the year ended December 31, 2014 are presented below:

	2014 US$m	2013 US$m	2012 US$m
Revenues	4	83	13
Operating expenses	(6)	(144)	(22)
Operating losses	(2)	(61)	(9)
Loss from associate (AEH)	–	(2)	1
Gain on deconsolidation	23	–	–
Profit (loss) after tax from discontinued operations	21	(63)	8

Cash flows of discontinued operations for the year ended December 31, 2014 are presented below:

	2014 US$m	2013 US$m	2012 US$m
Cash used in operating activities, net	(2)	(61)	(9)
Cash used in investing activities, net	–	–	–
Cash provided by financing activities, net	–	20	109

There was no cash provided to the Group by discontinued operations for the year ended December 31, 2014.

Assets held for sale

Towers

Between 2009 and 2011 Millicom signed various sale and leaseback agreements with tower companies in Africa and South America whereby Millicom agreed the sale of tower assets and to lease back a dedicated portion of each tower to locate its network equipment in exchange for cash and investments in the tower companies (see note 18). The portions of the assets that will be transferred and that will not be leased back by Millicom are classified as assets held for sale as completion of their sale is highly probable.

At December 31, 2014, towers sold but yet to be transferred to tower companies (assets held for sale) of $12 million related to operations in DRC, Colombia, Ghana and Tanzania (December 31, 2013: $14 million).

Asset retirement obligations related to the towers of $2 million (December 31, 2013: $2 million) are classified as liabilities directly associated with assets held for sale.

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Assets held for sale	12	14	21
Liabilities directly associated with assets held for sale	(2)	(2)	(5)
Net assets directly associated with assets held for sale	10	12	16

4G Spectrum (UNE)

In accordance with the merger approval (see note 4) spectrum to be returned to the Colombian government with carrying value of $22 million at the date of the merger, has been reclassified to assets held for sale.

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6. Subsidiaries

At December 31, 2014 Millicom consolidated the following significant subsidiaries:

Name of the company	Country	Holding on December 31, 2014 % of ownership interest	Holding on December 31, 2013 % 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
Navega.com SA, Succursal El Salvador	El Salvador	**100.0**	100.0
Comunicaciones Celulares S.A.(i)	Guatemala	**55.0**	55.0
Navega.com S.A.(i)	Guatemala	**55.0**	55.0
Telefonica Celular S.A.(i)	Honduras	**66.7**	66.7
Navega S.A. de CV(i)	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.(ii)	Colombia	**50% – 1 share**	50% + 1 share
UNE EPM Telecomunicaciones S.A.(ii)	Colombia	**50% – 1 share**	0.0
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.A.	Democratic Republic of Congo	**100.0**	100.0
Millicom Tchad S.A.	Chad	**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

(i) Fully consolidated as Millicom has, through its call options (see note 27), the power to affect the variable returns due to shareholder agreements including the process and substance of setting key operating and financial policies.
(ii) Fully consolidated as Millicom has the majority of voting shares to direct the relevant activities.

Application of IFRS 10, 'Consolidated Financial Statements', requires judgment, which in the case of our businesses in Guatemala, Honduras, and Colombia has been applied through considering the legal form and substance of arrangements with our local partners, including such items as the ability and economic interest of our local partners to block or exert more than significant influence over our operations in these countries as well as substance of potential voting rights.

At December 31, 2014 the significant non-controlling interests in the subsidiaries were as follows:

Balance sheet	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Guatemala subsidiaries (from January 1, 2014 – see note 4)	**805**	–	–
Honduras subsidiaries	**123**	134	143
Colombia Móvil	**22**	29	26
Colombia – UNE (from August 14, 2014 – see note 4)	**480**	–	–
Others	**(25)**	(11)	143
Total	**1,405**	152	312

Profit (loss) allocated to material non-controlling interests	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Guatemala subsidiaries (from January 1, 2014 – see note 4)	**157**	–	–
Honduras subsidiaries	**23**	34	38
Colombia Móvil	**2**	2	(30)
Colombia – UNE (from August 14, 2014 – see note 4)	**(14)**	–	–
Others	**(10)**	(60)	(12)
Total	**158**	(24)	(4)

The summarised financial information for material non-controlling interests in the above subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

As Guatemala subsidiaries comprise several entities, financial information has been disclosed only in respect of Guatemala – Comunicaciones Celulares S.A. ("Comcel") which is the main subsidiary having significant non-controlling interest.

Guatemala – Comunicaciones Celulares S.A. (Comcel) (from January 1, 2014)	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**959**	–	–
Total operating expenses	**(259)**	–	–
Operating profit	**432**	–	–
Net profit for the year of Comcel	**323**	–	–
Non-controlling interest in net profit of Comcel (45%)	**145**	–	–
Non-controlling interest in net profit of Comcel	**145**	–	–
Non-controlling interest in net profit for other subsidiaries and consolidation adjustments	**12**	–	–
Total non-controlling interest in net profit for Comcel	**157**	–	–
Dividends and advances paid to non-controlling interests	**287**	–	–
Total Assets (excluding goodwill)	**1,467**	–	–
Total Liabilities	**1,002**	–	–
Net Assets of Comcel	**465**	–	–
Non-controlling interest in net assets of Comcel (45%)	**209**	–	–
Non-controlling interests arising from the consolidation of Comcel (note 4)	**815**	–	–
Dividends declared to non-controlling interests	**(153)**	–	–
Non-controlling interest for other subsidiaries and consolidation adjustments	**(66)**	–	–
Total non-controlling interest for Guatemala subsidiaries	**805**	–	–
Net cash from operating activities	**481**	–	–
Net cash from (used in) investing activities	**(883)**	–	–
Net cash from (used in) financing activities	**430**	–	–
Net increase (decrease) in cash and cash equivalents	**28**	–	–

As Honduras subsidiaries comprise several entities, financial information has been disclosed only in respect of Honduras – Telefónica Celular S.A. which is the main subsidiary having significant non-controlling interests.

Honduras – Telefónica Celular S.A. (Celtel)	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**583**	612	661
Total operating expenses	**(176)**	(172)	(177)
Operating profit	**162**	186	224
Net profit for the year	**49**	68	83
Non-controlling interest in net profit of Telefónica Cellular S.A. (33.3%)	**16**	23	28
Non-controlling interest in net profit of Telefónica Cellular S.A.	**16**	23	28
Non-controlling interest in net profit for other subsidiaries and consolidation adjustments	**7**	11	10
Total non-controlling interest in net profit of Celtel	**23**	34	38
Dividends and advances paid to non-controlling interests	**18**	25	17
Total Assets (excluding goodwill)	**976**	928	955
Total Liabilities	**571**	503	511
Net Assets of Telefonica Cellular S.A.	**405**	425	444
Non-controlling interest in net assets of Telefónica Cellular S.A. (33.3%)	**135**	142	148
Non-controlling interest for other subsidiaries and consolidation adjustments	**(12)**	(8)	(5)
Total non-controlling interest for Honduras subsidiaries	**123**	134	143
Net cash from operating activities	**113**	166	231
Net cash from (used in) investing activities	**(143)**	(95)	(126)
Net cash from (used in) financing activities	**22**	(86)	(95)
Net increase (decrease) in cash and cash equivalents	**(8)**	(15)	10

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6. Subsidiaries (continued)

Colombia Móvil	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**1,173**	969	849
Total operating expenses	**(473)**	(456)	(378)
Operating profit	**157**	102	87
Net profit (loss) for the year	**4**	4	(60)
Non-controlling interest in net profit (loss) (50%)	**2**	2	(30)
Total Assets (excluding goodwill)	**1,047**	1,140	1,036
Total Liabilities	**1,002**	1,082	984
Net Assets	**45**	58	52
Non-controlling interest in net assets (50%)	**22**	29	26
Net cash from operating activities	**172**	146	232
Net cash from (used in) investing activities	**(192)**	(225)	(133)
Net cash from (used in) financing activities	**25**	95	(135)
Net increase (decrease) in cash and cash equivalents	**5**	16	(36)

Colombia – UNE subsidiaries (from August 14, 2014)	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**511**	–	–
Total operating expenses	**(198)**	–	–
Operating loss	**(3)**	–	–
Net loss for the period since acquisition	**(28)**	–	–
Non-controlling interest in net loss	**(14)**	–	–
Total Assets (excluding goodwill)	**1,934**	–	–
Total Liabilities	**855**	–	–
Net Assets	**1,079**	–	–
Non-controlling interest in net assets	**539**	–	–
Non-controlling interest for consolidation adjustments	**(59)**	–	–
Total non-controlling interests	**480**	–	–
Net cash from operating activities	**106**	–	–
Net cash from (used in) investing activities	**101**	–	–
Net cash from (used in) financing activities	**(52)**	–	–
Net increase (decrease) in cash and cash equivalents	**155**	–	–

7. Interests in joint ventures

At December 31, 2014 Millicom equity accounted for the following significant joint venture.

Name of the company	Country	Holding on December 31, 2014 % of ownership interest	Holding on December 31, 2013 % of ownership interest	Notes
Africa				
AIH	Germany and several African countries	**33.3%**	20%	Associate at December 31, 2013, joint venture from June 25, 2014 (see note 4)

As a consequence of adoption of IFRS 11 on January 1, 2014, accounting for joint ventures changed from proportionate consolidation to equity accounting. As a result the financial information for Millicom's businesses in Guatemala and Mauritius, which were joint ventures in 2013 and 2012 have been equity accounted for those periods in these financial statements (see note 2.1 for more details). Shareholdings of these businesses at December 31, 2014 are shown below (together with prior period comparatives).

Name of the company	Country	Holding on December 31, 2014 % of ownership interest	Holding on December 31, 2013 % of ownership interest	Notes
Central America				
Comunicaciones Celulares S.A.	Guatemala	**55%**	55%	Fully consolidated from January 1, 2014 (see note 4)
Navega.com S.A.	Guatemala	**55%**	55%	Fully consolidated from January 1, 2014 (see note 4)
Africa				
Emtel Limited	Mauritius	**—**	50%	Sold on July 15, 2014 (see note 5)

The carrying value of investments in Millicom's joint ventures at December 31, 2014 together with restated comparatives for December 31, 2013 and December 31, 2012 were as follows:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Guatemala	**–**	302	297
Mauritius	**–**	25	23
AIH	**89**	–	–
Total	**89**	327	320

At December 31, 2014 the Group has not incurred obligations or made payments on behalf of AIH, and has an obligation to provide an additional Euro 25 million in funding to AIH in accordance with the shareholders' agreement.

