



MTN Nigeria Communications PLC
Unaudited Condensed Consolidated Interim Financial Statements
For the nine months ended 30 September 2020



Condensed consolidated and separate financial statements

For the nine months period ended 30 September 2020

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Financial Highlights

For the nine months period ended 30 September 2020

	Notes	For the nine months ended 30 Sept 2020 N'000	For the nine months ended 30 Sept 2019* N'000	% Change
Revenue	5	975,763,563	856,549,398	13.9
Operating profit**		307,010,550	284,726,456	7.8
Profit before tax**		211,594,286	212,904,977	(0.6)
Profit for the period		144,238,567	149,223,343	(3.3)
		As at 30 Sept 2020 N'000	As at 30 Sept 2019* N'000	% Change
Share capital		407,090	407,090	-
Total equity		117,439,519	91,555,825	28.3
Basic/ diluted earnings per share (N)	30	7.09	7.33	(3.3)
Net assets per share (N)		5.77	4.50	28.3

Stock Exchange Information

Market price per share as at period end (N)		129.00	130.50
Market capitalisation as at period end		2,625,732,177	2,656,263,947
Number of shares issued and fully paid as at period end (in thousands)	30	20,354,513	20,354,513

**The 7.8% growth in operating profit was largely impacted by the increase in finance costs as a result of increased borrowings (September 2019: N381 billion, September 2020: N509 billion) leading to a decline of 0.6% in profit before tax to N211.6 billion.

*2019 figures have been restated, see Note 4

Condensed consolidated and separate statement of profit or loss

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Notes	Group				Company			
		For the nine months ended 30 Sept 2020	For the nine months ended 30 Sept 2019*	For the three months ended 30 Sept 2020	For the three months ended 30 Sept 2019*	For the nine months ended 30 Sept 2020	For the nine months ended 30 Sept 2019*	For the three months ended 30 Sept 2020	For the three months ended 30 Sept 2019*
Revenue	5	975,763,563	856,549,398	337,688,262	289,555,296	975,714,576	854,836,194	337,657,440	288,979,550
Other income		63,053	-	63,053	-	63,053	-	63,053	-
Direct network operating costs	9	(227,582,088)	(181,339,468)	(79,029,899)	(61,318,780)	(227,582,088)	(181,516,538)	(79,029,899)	(61,166,658)
Value added services costs		(9,261,056)	(8,938,873)	(2,584,796)	(2,927,283)	(9,261,056)	(8,892,416)	(2,584,796)	(2,926,027)
Costs of starter packs, handsets and accessories		(15,589,946)	(8,567,964)	(6,504,848)	(3,177,260)	(15,589,946)	(8,564,051)	(6,504,848)	(3,177,260)
Interconnect costs		(82,705,041)	(78,602,169)	(28,743,867)	(26,244,012)	(82,705,041)	(78,610,899)	(28,743,867)	(26,268,687)
Roaming costs		(1,898,546)	(2,935,540)	(517,643)	(1,203,331)	(1,898,546)	(2,921,835)	(517,643)	(1,200,190)
Transmission costs		(4,599,228)	(4,126,800)	(1,535,760)	(1,305,132)	(4,599,228)	(4,261,716)	(1,535,760)	(1,440,048)
Employee benefits	7	(29,519,024)	(23,057,891)	(10,279,756)	(8,078,308)	(28,979,688)	(23,057,891)	(10,091,130)	(8,078,308)
Discounts and commissions		(49,307,613)	(41,376,464)	(17,845,974)	(13,930,781)	(49,088,749)	(41,366,410)	(17,778,847)	(13,925,521)
Advertisements, sponsorships and sales promotions		(10,358,901)	(13,628,546)	(3,604,174)	(5,114,157)	(9,209,590)	(13,537,669)	(2,824,673)	(5,025,284)
Other operating expenses	8	(47,141,428)	(37,550,107)	(16,302,197)	(12,198,443)	(45,722,814)	(37,131,512)	(15,795,503)	(12,319,987)
Depreciation of property, plant and equipment	11	(112,582,436)	(110,395,444)	(38,119,122)	(37,784,707)	(112,582,435)	(110,395,444)	(38,119,122)	(37,784,707)
Depreciation of right of use assets	12	(52,034,619)	(39,317,006)	(21,377,394)	(13,436,661)	(52,034,620)	(39,317,006)	(21,377,394)	(13,436,661)
Amortisation of intangible assets	13	(26,236,140)	(21,986,670)	(8,830,939)	(7,509,848)	(22,247,325)	(17,971,237)	(7,501,334)	(6,171,352)
Operating profit		307,010,550	284,726,456	102,474,946	95,326,593	314,276,503	287,291,570	105,315,677	96,058,860
Finance income	6	11,940,294	17,732,723	5,894,967	7,537,671	11,927,608	17,732,724	5,890,477	7,537,671
Finance costs	6	(107,356,558)	(89,554,202)	(36,345,547)	(32,363,099)	(107,356,557)	(89,554,202)	(36,345,547)	(32,363,101)
Profit before tax		211,594,286	212,904,977	72,024,366	70,501,165	218,847,554	215,470,092	74,860,607	71,233,430
Income tax expense	10	(67,355,719)	(63,681,634)	(22,662,763)	(20,815,209)	(69,523,398)	(64,468,261)	(23,513,635)	(21,079,690)
Profit for the period		144,238,567	149,223,343	49,361,603	49,685,956	149,324,156	151,001,831	51,346,972	50,153,740
Attributable to:									
Owners of the parent		144,238,567	149,223,343	49,361,603	49,685,956	149,324,156	151,001,831	51,346,972	50,153,740
		144,238,567	149,223,343	49,361,603	49,685,956	149,324,156	151,001,831	51,346,972	50,153,740
Earnings per share - basic/diluted	30	N 7.09	N 7.33	N 2.43	N 2.44	N 7.34	N 7.42	N 2.52	N 2.46