The revenue and operating expenses of the joint ventures together with the restated share of results were as follows:

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**90**	1,253	1,213
Total operating expenses	**(129)**	(775)	(713)
Operating profit (loss)	**(39)**	478	500
Net profit (loss) for the year/period of joint control	**(42)**	401	415
Millicom's share of results from joint ventures	**(8)**	219	229

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as at and for the year ended December 31, 2014 (Continued)

7. Interests in joint ventures (continued)

Total assets and liabilities of the joint venture at December 31, 2014 were as follows:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Total current assets	**82**	406	549
Total non-current assets	**7**	880	817
Total Assets	**89**	1,286	1,366
Total current liabilities	**39**	321	342
Total non-current liabilities	**1**	364	438
Total Liabilities	**40**	685	780
Net Assets	**49**	601	586
Millicom's carrying value of its share in joint ventures	**89**	327	320

8. Investments in associates

At December 31, 2014 Millicom equity accounted for the following investments in associates:

	2014 % ownership	2013 (restated) % ownership	January 1, 2013 (restated) % ownership
Helios Towers Tanzania, DRC and Ghana	**24%-40%**	40%	40%
ATC Colombia BV (until sold on July 15, 2014 – see note 5)	**–**	40%	40%
Latin America Internet Holding (from January 21 – see note 4)	**35%**	20%	20%

The initial cost of the investment stakes in Helios Tower companies in Tanzania, DRC and Ghana were measured at Millicom's interest in the fair value of the tower sites sold to the tower companies (see note 5), after elimination of intercompany gains on sale.

The following tables contain the summarised financial information for the investments held in associates at the years ended December 31, 2014 and 2013:

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**320**	163	105
Total operating expenses	**(343)**	(65)	(79)
Operating profit (loss)	**(23)**	98	26
Net profit (loss) for the year	**(143)**	(11)	(54)
Millicom's share of results from associates	**(34)**	(9)	(22)

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Total current assets	**198**	141	119
Total non-current assets	**448**	683	493
Total Assets	**646**	824	612
Total current liabilities	**126**	148	139
Total non-current liabilities	**332**	379	176
Total Liabilities	**458**	527	315
Net Assets	**188**	297	297
Millicom's carrying value of its share in associates	**185**	122	193

9. Segment information

The Group has businesses in three regions: Central America, South America and Africa. As described in note 2.1 IFRS 11 had no impact on internal management reporting and therefore segment information for the 2013 and 2012 comparative periods has not been restated for Guatemala and Mauritius as equity accounted joint ventures.

Revenue, operating profit (loss) and other segment information for the years ended December 31, 2014, 2013 and 2012 is as follows:

December 31, 2014 (US$m)	Central America	South America	Africa	Un-allocated items	Total continuing operations	Dis-continued operations	Inter-company elimination	Total
Revenue	**2,460**	**2,926**	**1,000**	**–**	**6,386**	**4**	**–**	**6,390**
Operating profit (loss)	**687**	**529**	**(32)**	**(260)**	**924**	**(3)**	**–**	**921**
Add back:								
Depreciation and amortisation	450	446	257	5	1,158	–	–	1,158
Loss (gain) of disposal and impairment	16	4	(2)	(3)	15	–	–	15
Loss (gain) from joint venture	–	–	8	–	8	–	–	8
Share-based compensation	–	–	–	22	22	–	–	22
Other non-cash items	–	–	(12)	–	(12)	–	–	(12)
Adjusted operating profit[(i)]	**1,153**	**979**	**219**	**(236)**	**2,115**	**(3)**	**–**	**2,112**
Capital expenditure	(432)	(501)	(360)	(1)	(1,294)	–	–	(1,294)
Changes in working capital	65	–	107	(115)	57			
Other movements	(188)	(108)	2	(84)	(378)			
Operating free cash flow[(ii)]	**598**	**370**	**(32)**	**(436)**	**500**			
Total Assets[(iii)]	**7,284**	**4,511**	**1,638**	**1,497**	**14,930**	**–**	**(1,633)**	**13,297**
Total Liabilities	**2,366**	**2,779**	**2,034**	**4,117**	**11,296**	**–**	**(1,746)**	**9,550**

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 33).
(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.

December 31, 2013 (US$m)	Central America	South America	Africa	Un-allocated items	Total continuing operations	Dis-continued operations	Inter-company elimination	Total	Restated amount[(iv)]	Restated
Revenue	1,884	2,192	1,000	–	5,076	83	–	5,159	(769)	4,390
Operating profit (loss)	548	510	(33)	(183)	842	(61)	–	781	(198)	583
Add back:										
Depreciation and amortisation	309	302	261	3	875	–	–	875	(89)	786
Loss (gain) of disposal and impairment	1	(7)	51	(16)	29	–	–	29	–	29
Share-based compensation	–	–	–	17	17	–	–	17	–	17
Adjusted operating profit[(i)]	858	805	279	(179)	1,763	(61)	–	1,702	(287)	1,415
Capital expenditure	(284)	(588)	(333)	(21)	(1,226)	–	–	(1,226)	116	(1,110)
Changes in working capital	24	(90)	101	3	38					
Other movements	(160)	(30)	50	(56)	(196)					
Operating free cash flow[(ii)]	438	97	97	(253)	379					
Total Assets[(iii)]	3,442	2,576	1,959	3,044	11,021	93	(1,967)	9,147	(374)	8,773
Total Liabilities	1,640	2,041	2,257	2,932	8,870	30	(1,834)	7,066	(374)	6,692

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 33).
(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.
(iv) Impact of restatement of Guatemala and Mauritius (see policy note 2.1) and reclassification of Online to discontinued operations (see note 5).

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as at and for the year ended December 31, 2014 (Continued)

9. Segment information (continued)

December 31, 2012 (US$m)	Central America	South America	Africa	Un-allocated items	Total continuing operations	Dis-continued operations	Inter-company elimination	Total	Restated amount(iv)	Restated
Revenue	1,901	1,926	974	–	4,801	13	–	4,814	(678)	4,136
Operating profit (loss)	639	500	122	(148)	1,113	(9)	–	1,104	(266)	838
Add back:										
Depreciation and amortisation	320	257	233	1	811	–	–	811	(84)	727
Loss (gain) of disposal and impairment	(1)	–	4	3	6	–	–	6	(5)	1
Share-based compensation	–	–	–	22	22	–	–	22	–	22
Adjusted operating profit(i)	958	757	359	(122)	1,952	(9)	–	1,943	(355)	1,588
Capital expenditure	(296)	(373)	(430)	(21)	(1,120)	–	–	(1,120)	124	(996)
Changes in working capital	42	–	46	(7)	84					
Other movements	(176)	15	110	3	(48)					
Operating free cash flow(ii)	528	402	85	(147)	868					
Total Assets(iii)	3,570	2,486	1,891	1,068	9,015	277	(1,081)	8,211	(257)	7,954
Total Liabilities	1,696	1,898	2,073	1,253	6,920	15	(1,060)	5,875	(257)	5,618

(i) Adjusted operating profit is used by the management to monitor the segmental performance and for capital management (see note 33).
(ii) Operating free cash flow by segment includes vendor financing of capital equipment as a cash transaction.
(iii) Segment assets include goodwill and other intangible assets.
(iv) Impact of restatement of Guatemala and Mauritius (see policy note 2.1) and reclassification of Online to discontinued operations (see note 5).

Revenue from continuing operations by business unit for the years ended December 31, 2014, 2013 and 2012:

	2014 US$m	2013 US$m	2012 US$m
Mobile	**4,743**	4,233	4,148
Cable & Digital Media	**970**	435	354
Mobile Financial Services	**113**	79	40
Telephones and equipment and other	**560**	329	259
Total before restatement	**6,386**	5,076	4,801
Restatement	**–**	(686)	(665)
Restated total	**6,386**	4,390	4,136

Revenue from continuing operations for the years ended December 31, 2014, 2013 and 2012 by country:

	2014 US$m	2013 US$m	2012 US$m
Guatemala	**1,242**	641	621
Colombia	**1,167**	969	849
Paraguay	**767**	784	649
Honduras	**629**	656	705
UNE	**504**	–	–
Bolivia	**488**	438	429
El Salvador	**443**	443	443
Tanzania	**368**	351	345
Chad	**180**	149	121
Ghana	**146**	169	162
Costa Rica	**138**	139	126
Other	**314**	337	351
Total before restatement	**6,386**	5,076	4,801
Restatement	**–**	(686)	(665)
Restated total	**6,386**	4,390	4,136

10. Analysis of operating profit

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

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Revenue	**6,386**	4,390	4,136
Cost of services rendered and goods sold	**(1,694)**	(1,113)	(1,006)
Depreciation and amortisation (notes 9, 17 and 18)	**(1,158)**	(786)	(727)
Dealer commissions	**(525)**	(384)	(369)
Employee-related costs (note 11)	**(607)**	(422)	(339)
Sites and network maintenance	**(336)**	(205)	(186)
Advertising and promotion (including phone subsidies)	**(403)**	(335)	(266)
External services	**(301)**	(205)	(156)
Operating lease expense (note 31)	**(180)**	(111)	(93)
Gain (loss) on disposal and impairment of assets, net (notes 17, 18)	**(15)**	(29)	(1)
Other income	**8**	17	19
Other expenses	**(251)**	(234)	(174)
Operating profit	**924**	583	838

The following table summarises the aggregate amounts paid to Millicom's auditors for the years ended December 31, 2014, 2013 and 2012.

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Audit fees	**5.1**	5.0	4.4
Audit related fees	**0.2**	–	–
Tax fees	**0.4**	0.2	0.2
Other fees	**0.6**	0.1	0.8
Total	**6.3**	5.3	5.4

11. Employee-related costs

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Wages and salaries	**(438)**	(295)	(227)
Social security	**(56)**	(41)	(28)
Share-based compensation (see note 12)	**(22)**	(17)	(22)
Pension costs (see note 13)	**(1)**	–	–
Other employee-related costs	**(90)**	(69)	(62)
Total	**(607)**	(422)	(339)

The average number of permanent employees during the years ended December 31, 2014, 2013 and 2012 was as follows:

	2014(ii)	2013 (restated)	2012 (restated)
Continuing operations(i)	**11,491**	8,968	7,509
Discontinued operations	**2,815**	1,376	544
Total average number of permanent employees	**14,306**	10,344	8,053

(i) Excluding UNE which had 11,400 permanent employees at December 31, 2014.
(ii) Including Guatemala which had 1,750 permanent employees at December 31, 2013.

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as at and for the year ended December 31, 2014 (Continued)

12. Share-based compensation

Share-based compensation comprises share options and long-term incentive plans.

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 of service (the vesting period) and were exercisable starting from one year to five years from the grant date.

Options granted prior to 2005 have an indefinite life and those granted in 2005 a 20-year 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, 2014. The market price of the Company's shares as at December 31, 2014 was SEK 582.50 (2013: SEK 640.50), approximately $74.30 (2013: $99.71).

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

Date issued	Number of options outstanding and exercisable as at December 31, 2014	Exercise price US$ per share	Terms
May 2004	**20,000**	25.05	Exercisable immediately. Options have an indefinite life.
May 2005	**25,000**	20.56	Exercisable immediately. Options have a 20-year life.
Total	**45,000**		
Weighted average exercise price		22.55	

The following table summarises the movement in the Company's share options for the years presented:

	2014		2013		2012	
	Average exercise price in US$ per share	**Number of options**	Average exercise price in US$ per share	Number of options	Average exercise price in US$ per share	Number of options
Outstanding at beginning of year	**22.55**	**45,000**	29.34	134,996	29.34	134,996
Expired/forfeited	**–**	**–**	–	–	–	–
Exercised	**–**	**–**	–	(89,996)	–	–
Outstanding and exercisable at end of year	**22.55**	**45,000**	22.55	45,000	29.34	134,996

Long-term incentive plans

The Company provides management and certain employees with share incentive schemes, the terms and conditions of which are linked to a number of performance criteria.

Two schemes are provided, the first, a deferred share awards plan whereby shares are granted based on past performance over a three-year future period, with vesting occurring on each January 1, over the following three-year period from the award date at 16.5% at the end of each of the first two years and 67% at the end of the third year.

The second scheme is a future performance scheme whereby shares are granted based on future performance criteria over a three-year period with vesting occurring on the January 1, after a three-year period.

Shares issued in 2014 under each of the schemes are provided below:

	Performance Plan 2013	Deferred Plan 2013	Performance Plan 2012	Deferred Plan 2012	Performance Plan 2011	Deferred Plan 2011	Performance Plan 2010	Deferred Plan 2010
Shares issued in 2014	–	31,315	–	19,175	48,566	43,752	–	–
Shares issued in 2013	–	–	7,453	26,669	20,303	46,061	66,542	89,650
Total estimated charge over the vesting period ($ millions)		21		19		18		16

The total estimated charge of the vesting period for the 2014 plans is $26 million.

Vesting criteria for each of performance plans are as follows:

2010

Shares granted under the performance plan vested on January 1, 2013 and were 50% subject to a market condition that was based on the Total Shareholder Return (TSR) of Millicom compared to the TSR of 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, and expensed over the vesting period.

2011

Shares granted under the performance plan vest at the end of the three-year period ending January 1, 2014, 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.

2012 – 2014

Shares granted under the performance plans vest at the end of each three-year period ending January 1, subject to performance conditions, 50% based on Return on Capital Investment (ROIC) and 50% based on EPS.

Vesting criteria for each of the deferred share awards plans are as follows:

2010 – 2014

Shares are granted based on past performance and vest 16.5% on the first January 1 anniversary of the plan, 16.5% on the second January 1 anniversary of the plan and 67% on the third and final January 1 of each plan.

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

	Performance shares 2014	**Deferred share awards 2014**	Performance shares 2013	Deferred share awards 2013	Performance shares 2012	Deferred share awards 2012
Plan share awards	**164,015**	**219,767**	173,586	208,979	105,284	161,798
Share awards granted[i]	**–**	**–**	13,453	4,165	3,763	5,995
Revision for actual forfeitures	**(15,378)**	**(22,207)**	(24,112)	(22,699)	(49,409)	(37,404)
Revision in respect of performance conditions	**–**	**–**	–	–	–	–
Shares issued	**–**	**–**	–	(31,315)	(7,453)	(45,844)
Share awards expected to vest	**148,637**	**197,560**	162,927	159,130	52,185	84,545

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

Total share-based compensation expense

Total share-based compensation for years ended December 31, 2014, 2013 and 2012 was as follows:

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
2010 LTIPs	**–**	–	5
2011 LTIPs	**–**	2	7
2012 LTIPs	**4**	5	10
2013 LTIPs	**7**	10	–
2014 LTIPs	**11**	–	–
Total share-based compensation expense	**22**	17	22

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as at and for the year ended December 31, 2014 (Continued)

13. Employment obligations

The Group's Colombian subsidiary UNE, acquired in 2014, has a number of employee defined benefit plans. The level of benefits provided under the plans depends on collective employment agreements and Colombian labour regulations. There are no defined assets related to the plans, and UNE make payments to settle obligations under the plans out of available cash balances.

Pension plans

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

Long-service plans

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

Termination plans

The termination plans apply to employees that joined UNE prior to December 30, 1996. The level of payments depends on the number of years in which the employee has worked before retirement or termination of their contract with UNE.

The carrying value of the liabilities related to the benefit plans were as follows:

	2014 US$m
Pensions	38
Long-service	6
Termination	7
Others	2
Total liability	53

Net benefit expense in 2014 (from the date of acquisition in August) was as follows:

	2014 US$m
Current service cost	–
Interest cost on benefit obligation	1
Net benefit expense	1

Changes in the value of the defined benefit obligation:

	2014 US$m
Defined benefit obligations at August 14, 2014	66
Interest cost	1
Current service cost	–
Benefits paid	(2)
Foreign exchange (gain)/loss	(13)
Change in actuarial assumptions:	
Demographics	–
Financial	–
Experience	1
Change in actuarial assumptions in other comprehensive income	1
Defined benefit obligation at December 31, 2014	53

The principal assumptions in determining the plan obligations are as follows:

	2014 %
Discount rate (all obligations)	6.6
Future salary increases (termination and long-service plans)	3.5
Life expectancy for pensioners (pension plans):	Years
Male (from the age of 55 years)	27
Female (from the age of 50 years)	36

Sensitivity analysis, based on a method that extrapolates the impact on the obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period:

	Life expectancy of male pensioners		Life expectancy of female pensioners	
Assumptions	Increase by 1 year US$m	Decrease by 1 year US$m	Increase by 1 year US$m	Decrease by 1 year US$m
Impact on defined benefit obligations	0.6	(0.5)	0.6	(0.5)

	Discount rate		Salary increases	
Assumptions	Increase by 1% US$m	Decrease by 1% US$m	Increase by 1% US$m	Decrease by 1% US$m
Impact on total benefit obligations	(4)	5	1	(1)

The following payments are expected in the plans in future years:

	2014 US$m
Within the next 12 months	4
Between two and five years	17
Between five and ten years	22
Beyond ten years	61
Total expected payments	104

The average duration of the defined benefit obligation at December 31, 2014 is eight years.

14. Other non-operating (expenses) income, net

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Change in carrying value of put options (see note 27)	307	(62)	15
Change in carrying value of call option (see note 27)	46	–	–
Change in fair value of derivatives	21	(19)	(6)
Other exchange (losses), net	(175)	(52)	1
Other non-operating expenses	12	(1)	2
Other non-operating (expenses) income, net	211	(134)	12

15. Taxes

Taxes mainly comprise income taxes of subsidiaries. As a Luxembourg commercial company, the Company is subject to all taxes applicable to a Luxembourg Société Anonyme.

The effective tax rate on continuing operations is 8% (2013: 35% (restated)). Currently, Millicom operations are in jurisdictions with income tax rates of 10% to 40% levied on either revenue or profit before income tax (2013: 6% to 40%).

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

	2014 %	2013 (restated) %	2012 (restated) %
Weighted average statutory tax rate(i)	27	27	25
Recognition of previously unrecorded tax losses	–	(19)	–
Unrecognised current year tax losses(ii)	3	10	2
Non-taxable income and non-deductible expenses, net	(25)	6	6
Taxes based on revenue	(1)	–	–
Income taxes at other than statutory tax rates	1	4	3
Withholding taxes on transfers between operating and holding entities	3	22	8
Write-back of tax provision	–	3	3
Effect on change in tax rate	–	–	4
Tax on joint ventures (restatement for Guatemala and Mauritius)	–	(18)	(10)
Effective tax rate	8	35	41

(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.

(ii) Unrecognised current year tax losses mainly consist of tax losses in the Group's operations in DRC, Ghana, Rwanda, Senegal, UNE (2013: DRC and Rwanda; 2012: DRC, Rwanda and Tanzania).

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

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Current income tax credit (charge)	(292)	(235)	(293)
Net deferred income tax benefit (expense)	36	91	(67)
Credit/(charge) for taxes	(256)	(144)	(360)

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
(A) Profit After Tax	2,780	268	512
(1) Current Income Tax	(292)	(235)	(294)
(2) Deferred Income Tax	36	91	(66)
(B) Total Income Tax (1)+(2)	(256)	(144)	(360)
(C) Profit Before Tax = (A)+(B)	3,036	412	872
(3) Effective tax rate (B)/(C)	8%	35%	41%
(4) Weighted average tax rate	27%	27%	25%
(D) Theoretical Income Tax (C)*(4)	(822)	(111)	(214)
Difference to explain = (B)-(D)	566	(33)	(146)
Non-taxable and deductible items	761	(23)	(53)
Items taxed with another tax rate	(24)	(17)	(23)
Withholding tax	(79)	(93)	(72)
Adjustments from prior years	–	(14)	(24)
Tax based on revenues and other taxes	34	–	–
Deferred tax liabilities on unremitted earnings	(1)	–	–
Unrecognised tax losses	(106)	(43)	(16)
Impact of changes in tax rates on deferred tax assets	–	–	(39)
Recognition of previously unrecognised deferred tax assets	(19)	79	–
Tax on joint ventures (included above profit before tax)	–	78	81
Total	566	(33)	(146)

The tax effects of significant items of the Group's deferred income tax assets and liabilities as at December 31, 2014 and 2013 are as follows:

	Consolidated balance sheets		Consolidated income statements		
	2014 US$m	2013 (restated) US$m	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Provision for doubtful debtors	13	16	(3)	2	5
Temporary differences between book and tax basis of intangible assets and property, plant and equipment	(39)	(53)	14	(1)	(61)
Deferred tax liabilities recognised from acquisitions, net	(94)	(74)	15	22	19
Deferred tax assets/credits from recognition of carry-forward losses	153	198	(45)	64	(48)
Deferred tax liabilities recognised on unremitted earnings	(23)	(28)	5	–	–
Other temporary and translation differences	108	70	50	4	19
Deferred tax benefit (expense)			36	91	(66)
Deferred tax assets (liabilities), net	118	129			
Reflected in the statements of financial position as:					
Deferred tax assets	294	312			
Deferred tax liabilities	(176)	(183)			

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.

Total unrecognised tax loss carry-forwards relating to continuing operations amounted to $505 million as at December 31, 2014 (2013: $390 million, 2012: $267 million) of which $203 million expire within one to five years (2013: $171 million, 2012: $236 million) and $302 million which have no expiry (2013: $219 million, 2012: $31 million).

At December 31, 2014, Millicom had $23 million of withholding tax payables on undistributed earnings of Millicom operating subsidiaries and deferred tax assets of $153 million (2013: $198 million) representing credits from recognition of carry forward tax losses.

Income tax expenses include withholding tax on royalties for an amount of $43 million (2013: $35 million).