The accompanying notes on pages 7 - 36 are an integral part of these condensed consolidated financial statements.

*2019 figures have been restated, see Note 4

Condensed consolidated and separate statement of comprehensive income

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group				Company			
	For the nine months ended 30 Sept 2020	For the nine months ended 30 Sept 2019*	For the three months ended 30 Sept 2020	For the three months ended 30 Sept 2019*	For the nine months ended 30 Sept 2020	For the nine months ended 30 Sept 2019*	For the three months ended 30 Sept 2020	For the three months ended 30 Sept 2019*
Profit for the period	144,238,567	149,223,343	49,361,603	49,685,956	149,324,156	151,001,831	51,346,972	50,153,740
Items that may be reclassified to profit or loss								
Net fair value loss on financial assets held at FVOCI	(257,429)	33,576	(251,359)	6,925	(257,429)	33,576	(251,359)	6,925
Total comprehensive income for the period	143,981,138	149,256,919	49,110,244	49,692,881	149,066,727	151,035,407	51,095,613	50,160,665
Attributable to:								
Owners of the parent	143,981,138	149,256,919	49,110,244	49,692,881	149,066,727	151,035,407	51,095,613	50,160,665
	143,981,138	149,256,919	49,110,244	49,692,881	149,066,727	151,035,407	51,095,613	50,160,665

Financial assets classified as financial assets at fair value through other comprehensive income are Federal Government treasury bills investments which are exempted from company income tax.

The accompanying notes on pages 7 - 36 are an integral part of these condensed consolidated financial statements.