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

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

Net profit and share data used in the basic and diluted earnings per share computations are as follows:

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Basic			
Net profit attributable to equity holders from continuing operations	2,622	292	516
Net profit attributable to equity holders from discontinued operations	21	(63)	(8)
Net profit attributable to equity holders to determine the basic earnings per share	2,643	229	508
Diluted			
Net profit attributable to equity holders from continuing operations	2,622	292	516
Net profit attributable to equity holders from continuing operations used to determine the diluted earnings per share	2,622	292	516
Net profit attributable to equity holders from discontinued operations	21	(63)	(8)
Net profit attributable to equity holders to determine the diluted earnings per share	2,643	229	508

	2014 '000	2013 (restated) '000	2012 (restated) '000
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	99,983	99,801	101,332
Effect of dilution:			
Potential incremental shares as a result of share options	34	54	93
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	100,017	99,855	101,425

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

17. Intangible assets
Movements in intangible assets in 2014 were as follows:

	Goodwill US$m	Licenses US$m	Customer lists US$m	Capacity contracts US$m	Broadcast and other rights US$m	Other[(ii)] US$m	Total US$m
Opening balance, net (restated)	1,382	480	250	125	37	184	2,458
Change in the composition of the Group (see note 4)[(iii)]	1,864	388	348	87	–	835	3,522
Additions (see note 9)	–	88	–	22	–	90	200
Amortisation charge[(i)]	–	(77)	(97)	(15)	(6)	(44)	(239)
Impairment	–	(1)	–	(6)	–	(7)	(14)
Transfers	–	(48)	(1)	(14)	–	63	–
Exchange rate movements	(180)	(56)	(16)	(32)	(1)	(139)	(424)
Closing balance, net	3,066	774	484	167	30	982	5,503
As at December 31, 2014							
Cost or valuation	3,066	1,058	882	248	42	1,354	6,650
Accumulated amortisation and impairment	–	(284)	(398)	(81)	(12)	(372)	(1,147)
Net	3,066	774	484	167	30	982	5,503

(i) The amortisation charge for Licenses and Other is recorded under the caption "General and administrative expenses".
(ii) The caption "Other" includes intangible assets identified in business combinations (including trademarks – see note 4).
(iii) The change in the composition of the Group corresponded to the acquisition of Guatemala and UNE in 2014 (see note 4) and other minor investments in 2013.

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17. Intangible assets (continued)
Movements in intangible assets in 2013 (restated) were as follows:

	Goodwill US$m	Licenses US$m	Customer lists US$m	Capacity contracts US$m	Broadcast and other rights US$m	Other(ii) US$m	Total US$m
Opening balance, net (restated)	1,468	314	314	102	34	99	2,331
Change in the composition of the Group (see note 4)(iii)	(12)	–	9	–	–	4	1
Additions (see note 9)	–	94	–	21	8	279	402
Amortisation charge(i)	–	(51)	(58)	(9)	(5)	(30)	(153)
Impairment	(36)	–	–	–	–	(1)	(37)
Transfers	–	130	(6)	17	–	(160)	(19)
Exchange rate movements	(38)	(7)	(9)	(6)	–	(7)	(67)
Closing balance, net	1,382	480	250	125	37	184	2,458
As at December 31, 2013 (restated)							
Cost or valuation	1,382	729	484	146	42	469	3,252
Accumulated amortisation and impairment	–	(249)	(234)	(21)	(5)	(285)	(794)
Net (restated)	1,382	480	250	125	37	184	2,458

(i) The amortisation charge for Licenses and Other is recorded under the caption "General and administrative expenses".
(ii) The caption "Other" includes intangible assets identified in business combinations (including trademarks – see note 4).
(iii) The change in the composition of the Group corresponded to the acquisition of Guatemala and UNE in 2014 (see note 4) and other minor investments in 2013.

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

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Additions	**200**	402	249
Change in suppliers' advances	**–**	–	1
Change in capex accruals and payables	**(16)**	(2)	(84)
Cash used from continuing operations for intangible asset additions	**184**	400	166

Impairment test of goodwill

As at December 31, 2014, management tested goodwill for impairment by assessing the recoverable amount (value in use) against the carrying amount for each cash-generating unit ("CGU").

The value in use of a 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 five years or more. The planning horizon reflects industry practice in the countries where the Group operates and stage of development or redevelopment of the business in those countries. Cash flows beyond this period are extrapolated using a perpetual growth rate of 2.0%-2.5% (2013: 2.5%-3.0%).

No impairment losses were recorded on goodwill for the years ended December 31, 2014 and 2012. An impairment of $36 million relating to goodwill for Senegal was recorded in 2013.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing. For DRC the estimated recoverable amount exceeded the carrying value by 15%. Indicators of sensitivity were identified in respect of the DRC cash-generating unit and sensitivity testing was performed resulting in the following findings:

- A long-term growth rate decrease of 2.2 ppt (percentage points), from 2.5% to 0.3%, would result in a value in use equal to the carrying amount. An additional 1.0 ppt decrease, from 0.3% to -0.2%, would lead to a value in use lower than the carrying amount by $16 million.
- A discount rate increase of 1.15 ppt, from 13.1% to 14.25%, would result in a value in use equal to the carrying amount. An additional 1.0 ppt increase, from 14.25% to 15.25%, would lead to a value in use lower than the carrying amount by $15.6 million.
- A 10 ppt decrease of the operating profit before depreciation and amortisation would result in a value in use equal to the carrying amount. An additional 1% decrease would lead to a value in use lower than the carrying amount by $2.3 million.

The recoverable amounts have been determined for the cash-generating units based on the following discount rates for the years ended December 31, 2014 and 2013. The results of the testing would be materially similar if a pre-tax discount rate had been used.

	Discount rate after tax	
	2014	2013
Bolivia	**11.0%**	10.6%
Chad	**12.6%**	14.8%
Colombia (Colombia Móvil)	**9.5%**	9.4%
Costa Rica	**10.1%**	10.5%
DRC	**13.1%**	15.0%
El Salvador	**11.5%**	11.0%
Ghana	**13.7%**	14.2%
Guatemala	**10.8%**	10.9%
Honduras	**12.0%**	12.6%
Paraguay	**10.5%**	10.5%
Rwanda	**11.7%**	13.6%
Senegal	**11.5%**	13.6%
Tanzania	**11.4%**	13.5%

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

Millicom's operations in:	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Guatemala (see note 4)	**1,571**	–	–
Honduras	**817**	855	883
El Salvador	**194**	194	194
Costa Rica	**129**	139	137
Paraguay	**65**	68	76
Colombia – Colombia Movil	**42**	52	57
Colombia – UNE (see note 4)	**200**	–	–
DRC	**11**	11	11
Other	**37**	63	110
Total goodwill	**3,066**	1,382	1,468

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

18. Property, plant and equipment

Movements in tangible assets in 2014 were as follows:

	Network equipment US$m	Land and buildings US$m	Construction in progress US$m	Other[i] US$m	Total US$m
Opening balance, net	2,151	74	374	172	2,771
Change in the composition of the Group (note 4)[ii]	1,629	129	163	271	2,192
Additions (including sale and leaseback)	127	7	929	31	1,094
Impairments and net disposals	(17)	(1)	(4)	(8)	(30)
Depreciation charge[iii]	(811)	(9)	–	(99)	(919)
Asset retirement obligations	26	–	–	–	26
Transfers	929	13	(926)	(16)	–
Transfer from assets held for sale (see note 5)	(1)	–	–	–	(1)
Exchange rate movements	(376)	(28)	(46)	(52)	(502)
Closing balance at December 31, 2014	3,657	185	490	299	4,631
Cost or valuation	7,779	222	490	673	9,164
Accumulated depreciation	(4,122)	(37)	–	(374)	(4,533)
Net	3,657	185	490	299	4,631

Movements in tangible assets in 2013 (restated) were as follows:

	Network equipment US$m	Land and buildings US$m	Construction in progress US$m	Other[i] US$m	Total US$m
Opening balance, net	2,257	63	282	152	2,754
Change in the composition of the Group (note 4)[ii]	–	–	–	6	6
Additions (including sale and leaseback)	4	1	679	24	708
Impairments and net disposals	(30)	–	(7)	(2)	(39)
Depreciation charge[iii]	(572)	(4)	–	(57)	(633)
Transfers	564	16	(571)	52	61
Transfer from assets held for sale (see note 5)	5	–	–	–	5
Exchange rate movements	(77)	(2)	(9)	(3)	(91)
Closing balance at December 31, 2013 (restated)	2,151	74	374	172	2,771
Cost or valuation	5,010	97	374	417	5,898
Accumulated depreciation	(2,859)	(23)	–	(245)	(3,127)
Net (restated)	2,151	74	374	172	2,771

(i) "Other" mainly includes office equipment and motor vehicles.
(ii) The change in the composition of the Group corresponded to the acquisition of Guatemala and UNE in 2014 and other minor investments in 2013.
(iii) 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 "General and administrative expenses".

The net carrying amount of network equipment under finance leases at December 31, 2014, mainly comprising towers from sale and leaseback transactions with tower companies, was $226 million (2013: $231 million).

Borrowing costs capitalised for the years ended December 31, 2014 and 2013 were not significant.

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

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Additions	1,094	708	747
Change in suppliers advances	(14)	17	(4)
Change in capex accruals and payables	48	(50)	(29)
Vendor financing and finance leases (see note 30)	–	(43)	(10)
Cash used from continuing operations for purchase of property, plant and equipment	1,128	632	704

19. Pledged deposits

At December 31, 2014, non-current pledged deposits amounted to $2 million mainly related to security over financing of Millicom's operation in Guatemala (2013: nil (see note 26)).

At December 31, 2014, current pledged deposits amounted to $6 million. At December 31, 2013, short-term pledge deposits amounted to $817 million and mainly comprised the proceeds of Millicom's $800 million bond related to the UNE merger described in note 4. The proceeds from the bond (see note 26) were held in low risk interest-bearing deposits until the merger process was complete.

20. Trade receivables, net

	2014 US$m	2013 (restated) US$m	January 1 2013 (restated) US$m
Gross trade receivables	735	394	392
Less: provisions for impairment of receivables	(243)	(112)	(104)
Trade receivables, net	492	282	288

Nominal value less impairment is assumed to approximate the fair value of trade receivables (see note 34).

As at December 31, 2014 and 2013, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired US$m	Past due (net of impairment) <30 days US$m	30-90 days US$m	>90 days US$m	Total US$m
2014					
Telecom operators	63	19	21	4	107
Own customers	186	55	27	–	268
Others	78	16	12	11	117
Total	327	90	60	15	492
2013 (restated)					
Telecom operators	62	19	24	–	105
Own customers	69	20	12	–	101
Others	49	17	10	–	76
Total	180	56	46	–	282
January 1, 2013 (restated)	180	53	55	–	288

21. Restricted cash

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Mobile financial services	121	77	41
Others	7	3	–
Restricted cash	128	80	41

Mobile financial services cash is restricted based on local regulations in each relevant country.

22. Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Cash and cash equivalents in US dollars	278	441	622
Cash and cash equivalents in other currencies	416	468	533
Total cash and cash equivalents	694	909	1,155

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

Notes to the consolidated financial statements
as at and for the year ended December 31, 2014 (Continued)

23. Share capital
Share capital and share premium
The authorised registered share capital of the Company is 133,333,200 shares (2013: 133,333,200). As at December 31, 2014, the total subscribed and fully paid-in share capital and premium was $639 million (2013: $640 million) consisting of 101,739,217 (2013: 101,739,217) registered common shares with par value of $1.50 (2013: $1.50) each.

24. Put option reserves
On July 1, 2010, in exchange for an unconditional five-year call option, the Company granted to its local partner in our operation in Honduras a five-year conditional put option over his 33.3% shareholding (see note 27). 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.

Effective January 1, 2014, in exchange for an unconditional two-year call option, the Company granted to its local partner in our operation in Guatemala a two-year conditional put option over its 45% shareholding (see note 4 and note 27). A put option reserve in the amount of $1,775 million was recognised representing the present value of the redemption price of the put option at that date.

25. Other reserves

	Legal reserve US$'000	Equity-settled transaction reserve US$'000	Hedge reserve US$'000	Currency translation reserve US$'000	Pension obligation reserve US$'000	Total US$'000
As at December 31, 2012 (restated)	**16,359**	**42,197**	**(5,833)**	**(185,534)**	**–**	**(132,811)**
Share-based compensation	–	16,871	–	–	–	16,871
Issuance of shares – 2010, 2011, and 2012 LTIPs	–	(19,103)	–	–	–	(19,103)
Shares issued via the exercise of share options	–	(3,027)	–	–	–	(3,027)
Cash flow hedge reserve movement	–	–	6,857	–	–	6,857
Currency translation movement	–	–	–	(53,903)	–	(53,903)
As at December 31, 2013 (restated)	**16,359**	**36,938**	**1,024**	**(239,437)**	**–**	**(185,116)**
Share-based compensation	–	22,411	–	–		22,411
Issuance of shares – 2011, 2012, and 2013 LTIPs	–	(15,227)	–	–		(15,227)
Change in pension obligations	–	–	–	–	1,414	1,414
Cash flow hedge reserve movement	–	–	1,216	–		1,216
Currency translation movement	–	–	–	(212,533)		(212,533)
As at December 31, 2014	**16,359**	**44,122**	**2,240**	**(451,970)**	**1,414**	**(387,835)**

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

No appropriation was required in 2013 or 2014 as the 10% minimum level was reached in 2011 and maintained each subsequent year.

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

Hedge reserve
The effective portions of changes in value of cash flow hedges of fluctuations in interest rates are recorded in the hedge reserve (see note 33).

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

26. Debt and financing
Debt and financing due after more than one year:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Bond financing(i)	**3,253**	2,502	1,228
Bank financing(ii)	**1,105**	907	1,000
Finance leases(iii)	**262**	263	200
Non-controlling shareholders	**–**	–	243
Vendor financing	**–**	–	40
Total non-current debt and financing	**4,620**	3,672	2,711
Less: portion payable within one year	**(153)**	(168)	(367)
Total debt and financing due after more than one year	**4,467**	3,504	2,344

Debt and financing due within one year:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Bond financing(i)	**74**	–	–
Bank financing(ii)	**125**	239	234
Finance leases(iii)	**10**	16	32
Vendor financing	**–**	–	10
Total current debt and financing	**209**	255	276
Portion of non-current debt payable within one year	**153**	168	367
Total debt and financing due within one year	**362**	423	643

Debt and financing by location:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
MIC S.A	**1,539**	1,797	304
Chad	**71**	37	98
DRC	**35**	26	124
Ghana	**50**	24	76
Rwanda	**129**	164	146
Senegal	**–**	–	138
Tanzania	**105**	109	183
Bolivia	**163**	180	198
Cable Central America	**113**	77	93
Colombia	**848**	444	547
El Salvador	**308**	443	440
Guatemala	**781**	–	–
Honduras	**348**	267	261
Paraguay	**339**	359	379
Total debt and financing	**4,829**	3,927	2,987
Of which:			
Due after more than one year	**4,467**	3,504	2,344
Due within one year	**362**	423	643

Notes to the consolidated financial statements
as at and for the year ended December 31, 2014 (Continued)

26. Debt and financing (continued)

(i) Bond financing

As at December 31, 2014 the Company had the following bond financing:

Description	Country	Maturity	Currency	Interest rate	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
SEK Senior Unsecured Floating Rate Notes[1]	Luxembourg	2017	SEK	STIBOR +3.5%[i]	**226**	273	268
SEK Senior Unsecured Fixed Rate Notes[1]	Luxembourg	2017	SEK	5.125%	**30**	37	36
$500 million 4.75% Senior Notes[2]	Luxembourg	2020	USD	4.75%	**492**	491	–
$800 million 6.625% Senior Notes[3]	Luxembourg	2021	USD	6.625%	**791**	791	–
$800 million 6.875% Senior Notes[4]	Guatemala	2024	USD	6.875%	**781**	–	–
BOB 1.36 billion Notes[5]	Bolivia	2020	BOB	4.75%	**156**	175	191
8% Senior Notes[6]	El Salvador	2017	USD	8.25%	**304**	441	440
6.75% Senior Notes[7]	Paraguay	2022	USD	6.75%	**294**	294	293
UNE Bonds[8]	Colombia	2015/2013	COP	7.33%-8.76%	**253**	–	–
Total bond financing					**3,327**	2,502	1,228

(i) STIBOR – Swedish Interbank Offered Rate

(1) SEK Senior Unsecured Notes

On October 30, 2012 Millicom issued Senior Unsecured Floating Rate Notes of Swedish Kronor ("SEK") 1.75 billion and Senior Unsecured Fixed Rate Notes of SEK 0.25 billion. The floating rate notes were issued for 100% of the principal amount and the fixed rate notes for 99.699% of the principal amount and both are repayable in five years. At the same time Millicom entered into various cross-currency interest swap contracts whereby Millicom will sell SEK and receive USD to hedge against exchange and interest rate fluctuations (see note 33). The early redemption options are embedded derivatives which have been valued and determined to be closely related to the underlying notes.

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

(2) $500 million 4.75% Senior Notes

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

(3) USD $800 million 6.625% Senior Notes

On October 16, 2013 Millicom issued an $800 million bond. The funds were used to finance the Colombian Merger (see note 4) and released from the escrow account (see note 18) prior to completion of the merger on August 14, 2014 (effective interest rate of 7.17%).

(4) USD $800 million 6.875% Senior Notes

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

The loan agreements between Intertrust, Credit Suisse and Comcel remove any risk to Credit Suisse connected to the loans, and as such the Group have derecognised both its asset and liability towards Credit Suisse from the date of the agreement.

(5) BOB 1.36 billion Notes

In May 2012, Telecel Bolivia issued BOB 1.36 billion of notes repayable in instalments until April 2, 2020. Distribution and other transaction fees of BOB 5 million reduced the total proceeds from issuance to BOB 1.32 billion ($191 million). The bond has a 4.75% per annum coupon with interest payable semi-annually in arrears in May and November. The effective interest rate is 4.79%. As of December 31, 2014, approximately $156 million was outstanding under this bond.

(6) El Salvador 8% Senior Notes

On September 23, 2010, Telemóvil Finance Co. Ltd, issued $450 million aggregate principal amount 8% Senior Notes due on October 1, 2017. 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 proceeds were loaned to a bank which then financed Telemovil El Salvador until December 2014 when the payable and receivable from the bank were settled. The 8% Senior Notes are general unsecured obligations of Telemóvil Finance Co. Ltd and rank equal in right of payment with all future unsecured and unsubordinated obligations of Millicom. The 8% Senior Notes are guaranteed by Telemóvil El Salvador S.A., Millicom's operating subsidiary in El Salvador.

On April 15, 2014 $139 million of the $450 million bonds issued were repurchased in a tender offer to bond holders, for $150 million which included a premium of $9.5 million over the face value of the bonds. $2.5 million of related unamortised costs were expensed during 2014.

(7) Paraguay 6.75% Senior Notes

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

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

(8) UNE bonds

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

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

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as at and for the year ended December 31, 2014 (Continued)

26. Debt and financing (continued)

(ii) Bank financing

At December 31, 2014, bank financings were as follows:

Description	Country	Maturity	Currency	Interest rate	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Other long-term loans	Costa Rica	2021	USD	4% variable	**114**	78	93
USD variable rate loans	Honduras	2015/2022	USD	1.7% – 6.00% variable	**126**	37	35
USD fixed rate loans	Honduras	2015/2021	USD	3.96% – 6.45%	**77**	109	127
HNL variable rate loans	Honduras	2015/2022	HNL	9.00% – 16% variable	**131**	121	99
COP variable rate loans	Colombia (UNE)	2015/2023	COP	5.70% – 8.80% variable	**229**	–	–
Syndicated loan	Colombia	2020	COP	IBR + 7.10%[(i)]	**274**	340	–
Club Deal five-year facility	Colombia	2013	COP	DTF + 4.50%	**–**	–	34
Short-term loans	Colombia	2013	COP	various	**–**	–	130
Short-term loans	Colombia	2013	USD	various	**–**	–	40
Short-term loans	Rwanda	2019	USD	2.65% variable	**119**	158	99
Short-term loans	Luxembourg	2014	USD	1.69% variable	**–**	199	–
Short-term loans	DRC	2013	USD	various	**–**	–	93
Short-term loans	Senegal	2013	USD	1% – 3.8%	**–**	–	138
Short-term loans	Tanzania	2013	USD	4.04% – 5.59%	**–**	–	103
Other short-term loans	Various				**160**	104	243
Total bank financing					**1,230**	1,146	1,234

(ii) IBR – Colombia Interbank Rate.

At December 31, 2014 MIC S.A. was guaranteeing loans and other indebtedness from subsidiaries for a total consideration of $287 million, namely in Chad, DRC, Rwanda, Honduras and Ghana.

MIC SA – Revolving Credit Facility

In June 2014, MIC S.A. entered into a $500 million revolving credit facility with a consortium of banks, including each Initial Purchaser, of which $200 million (Facility A) is for a two-year term and $300 million (Facility B) is for a three-year term. Subject to the terms of the revolving credit facility, the maturity date of all or a portion of the amounts outstanding under Facility A may be extended for one year and under Facility B may be extended for either one or two years. Amounts drawn under the revolving credit facility may be used for general corporate and working capital purposes of the Millicom Group, including financing acquisitions, licenses, capital expenditure, and payment of dividends to the extent permitted under the revolving credit facility agreement. Interest on amounts drawn under the revolving credit facility is payable at LIBOR or EURIBOR, as applicable, plus an initial margin of 1.3% (for Facility A) or 1.4% (for Facility B), provided that the margin may be reduced or increased if the net leverage ratio of MIC S.A. in respect of the most recently completed financial year is within a specified range. As of December 31, 2014, the facility was fully committed and undrawn.