*2019 figures have been restated, see Note 4

Condensed consolidated and separate statement of financial position

As at 30 September 2020

In thousands of Nigerian Naira	Notes	Group		Company	
		30 Sept 2020	31 Dec 2019*	30 Sept 2020	31 Dec 2019*
ASSETS					
Non-current assets					
Property, plant and equipment	11	628,219,931	625,095,791	628,219,928	625,095,789
Intangible assets	13	107,501,399	120,946,914	74,615,340	84,072,042
Right of use assets	12	587,066,088	476,356,668	587,066,088	476,356,668
Investment in subsidiaries	14	-	-	49,323,000	45,578,000
Other investments	15	33,133,927	-	33,133,927	-
Other non-current assets	16	17,988,997	16,996,726	17,988,997	16,996,726
		1,373,910,342	1,239,396,099	1,390,347,280	1,248,099,225
Current assets					
Inventories	18	1,496,629	909,577	1,496,629	909,577
Trade and other receivables	19	50,005,731	52,825,688	51,379,118	54,019,793
Current investments	17	74,385,414	54,826,569	74,385,414	54,826,569
Restricted cash	20	25,965,737	38,049,589	25,965,736	37,999,589
Cash and cash equivalents	21	237,631,331	116,277,629	234,603,231	114,301,003
		389,484,842	262,889,052	387,830,128	262,056,531
Total assets		1,763,395,184	1,502,285,151	1,778,177,408	1,510,155,756
EQUITY					
Share capital	29	407,090	407,090	407,090	407,090
Share premium	29	17,216,293	17,216,293	17,216,293	17,216,293
Retained profit		99,552,404	127,716,563	121,215,831	144,294,401
Other reserves		263,732	521,161	263,732	521,161
		117,439,519	145,861,107	139,102,946	162,438,945
LIABILITIES					
Non-current					
Borrowings	22	335,339,616	380,088,779	335,339,616	380,088,779
Lease liabilities	26	582,069,382	458,508,923	582,069,382	458,508,923
Deferred tax and other non-current liabilities	25	112,374,272	121,667,164	107,002,774	114,120,456
		1,029,783,270	960,264,866	1,024,411,772	952,718,158
Current liabilities					
Trade and other payables	23	242,648,649	190,440,498	241,766,461	189,641,572
Current tax payable	27	82,494,635	65,625,921	82,222,166	65,325,408
Borrowings	22	173,568,899	32,453,044	173,568,899	32,453,044
Lease liabilities	26	47,515,511	33,564,290	47,515,511	33,564,290
Other current liabilities	24	69,944,700	74,075,425	69,589,653	74,014,339
		616,172,394	396,159,178	614,662,690	394,998,653
Total liabilities		1,645,955,664	1,356,424,044	1,639,074,462	1,347,716,811
Total equity and liabilities		1,763,395,184	1,502,285,151	1,778,177,408	1,510,155,756

The accompanying notes on pages 7 - 36 are an integral part of these condensed consolidated financial statements.

The condensed financial statements were approved by the Board of Directors on the 27 October 2020 and signed on behalf of the Board of Directors by:



.....
Ferdinand Moolman
Chief Executive Officer
FRC/2016/IODN/00000015147



.....
Modupe Kadri
Chief Financial Officer
FRC/2020/001/00000020737

*2019 figures have been restated, see Note 4

Condensed consolidated and separate statement of changes in equity

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Attributable to owners of the parent					
	Share capital	Share premium	Total share capital	Other reserves	Retained profit	Total Equity
Group						
Balance at 1 January 2019	646,510	64,498,466	65,144,976	6,069	154,201,270	219,352,315
Profit for the period	-	-	-	-	149,223,343	149,223,343
Redemption of preference shares	(239,420)	(47,282,173)	(47,521,593)	-	(96,725,423)	(144,247,016)
Transfer to Capital redemption reserve fund (CRRF)	-	-	-	239,420	-	239,420
Other comprehensive income	-	-	-	33,576	-	33,576
Dividends paid	-	-	-	-	(133,045,813)	(133,045,813)
Balance at 30 September 2019	407,090	17,216,293	17,623,383	279,065	73,653,377	91,555,825
Balance at 1 January 2020	407,090	17,216,293	17,623,383	521,161	126,541,015	144,685,559
Restatement*	-	-	-	-	1,175,548	1,175,548
Restated Opening balance	407,090	17,216,293	17,623,383	521,161	127,716,563	145,861,107
Profit for the period	-	-	-	-	144,238,567	144,238,567
Other comprehensive income	-	-	-	(257,429)	-	(257,429)
Dividends paid	-	-	-	-	(172,402,726)	(172,402,726)
Balance at 30 Sept 2020	407,090	17,216,293	17,623,383	263,732	99,552,404	117,439,519
Company						
Balance at 1 January 2019	646,510	64,498,466	65,144,976	6,069	167,579,860	232,730,905
Profit for the period	-	-	-	-	151,001,831	151,001,831
Redemption of preference shares	(239,420)	(47,282,173)	(47,521,593)	-	(96,725,423)	(144,247,016)
Transfer to Capital redemption reserve fund (CRRF)	-	-	-	239,420	-	239,420
Other comprehensive income	-	-	-	33,576	-	33,576
Dividends paid	-	-	-	-	(133,045,813)	(133,045,813)
Balance at 30 September 2019	407,090	17,216,293	17,623,383	279,065	88,810,455	106,712,903
Balance at 1 January 2020	407,090	17,216,293	17,623,383	521,161	143,118,853	161,263,397
Restatement*	-	-	-	-	1,175,548	1,175,548
Restated Opening balance	407,090	17,216,293	17,623,383	521,161	144,294,401	162,438,945
Profit for the period	-	-	-	-	149,324,156	149,324,156
Other comprehensive income	-	-	-	(257,429)	-	(257,429)
Dividends paid	-	-	-	-	(172,402,726)	(172,402,726)
Balance at 30 Sept 2020	407,090	17,216,293	17,623,383	263,732	121,215,831	139,102,946

Included in other reserves is Capital Redemption Reserve Fund (CRRF) of N239.4 million, a sum equal to the nominal amount of the par value of the redeemable preference shares redeemed in 2019.

*Restatement is in respect of impact of reversal of non-recoverable VAT from lease liabilities and ROU assets on retained profit. See Note 4

The accompanying notes on pages 7 - 36 are an integral part of these condensed consolidated financial statements.

Condensed consolidated and separate statement of cash flows

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Notes	Group		Company	
		For the period ended 30 Sept 2020	30 Sept 2019*	For the period ended 30 Sept 2020	30 Sept 2019*
Cash flows from operating activities:					
Cash generated from operations	28	544,609,142	436,578,555	547,329,774	436,206,105
Finance costs paid		(95,775,014)	(75,084,163)	(95,775,013)	(75,084,163)
Interest received		8,114,001	14,185,154	8,101,315	14,185,155
Dividends paid		(172,402,726)	(133,045,813)	(172,402,726)	(133,045,813)
Regulatory fine paid		-	(110,000,000)	-	(110,000,000)
Tax paid	27	(55,912,116)	(62,082,380)	(55,876,540)	(61,756,876)
Net cash generated from operating activities		228,633,287	70,551,352	231,376,810	70,504,407
Cash flows from investing activities:					
Acquisition of property, plant and equipment		(119,100,245)	(140,811,968)	(119,100,244)	(140,811,966)
Acquisition of right of use assets		(3,103,176)	(3,560,693)	(3,103,176)	(3,560,693)
Proceeds from disposal of property, plant and equipment		396,016	616,751	396,016	616,751
Movement in non-current prepayments		1,141,856	(3,144,867)	1,141,856	(3,144,867)
Investment in non-current FGN bonds		(33,472,975)	-	(33,472,975)	-
Acquisition of intangible assets		(12,479,485)	(8,219,375)	(12,479,484)	(8,219,374)
Investment in treasury bills, bonds and foreign deposits		(16,707,022)	(55,829,673)	(16,707,022)	(55,829,673)
Movement in restricted cash		12,083,852	11,886,038	12,033,853	11,886,038
Net cash used in investing activities		(171,241,179)	(199,063,787)	(171,291,176)	(199,063,784)
Cash flows from financing activities:					
Proceeds from borrowings		121,896,078	287,834,777	121,896,078	287,834,777
Repayment of borrowings		(30,220,813)	(82,253,882)	(30,220,813)	(82,253,882)
Repayment of lease liability		(26,617,151)	(27,875,031)	(26,617,151)	(27,875,031)
Investment in subsidiary		-	-	(3,745,000)	-
Net cash flow generated from financing activities		65,058,114	177,705,864	61,313,114	177,705,864
Net increase/(decrease) in cash and cash equivalents		122,450,222	49,193,429	121,398,748	49,146,487
Cash and cash equivalents at beginning of the period		116,277,629	53,011,748	114,301,003	52,806,185
Exchange gain on cash and cash equivalents		5,075	5,286	5,075	5,284
Cash and cash equivalents at end of the period		238,732,926	102,210,463	235,704,826	101,957,956

The accompanying notes on pages 7 - 36 are an integral part of these condensed consolidated financial statements.

*2019 figures have been restated, see Note 4



Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

1 General information

MTN Nigeria Communications Plc formerly MTN Nigeria Communications Limited, (the Company) together with its subsidiaries (the Group) carry on the business of building and operating GSM Cellular Network Systems and other related services nation-wide in Nigeria.

MTN Nigeria Communications Plc's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. Their principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services (fintech) respectively. Visafone Communications Limited is currently undergoing voluntary liquidation.

2 Basis of preparation

These condensed consolidated and company interim financial statements for the nine months period ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2019 which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those of the previous financial year except for the adoption of new accounting standards set out in Note 4.