Right of set-off and de-recognition

In addition to the facilities described above, in 2013 two of Millicom's subsidiaries had agreements with banks whereby the banks provided loans amounting to Euro 176 million to Millicom's subsidiaries with a maturity date in 2020. Simultaneously, Millicom deposited the same amount with the banks and entered into a total return swaps. The total return swaps remove any risk of the banks connected to the loans, and as such Millicom has derecognised both its deposit asset and the loan liabilities from the date of the total return swap.

(iii) Finance leases

At December 31, 2014, finance leases were as follows:

Description	Country	Maturity	2014 US$m	2013 US$m	2012 US$m
Finance lease of towers	Tanzania	2023	**105**	109	80
Finance lease of towers	Colombia Movil	2023	**79**	85	68
Finance lease of towers	DRC	2016/2023	**35**	26	24
Finance lease of towers	Ghana	2023/2025	**20**	24	21
Other finance leases	Various		**33**	35	39
Total finance leases			**272**	279	232

Guarantees

Millicom has issued guarantees to secure certain obligations of some of its operations under financing agreements. Outstanding amounts under the guarantees and the guarantee periods as of December 31, 2014 and 2013 are shown below. 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.

	Bank and other financing guarantees[(i)]			
	As at December 31, 2014		As at December 31, 2013 (restated)	
Terms	**Outstanding exposure US$m**	**Maximum exposure US$m**	Outstanding exposure US$m	Maximum exposure US$m
0–1 year	111	150	34	112
1–3 years	50	50	50	50
3–5 years	70	70	186	255
More than 5 years	56	55	–	–
Total	**287**	**325**	270	417

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

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, 2014 is $1,409 million (2013: $764 million). Assets pledged by the Group over this debt and financing at the same date amounted to $8 million (2013: $817 million).

Net debt

The following table provides details of net debt change for the years 2014, 2013 and 2012:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Total debt and financing	**4,829**	3,927	2,987
Less: Cash and deposits[(i)]	**(832)**	(1,806)	(1,264)
Net debt at the end of the year	**3,997**	2,121	1,723
Add (less): Derivative financial instruments related to debt[(ii)]	**43**	(10)	(6)
Net debt including derivatives related to debt	**4,040**	2,111	1,717

(i) Comprising cash and cash equivalents of $694 million (2013: $909 million, 2012: $1,155 million), restricted cash of $128 million (2013: $80 million, 2012: $41 million), current pledged deposits of $6 million (2013: $17 million, 2012: $8 million, short-term escrow investments of nil (2013: $800 million, 2012: nil)) and long-term pledged deposits of $2 million (2013: nil, 2012: $45 million), and time deposits related to bank borrowings of $2 million (2013: nil, 2012: $15 million) classified in other non-current assets.

(ii) Carrying value of foreign currency hedges on SEK denominated notes.

Covenants

Millicom's financing facilities are subject to a number of covenants including debt service coverage ratios, debt to earnings ratios, debt to equity and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At December 31, 2014 there were no breaches in covenants.

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27. Other non-current and current provisions and liabilities

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

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Non-current legal provisions (note 31)	16	14	6
Long-term portion of asset retirement obligations	100	51	49
Long-term portion of deferred income on tower deals	30	41	51
Long-term employment obligations (note 13)	69	1	–
Other	44	43	7
Total	**259**	150	113

Provisions and other current liabilities are comprised as follows:

	2014 US$m	2013 (restated) US$m	January 1, 2013 (restated) US$m
Put options	2,260	792	730
Deferred revenue	190	142	132
Customer deposits	13	13	22
Current legal provisions (note 31)	6	5	2
Other tax payables	83	75	68
Current provisions	2	8	14
Customer and distributor cash balances (Tigo cash)	115	71	44
Other	136	37	69
Total	**2,805**	1,143	1,081

Put options related to Celtel and Comcel

Effective July 1, 2010 (Honduras) and January 1, 2014 (Guatemala), Millicom reached agreements with its local partners whereby the local partners granted Millicom an unconditional call option for a duration of five years (Honduras) and two years (Guatemala) for their stakes in Celtel (Honduras) and Comcel (Guatemala) (see note 4 and note 24). At the same time, and as consideration for the call options, Millicom granted put options for the same duration to its local partners. The put options become exercisable on a change of control of Millicom International Cellular S.A., or Millicom's subsidiaries that hold the shares in Comcel and Celtel (except if the change of control is in favour of Investment AB Kinnevik, the current largest shareholder of Millicom, or management of Millicom).

The put options are a financial liability as defined in IAS 32 and recorded as current liabilities.

For Celtel the liability is measured at the present value of the redemption price of the put option which amounted to $573 million at December 31, 2014 (2013: $792 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 adding a control premium (based upon comparable transactions from the industry).

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

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

Call options related to Celtel and Comcel

For Celtel, 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, 2014 and 2013, and Millicom determined the fair value of the call option to be immaterial at both December 31, 2014 and 2013.

For Comcel, the call option price is a fixed multiple of the EBITDA of Comcel, with a gold price index in the event that the gold price increases by more than 40%. Millicom's call option is a financial instrument measured at fair value of $74 million at December 31, 2014. Income from the increase in value of the investment of $46 million during the year was recorded under "Other non-operating (expenses) income, net".

28. Dividends

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

On May 28, 2013 a dividend distribution of $2.64 per share from Millicom's retained profits as at December 31, 2012 was approved by the shareholders at the Annual General Meeting and distributed in June 2013.

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, 2014, $285 million (December 31, 2013: $41 million) of Millicom's retained profits represent statutory reserves and are unable to be distributed to owners of the Company.

29. Directors' and Officers' remuneration

Directors

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

In May 2014 Cristina Stenbeck was appointed Chairperson of the Board, and Tomas Eliasson, Amelia Fawcett and Dominique Lafont were appointed as Directors. At the same time Allen Sangines-Krause stepped down as Chairman of the Board, as did Donna Cordner, Omari Issa, Kim Ignatius and Dionisio Romero Paoletti as Directors. Cristina Stenbeck is also the Chairperson of the Board of Directors of Kinnevik (note 32), the principal shareholder of the Company.

The remuneration charge (net of 20% withholding tax) for the Board for the years ended December 31, 2014, 2013 and 2012 was as follows:

	Chairperson US$'000	Other members of the Board US$'000	Total US$'000
2014	172	786	958
2013	190	742	932
2012	210	787	997

The number of shares and share options beneficially owned by the Directors as at December 31, 2014 and 2013 was as follows:

	Chairperson	Former Chairperson	Other members of the Board	Total
2014				
Shares	35,658	n/a	16,411	52,069
2013				
Shares	n/a	2,318	12,825	15,143

Officers

The remuneration of senior management of the Company ("Officers") comprises an annual base salary, an annual bonus, share-based compensation, social security contributions, pension contributions and other benefits. From 2013 the senior management of the Company is considered to be the CEO and the Executive Vice Presidents (previously CEO and CFO). The bonus and share-based compensation plans (see note 12) are based on actual performance (including individual and Group performance). Share-based compensation is granted once a year by the Compensation Committee of the Board. The annual base salary and other benefits of the Chief Executive Officer ("CEO") and the Executive Vice Presidents ("Executive Team") is proposed by the Compensation Committee and approved by the Board.

In December 2014 it was announced that Hans-Holger Albrecht would leave the position of CEO by end of 2014 and that Tim Pennington would assume the role of interim CEO. Final compensation for Hans-Holger Albrecht is currently being reviewed.

In February 2014 Tim Pennington was appointed as Chief Financial Officer, effective from June 2014.

On August 31, 2013 Marc Zagar was appointed as Interim Chief Financial Officer after the departure of Francois-Xavier Roger.

On October 31, 2012 the Board appointed Hans-Holger Albrecht, who was a Director of Millicom since May 2010, to succeed Mikael Grahne as President and CEO.

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as at and for the year ended December 31, 2014 (Continued)

29. Directors' and Officers' remuneration (continued)
The remuneration charge for the Executive Team for the years ended December 31, 2014, 2013 and 2012 was as follows:

	Former Chief Executive Officer US$'000	Executive Team (8 members at December 31) US$'000
2014		
Base salary	**2,344**	**4,582**
Bonus	**–**	**3,079**
Pension	**586**	**499**
Other benefits	**752**	**1,715**
Termination benefits	**–**	**1,411**
Total	**3,682**	**11,286**
Share-based compensation(i)(ii)	**–**	**3,927**

	Former Chief Executive Officer US$'000	Executive Team (9 members at December 31) US$'000
2013		
Base salary	2,252	3,532
Bonus	2,269	1,768
Pension	723	573
Other benefits	1,282	747
Total	6,526	6,620
Share-based compensation(i)(ii)	1,705	3,057

	Former Chief Executive Officer	Chief Executive Officer in 2012	Chief Financial Officer in 2012
2012			
Base salary	633	1,265	662
Bonus	–	1,554	719
Pension	134	379	108
Other benefits	44	187	59
Total	811	3,385	1,548
Share-based compensation(i)(ii)	–	3,431	1,533

(i) See note 12.
(ii) Share awards of 62,437 and 54,684 were granted in 2014 under the 2014 LTIPs to the former CEO and Executive Team. Share awards of 65,178 and 71,899 were granted in 2013 under the 2013 LTIPs to the former CEO and Executive Team. Share awards of 33,209 and 13,962 were granted in 2012 under the 2012 LTIPs to the CEO in 2012 and former CFO.

The number of shares and unvested share awards beneficially owned by senior management as at December 31, 2014 and 2013 was as follows:

	Former Chief Executive Officer	Executive Team	Total
2014			
Shares	**Not applicable**	**23,689**	**23,689**
Share awards not vested	**Not applicable**	**103,669**	**103,669**
2013			
Shares	8,810	20,174	28,984
Share awards not vested	65,178	105,102	170,280

Notice period
If the employment of Millicom's senior executives is terminated, severance of up to 12 months' salary is potentially payable, and the CEO is entitled to receive a termination payment equivalent to 24 months' basic salary if he complies with certain conditions.

30. 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, 2014, 2013 and 2012.

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Investing activities			
Acquisition of property, plant and equipment (see note 18)	**(60)**	(43)	(10)
Asset retirement obligations (see note 18)	**(26)**	–	(6)
Change in scope of consolidation (LIH – see note 4)	**(70)**	–	–
Change in scope of consolidation (AIH – see note 4)	**–**	(92)	–
Financing activities			
Vendor financing and finance leases (see note 18)	**–**	(43)	10
Share-based compensation (see note 12)	**22**	16	21

31. Commitments and contingencies

Operational environment
Millicom operates in Latin American and African markets characterised by evolving and at times fluctuating regulatory, political, technological and economic environments. These characteristics result in uncertainties that may affect future operations, the ability to conduct business, transact foreign exchange, repatriate funds and repay debt, all of which may impact agreements with third parties.