3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the **Group's** other components, whose operating results are reviewed regularly by the Executive Committee (EXCOM), to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned.

The Group has identified three reportable segments that are used by the Executive Committee (EXCOM) to make key operating decisions. All operating segment results are reviewed regularly by EXCOM to make decisions about resources to be allocated and to assess its performance. The reportable segments are largely grouped according to customer type for which discrete financial information is available. The customer segments are as follows:

- Consumer Business Unit (CBU)
- Enterprise Business Unit (EBU)
- Wholesale Business Unit (WBU)

Operating results are reported and reviewed regularly by the EXCOM and include items directly attributable to a segment.

Customer segments	Description
Consumer Business Unit (CBU)	It consists of subscribers sitting in value propositions and tariff plans dedicated to three sub segments: Youth, High Value and Mass segments. All MTN customers are assumed to fall within CBU except where otherwise stated.
Enterprise Business Unit (EBU)	Enterprise customers are mostly corporate and small medium organisations whose business requires our products, services and solutions to serve their everyday business needs.
Wholesale Business Unit (WBU)	The Wholesale business, serves customers who buy MTN telecom products in bulk with the intention to re-sell these products (mobile or fixed) to their external clients.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

3 Segment reporting (continued)

A key performance measure of the Group is gross margin. This is defined as revenue less direct costs. The table below presents revenue, direct costs and gross margin for the Group's operating segments for the nine months ended 30 September 2020 and 30 September 2019.

Information about reportable segments

For the nine months period ended

	CBU N'000	EBU N'000	WBU N'000	TOTAL N'000
30 Sept 2020				
Segment revenue	844,247,363	99,841,421	31,674,710	975,763,494
Direct costs	(168,754,469)	(9,663,557)	(791,868)	(179,209,893)
Gross margin	675,492,894	90,177,864	30,882,843	796,553,601
30 Sept 2019				
Segment revenue	723,492,922	97,928,885	35,127,590	856,549,398
Direct costs	(150,826,549)	(9,211,178)	(878,190)	(160,915,917)
Gross margin	572,666,373	88,717,708	34,249,401	695,633,481

Reconciliation of reportable segment revenue and profit or loss

Revenues

There are no significant reconciling items between the reportable segment revenue and total revenue for the period.

Profit or loss

In thousands of Nigerian Naira	For the period ended	
	30 Sept 2020	30 Sept 2019
Segment gross margin	796,553,601	695,633,481
Unallocated items:		
- Other income	63,053	-
- Operating expenses	(298,752,909)	(239,207,905)
- Depreciation & amortisation	(190,853,195)	(171,699,120)
- Finance income	11,940,294	17,732,723
- Finance expense	(107,356,558)	(89,554,202)
Profit before taxation	211,594,286	212,904,977

Segment assets and liabilities

The Group has not provided information on reportable segment assets and liabilities as they are not part of the items regularly reviewed by the Executive Committee (EXCOM) to make operating decisions.

4 IFRS 16 - Prior year restatement

The Group adopted IFRS 16 retrospectively from 1 January 2019 and made a number of judgements, estimates and accounting policy choices. As part of the application on adoption, the Group included non-recoverable VAT on lease payments in the measurement of the lease liability and the right of use asset that was initially depreciated over the lease term.

As practice has developed, the Group has amended its policy to exclude non-recoverable VAT from the measurement of the lease liability and right of use asset and account for the non-recoverable VAT as an expense over the lease period when the obligating event that gives rise to the liability to pay VAT is triggered, that is when payment is made to the lessor. The revised policy will ensure comparability of its financial statements in accordance with the wider industry practice.

The Group has applied the accounting policy change retrospectively from the date of adopting IFRS 16.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

4 IFRS 16 - Prior year restatement (continued)

The impact of this change in accounting policy had the following effect on the prior period results:

Statement of financial position – 1 January 2019 in thousands of naira	As previously reported	Adjustment	Restated
Right of use assets	513,281,713	(24,616,156)	488,665,557
Lease liabilities	506,000,514	(24,119,440)	481,881,074
Retained profit	154,201,270	-	154,201,270