In the normal course of business, Millicom faces uncertainties regarding taxation, interconnect rates, license renewal and tariff arrangements, which can have a significant impact on the profitability and 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, 2014, the total amount of claims and litigation risks against Millicom and its operations was $359 million (December 31, 2013: $667 million).

As at December 31, 2014, $22 million (December 31, 2013: $19 million) has been provided for litigation risks in the consolidated statement of financial position. While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Group's financial position and operations.

Specific risks included in the amounts above:

Ghana
A lawsuit filed against our subsidiary in Ghana (Millicom Ghana) by E-Talk Limited (E-Talk) in November 2011, alleging that Millicom Ghana terminated a July 2006 contract with insufficient notice. The total value of the claim is approximately $30 million, including various general damages, loss of expected revenues and punitive damages. Management considers this claim as opportunistic and without foundation, in so far as it was filed more than four years after the events on which the plaintiff bases its claim. A provision of less than $1 million has been made for legal costs related to this claim.

Arbitration
At December 31, 2014 Millicom has various other claims, mainly related to licenses subject to arbitration processes.

Specific risks excluded from the amounts above:

Colombia
A claim filed with the Civil Chamber of Bogota in Colombia against all mobile operators in Colombia, including our subsidiary in Colombia, by a group of approximately 20 individuals of approximately $753 million. The claimants allege damages and losses suffered from third parties through illegal use of cellular phones in extortion attempts against the claimants.

The case has been inactive, with the exception of a mandatory settlement conference held among the parties under the court's supervision, which did not result in a settlement agreement. This claim is considered by management to be entirely spurious and without foundation or substance. As a result, no provision has been made for this claim.

Taxation
The Group faces regular tax investigations in the countries where it operates. As of December 31, 2014, the Group estimates potential tax claims of $339 million of which a tax provision of $63 million has been recorded (2013: $169 million of which provisions of $64 million were recorded).

While it is impossible to quantify the ultimate financial liability with respect to these assessments, the ultimate outcome of these contingent tax risks is not anticipated to have a material effect on the Group's financial position and operations.

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

31. Commitments and contingencies (continued)

Lease commitments

Operating leases:

The Group has the following annual lease commitments as of December 31, 2014 and 2013.

	2014 US$m	2013 (restated) US$m
Operating lease commitments		
Within one year	**135**	78
Between one to five years	**421**	237
After five years	**199**	143
Total	**755**	458

Operating leases mainly comprise land and buildings (including those related to towers sold and leased back). The operating lease terms and conditions reflect normal market conditions. Total operating lease expense from continuing operations was $180 million in 2014 (2013: $111 million, 2012: $93 million – see note 10).

Finance leases:

The Group's future minimum payments on finance leases were $467 million at December 31, 2014 (2013: $521 million) and mainly comprised lease of tower space in Ghana, Tanzania, DRC and Colombia under 12-year leases (see note 18) and tower sharing in other countries. Other financial leases are not material and mainly consist of lease agreements relating to vehicles.

The Group had the following finance lease commitments at December 31, 2014 and 2013.

	2014 US$m	2013 (restated) US$m
Finance lease commitments		
Within one year	**50**	61
Between one to five years	**200**	223
After five years	**217**	237
Total	**467**	521

The corresponding finance lease liabilities at December 31, 2014 were $272 million (2013: $279 million).

Capital commitments

At December 31, 2014 the Company and its subsidiaries had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $336 million of which $308 million are due within one year (December 31, 2013: $282 million of which $275 million are due within one year).

Millicom has a remaining commitment of Euro 25 million to AIH as part of the shareholder investment agreement with Rocket and MTN (see note 4).

Currency and interest rate swap contracts

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

Interest rate and currency swaps on SEK denominated debt

In October 2012, Millicom issued senior unsecured floating rate notes of Swedish Kronor ('SEK') 1.75 billion and senior unsecured fixed rate notes of SEK 0.25 billion (see note 26). At the same time Millicom entered into various cross currency interest swap contracts whereby Millicom sells SEK and receives USD to hedge against exchange rate fluctuations for the notional amount of SEK 2 billion and interest payments on this principal. Millicom also hedged against interest rate fluctuations on the floating rate notes of SEK 1.75 billion, receiving variable interest at STIBOR +3.5% and paying a fixed rate of 5.125%.

The currency portion of the swap has been accounted for as a fair value hedge and $56 million of losses were recorded through the income statement for the year ended December 31, 2014 (2013: losses of $6 million). For the interest portion, as the timing and amounts of the cash flows under the swap agreements match the cash flows under the bonds, the swaps are highly effective. Cash flow hedge accounting has been applied and changes in the fair value of the swaps are recorded in other comprehensive income. At December 31, 2014 the fair value of the swap amounts to a liability of $44 million (2013: an asset of $13 million).

At December 31, 2014 the cash flow hedge reserve on these hedges amounted to $2 million (December 31, 2013: $4 million).

Interest rate and currency swaps on Euro denominated debt

In June 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euros and receive USD to hedge against exchange rate fluctuations on a seven-year Euro 134 million principal and related interest financing of its operation in Senegal.

In July 2013 Millicom entered into interest rate and currency swaps whereby Millicom will sell Euros and receive USD to hedge against exchange rate fluctuations on a seven-year Euro 41.5 million principal and related interest financing of its operation in Chad.

These financings are connected to the downstreaming of a portion of Millicom's 4.75% bond (see note 26). These hedges are considered ineffective, with fluctuations in the value of the hedges recorded through profit and loss. $21 million of income was recorded from the fluctuations in 2014.

Currency swap contract (Colombian pesos)

Colombia Móvil S.A.'s foreign currency swap contract to sell Colombian pesos for $43 million matured in July 2013. Gains under the contract amounted to $2 million for 2013 until maturity.

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, 2014, $285 million (December 31, 2013: $140 million) of Millicom's retained profits represent statutory reserves and are unable to be distributed to owners of the Company.

32. Related party transactions

The Company conducts transactions with certain related parties on normal commercial terms and conditions. Included are:

- Investment AB Kinnevik ("Kinnevik") and subsidiaries, the Company's principal shareholder;
- Tower companies in Ghana, DRC, Tanzania and Colombia (until July 2014) in which the Company holds a direct or indirect equity interest (see note 8);
- Controlled entities of our non-controlling interest in Colombia (EPM) since the merger on August 14, 2014 (see note 4); and
- Controlled entities of our joint venture partner in Guatemala (Miffin Associates Corp).

Kinnevik

The Company's principal shareholder is Kinnevik. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries. As of December 31, 2014, Kinnevik owned approximately 38% of Millicom (2013: 38%). During 2014 and 2013, Kinnevik did not purchase any Millicom shares. There are no significant loans made by Millicom to or for the benefit of these related parties.

During 2014 and 2013 the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services.

Helios Towers and American Towers (ATC)

Under the sale and leaseback agreements with Helios Tower Africa entities (see notes 6 and 17), 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 B.V. in 2011 ("Tower companies"). Millicom sold its tower assets and leased back a portion of space on the towers in each of these countries and contracted for related operation and management services. The Group has future lease commitments in respect of the Tower Companies (see note 31).

In October 2011, Millicom's operating subsidiary in DRC provided Helios Towers DRC with a financing facility for a maximum of $38 million (principal of $30 million). Amounts under the facility are guaranteed by Helios Towers Africa, the parent company of Helios Towers DRC, as well as by pledge of its shares in Helios Towers DRC. The principal and interest payable were repaid by Helios DRC in March, 2014.

In 2013 Millicom provided Helios Towers Tanzania with a $12 million unsecured loan bearing interest at 15% per annum and repayable by the end of 2019. During 2014 Millicom's interest in Helios Towers Tanzania was diluted from 40% to 24.15%, and as compensation for the dilution Millicom received additional loans from Helios Towers Tanzania of $6 million.

From 2012 until disposal in July 2014, the Group provided its associate company, ATC BV, with various US dollar denominated loans bearing a fixed rate interest at 8.3% per annum. The loans were converted to equity in 2014 prior to the Group selling its investment in ATC BV (see note 5).

UNE EPM Telecomunicaciones S.A.

The Group's mobile operation in Colombia leased portions of its tower assets (owned or leased) under finance leases to UNE EPM Telecomunicaciones S.A. ('UNE'), until August 2014, and since that date UNE has been a subsidiary of the Group (see note 4).

Miffin Associates Corp

The Group purchases and sells products and services from Miffin Associates Corp (a 45% shareholder in Comcel, Millicom's Guatemala operation) and its controlled entities ("Miffin"). Transactions with Miffin represent recurring commercial operations such as purchase of handsets and sale of airtime. Transactions with such parties are made at arm's length.

The following transactions were conducted with related parties:

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Expenses			
Purchases of goods and services (Kinnevik)	**3**	10	8
Purchases of goods and services (Miffin)	**155**	134	95
Purchases of goods and services (non-controlling interest in Colombia Movil)	**1**	13	–
Lease of towers and related services (Helios and ATC*)	**102**	78	107
Lease of towers and related services (UNE*)	**13**	17	11
Total	**274**	252	221

* Until acquisition/disposal date.

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as at and for the year ended December 31, 2014 (Continued)

32. Related party transactions (continued)

	2014 US$m	2013 (restated) US$m	2012 (restated) US$m
Income			
Sale of goods and services (non-controlling interest in Colombia*)	**8**	8	–
Sale of goods and services (Miffin)	**213**	206	220
Gain on sale of towers (Helios and ATC*)	**42**	10	16
Lease of towers and related services (UNE*)	**22**	31	10
Interest income (Helios Towers DRC and Tanzania loans, ATC Colombia* loans)	**7**	7	2
Total	**292**	262	248

* Until acquisition/disposal date.

As at December 31, 2014 the Company had the following balances with related parties:

	2014 US$m	2013 (restated) US$m
Liabilities		
Debt and financing:		
Finance lease payables to tower companies	**127**	239
Amounts due to non-controlling interests, associates and joint venture partners		
Payables to Miffin	**10**	84
Others		
Payable to AIH for 13.33% increase (note 4)	**31**	1
Other accounts payable	**16**	–
Total	**184**	324
Assets		
Other non-current assets		
Loan to Helios Towers Tanzania	**18**	13
Others	**6**	–
Advances to non-controlling interests		
Advances to Miffin	**212**	–
Advances to Centrotel	**88**	69
Others		
Loan to Helios Towers DRC	**–**	35
Loan to ATC Colombia BV	**–**	32
Other accounts receivable	**25**	16
Total	**349**	165

33. Financial risk management

Terms, conditions and risk management policies

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

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, 2014, approximately 69% of the Group's borrowings are at a fixed rate of interest or for which variable rates have been swapped for fixed rates with interest rate swaps (2013: 75%).

Interest rate swaps

At December 31, 2014 the Group had a floating to fixed interest rate swap in Luxembourg for a nominal amount of Swedish Kronor 1.75 billion entered into in 2012 with maturity in 2017 to hedge against floating rates of interest on debt (see note 31).

As the timing and amount of the cash flows under this swap agreement match the cash flows of the underlying debt instrument, the swap was assessed as highly effective, thus qualifying for cash flow hedge accounting. Accordingly, the effective portion of the changes of the swap value are recorded in other comprehensive income.

The following swaps were terminated during the year as the corresponding loan facilities to which the swaps related were repaid:

- In Honduras for a nominal amount of $30 million entered into in 2010 with original maturity in 2015.
- In Costa Rica for a nominal amount of $105 million entered into in 2010 with original maturity in 2017.

The table below summarises, as at December 31, 2014, the Group's fixed rate debt and floating rate debt (including hedging activities):

	Amounts due within						
	1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	(in millions of US dollars, except percentages)						
Fixed rate	79	53	344	294	42	2,531	3,343
Weighted average nominal interest rate	6.73%	6.82%	8.50%	5.11%	7.95%	7.21%	7.15%
Floating rate	283	271	205	187	181	359	1,486
Weighted average nominal interest rate	5.89%	7.30%	6.92%	7.60%	7.14%	8.25%	7.23%
Total	362	324	549	481	223	2,890	4,829
Weighted average nominal interest rate	6.07%	7.22%	7.91%	6.07%	7.29%	7.51%	7.15%

The table below summarises, as at December 31, 2013, 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
(restated)	(in millions of US dollars, except percentages)						
Fixed rate	134	89	82	826	37	1,776	2,944
Weighted average nominal interest rate	7.98%	6.36%	6.38%	7.13%	8.27%	7.42%	6.88%
Floating rate	289	72	97	145	133	247	983
Weighted average nominal interest rate	3.09%	6.65%	7.09%	5.93%	6.77%	8.35%	5.98%
Total	423	161	179	971	170	2,023	3,927
Weighted average nominal interest rate	4.64%	6.49%	6.76%	6.95%	7.10%	8.08%	6.75%

A one hundred basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2014, would increase or reduce profit before tax from continuing operations for the year by approximately $15 million (2013: $10 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, recognised assets and liabilities and net investments in foreign operations.

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

Foreign currency swaps

At December 31, 2014 the Group had the following foreign currency swap contracts (see note 31):

- In Luxembourg for a nominal amount of Swedish Kronor ('SEK') 2 billion from October 2012, receiving US dollars to hedge against exchange rate fluctuations for the notional amount of SEK 2 billion and interest payments on this principal.
- In Luxembourg for a nominal amount of Euro 134 million from June 2013, receiving US dollars to hedge against exchange rate fluctuations on a seven-year Euro 134 million principal and related interest financing of its operation in Senegal.
- In Luxembourg for nominal amount of Euro 41.5 million from July 2013, receiving US dollars to hedge against exchange rate fluctuations on a seven-year Euro 41.5 million principal and related interest financing of its operation in Chad.

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33. Financial risk management (continued)

The following table summarises debt denominated in US$ and other currencies at December 31, 2014 and 2013 (excluding hedging activities).

	2014 US$m	2013 (restated) US$m
Total US$	3,480	3,023
Colombia	848	444
Chad	55	25
Tanzania	105	109
Honduras	145	121
Bolivia	162	177
Ghana	20	23
Other	14	5
Total non-US$ currencies	1,349	904
Total	4,829	3,927

At December 31, 2014, if the US dollar had weakened/strengthened by 10% against the other functional currencies of our operations and all other variables held constant, then profit before tax from continuing operations would have increased/decreased by $50 million and $61 million respectively (2013: $30 million and $36 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.

Non-repatriation risk

Most of the operating subsidiaries receive a substantial amount of revenue in the currency of the countries in which they operate. The Group derives substantially all its revenue through funds generated by local operations and, therefore, Millicom is dependent on the ability of its subsidiaries and joint venture operations to transfer funds to the Company.

Although foreign exchange controls exist in some of the countries in which Millicom Group companies operate, none of these 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 the Group operates, or foreign exchange controls may be introduced in countries where the Group operates that do not currently impose such restrictions. If such events were to occur, the Company's ability to receive funds from the operations could be subsequently restricted, which would impact the Company's ability to make payments on its interest and loans and/or pay dividends to its shareholders.

In addition, in some countries, it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. The practical effects of this 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 and have diversified its banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set based on each bank's credit rating.

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

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

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

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, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Group manages its liquidity risk through use of bank overdrafts, bank loans, bonds, vendor financing, Export Credit Agencies and Development Finance Institutions ("DFI") loans, and finance leases. Millicom believes that there is sufficient liquidity available in the markets to meet ongoing liquidity needs. Additionally, Millicom is able to arrange offshore funding through the use of Export Credit Agency guarantees and DFIs (IFC and FMO), who have been established specifically to finance development in the Group's markets. Millicom has diversified its financing with commercial banks representing about 23% of its gross financing (2013: 26%), bonds 69% (2013: 64%), Development Finance Institutions 2% (2013: 3%) and finance leases 6% (2013: 7%).

The tables below summarise the maturity profile of the Group's net financial liabilities at December 31, 2014 and 2013.

Year ended 31 December 2014	Less than 1 year US$m	1 to 5 years US$m	>5 years US$m	Total US$m
Total borrowings (see note 26)	(362)	(1,577)	(2,890)	(4,829)
Cash and cash equivalents	694	–	–	694
Restricted cash	128	–	–	128
Pledged deposit (relating to bank borrowings)	6	2	–	8
Time deposits	2	–	–	2
Derivative financial instruments (SEK currency swap)	–	(43)	–	(43)
Net cash (debt) including derivatives related to debt	468	(1,618)	(2,890)	(4,040)
Future interest commitments(i)	(335)	(1,055)	(106)	(1,496)
Trade payables (excluding accruals)	(481)	–	–	(481)
Put options	(2,260)	–	–	(2,260)
Other financial liabilities (including accruals)	(1,326)	–	–	(1,326)
Call option	–	74	–	74
Trade receivables	492	–	–	492
Other financial assets	378	113	–	491
Net financial liability	(3,064)	(2,486)	(2,996)	(8,546)

Year ended 31 December 2013 (restated)	Less than 1 year US$m	1 to 5 years US$m	>5 years US$m	Total US$m
Total borrowings (see note 26)	(423)	(1,481)	(2,023)	(3,927)
Cash and cash equivalents	909	—	—	909
Restricted cash	80	—	—	80
Short-term escrow investments	800	—	—	800
Pledged deposit (relating to bank borrowings)	17	—	—	17
Derivative financial instruments (SEK currency swap)	—	10	—	10
Net cash (debt) including derivatives related to debt	1,383	(1,471)	(2,023)	(2,111)
Other derivative financial instruments	—	1	(21)	(20)
Future interest commitments(i)	(264)	(845)	(76)	(1,185)
Trade payables (excluding accruals)	(335)	—	—	(335)
Put option	(792)	—	—	(792)
Other financial liabilities (including accruals)	(1,132)	—	—	(1,132)
Trade receivables	282	—	—	282
Other financial assets	178	83	—	261
Net financial liability	(680)	(2,232)	(2,120)	(5,032)

(i) Includes unamortised 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 solid capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure with reference to economic conditions and imposed restrictions such as debt covenants and local regulations. To maintain or adjust its capital structure, the Group may make dividend payments to shareholders, return capital to shareholders through share repurchases or issue new shares. At December 31, 2014 Millicom is rated at one notch below investment grade by the independent rating agencies Moody's (Ba1 negative) and Fitch (BB+ stable). The Group primarily monitors capital using net debt to adjusted operating profit as well as a set of other indicators.

Notes to the consolidated financial statements

as at and for the year ended December 31, 2014 (Continued)

33. Financial risk management (continued)

	2014 US$m	2013 (restated) US$m
Net debt (see note 26)	3,997	2,121
Adjusted operating profit (see note 9)	2,112	1,414

Net debt to adjusted operating profit ratio	Ratio	Ratio
	1.9	1.5

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

	2014 US$m	2013 (restated) US$m
Net debt (see note 26)	3,997	2,121
Equity	3,747	2,081
Net debt and equity	7,744	4,202
Gearing ratio	52%	50%

34. Financial instruments

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

The following table shows the carrying and fair values of financial instruments as at December 31, 2014 and 2013:

	Carrying value		Fair value	
	2014 US$m	2013 (restated) US$m	2014 US$m	2013 (restated) US$m
FINANCIAL ASSETS				
Pledged deposits (see note 19)	2	–	2	–
Other non-current assets	113	83	113	83
Trade receivables, net	492	282	492	282
Amounts due from non-controlling interests, associates and JV partners	212	67	212	67
Prepayments and accrued income	283	156	283	156
Advances to non-controlling interest	88	69	88	69
Call option	74	–	74	–
Other current assets	109	894	109	894
Restricted cash	128	80	128	80
Cash and cash equivalents	694	909	694	909
Total	2,195	2,540	2,195	2,540
Current	2,006	2,457	2,006	2,457
Non-current	189	83	189	83
FINANCIAL LIABILITIES				
Debt and financing (see note 26)	4,829	3,927	3,652	2,962
Trade payables	386	239	386	239
Payables and accruals for capital expenditure	371	424	371	424
Derivative financial instruments	43	23	43	23
Put options	2,260	792	–	–
Amounts due to non-controlling interests and JV partners	4	84	4	84
Accrued interest and other expenses	501	369	501	369
Other liabilities	339	165	339	165
Total	8,733	6,023	5,296	4,266
Current	4,148	2,452	1,888	1,660
Non-current	4,585	3,571	3,408	2,606

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 option in Honduras and in Guatemala (see note 27) which are measured with reference to level 3. The change in fair value of the Guatemala call option of $46 million is recorded under non-operating (expenses) income, net. The fair value of the call option has been determined by using an option pricing model (Monte Carlo simulation using the Longstaff Schwartz algorithm). The Honduras and Guatemala put option liabilities are 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.

35. Subsequent events

Dividend

On February 3, 2015 Millicom announced that the Board will propose to the Annual General Meeting of the Shareholders a dividend distribution of $2.64 per share to be paid out of Millicom profits for the year ended December 31, 2014 subject to the Board's approval of the 2014 consolidated financial statements of the Group.

Agreements to acquire Sur Multimedia (Paraguay) and the remaining shares in Tigo Rwanda

On January 20, 2015 Millicom's Paraguay operation reached agreement to acquire a 100% stake in the cable business Sur Multimedia and on February 10, 2015 Millicom reached agreement to acquire the remaining 12.5% non-controlling interest in its Rwandan business. These acquisitions will be made for cash consideration of approximately $31 million. The completion of the Sur Multimedia transaction remains subject to customary closing conditions being met including obtained regulatory approvals.

Appointment of Mauricio Ramos as CEO

On March 2, 2015 Millicom appointed Mauricio Ramos as its new Chief Executive Officer with effect from April 1, 2015.

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