Statement of profit or loss - 30 September 2019 in thousands of naira	As previously reported	Adjustment	Restated
Depreciation of right of use assets	(41,469,003)	2,151,997	(39,317,006)
Finance costs	(91,977,943)	2,423,741	(89,554,202)
Direct network operating costs	(177,935,046)	(3,404,422)	(181,339,468)
Other operating expenses	(37,278,592)	(271,515)	(37,550,107)
Profit before taxation	212,005,176	899,801	212,904,977
EPS (basic and diluted)	N 7.29	0.04	N 7.33

Statement of financial position - 30 September 2019 in thousands of naira	As previously reported	Adjustment	Restated
Right of use assets	492,415,759	(24,071,953)	468,343,806
Lease liabilities	501,274,200	(24,595,857)	476,678,343
Trade and other receivables	52,640,725	375,897	53,016,622
Retained profit	72,753,576	899,801	73,653,377

Statement of cash flows - 30 September 2019 in thousands of naira	As previously reported	Adjustment	Restated
Finance costs paid	(78,488,585)	3,404,422	(75,084,163)
Cash generated from operations	439,982,976	(3,404,422)	436,578,554
Net cash generated from operating activities	70,551,352	-	70,551,352

Statement of profit or loss – 31 December 2019 in thousands of naira	As previously reported	Adjustment	Restated
Depreciation of right of use assets	(56,817,341)	2,815,178	(54,002,163)
Finance costs	(125,325,277)	3,245,819	(122,079,458)
Direct network operating costs	(242,012,147)	(4,591,487)	(246,603,634)
Other operating expenses	(50,182,898)	(293,961)	(50,476,859)
Profit before taxation	290,104,033	1,175,548	291,279,581
EPS (basic and diluted)	N 9.93		N 9.99

Statement of financial position - 31 December 2019 in thousands of naira	As previously reported	Adjustment	Restated
Right of use assets	500,067,655	(23,710,987)	476,356,668
Lease liabilities	516,534,156	(24,460,943)	492,073,213
Trade and other receivables	52,400,096	425,592	52,825,688
Retained profit	126,541,015	1,175,548	127,716,563

Statement of cash flows – 31 December 2019 in thousands of naira	As previously reported	Adjustment	Restated
Finance costs paid	(109,854,494)	4,591,487	(105,263,007)
Cash generated from operations	604,904,165	(4,591,487)	600,312,678
Net cash generated from operating activities	205,979,639	-	205,979,639

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

	Group				Company			
	For the nine months ended		For the three months ended		For the nine months ended		For the three months ended	
In thousands of Nigerian Naira	30 Sept 2020	30 Sept 2019*	30 Sept 2020	30 Sept 2019*	30 Sept 2020	30 Sept 2019*	30 Sept 2020	30 Sept 2019*
5. Revenue								
Voice	558,701,907	533,758,184	190,060,657	174,714,584	558,701,907	532,599,396	190,060,657	174,334,213
Data	241,604,072	162,256,665	87,615,105	58,907,194	241,604,072	161,717,571	87,615,105	58,723,909
SMS	8,300,520	10,251,540	3,952,714	3,202,742	8,300,520	10,251,540	3,952,714	3,192,898
Interconnect and roaming	97,013,811	95,369,013	32,446,194	33,312,889	97,013,811	95,375,667	32,446,194	33,329,363
Handset and accessories	1,952,215	848,771	868,257	315,333	1,952,215	848,771	868,257	315,333
Digital	26,315,858	26,387,174	8,472,906	9,402,453	26,315,858	26,387,174	8,472,906	9,398,254
Value added service	33,386,634	25,309,639	11,439,447	8,868,903	33,386,634	25,297,359	11,439,447	8,868,903
Other revenues	8,488,546	2,368,412	2,832,982	831,198	8,439,559	2,358,716	2,802,160	816,677
	975,763,563	856,549,398	337,688,262	289,555,296	975,714,576	854,836,194	337,657,440	288,979,550

Data revenue excludes roaming data, roaming data is reported under interconnect and roaming.

SMS revenue excludes inbound roaming SMS. Inbound roaming SMS is reported under interconnect and roaming.

Digital revenue includes Bulk SMS and USSD services.

Value added services includes airtime lending and mobile money (Fintech), subscriber identification module (SIM) back up services and voice based services.

Other revenue comprises revenue from cloud and infrastructure services, information and communication technology (ICT) revenue. Lease rental income from sites leased to other telecom operators is now reported as part of Other revenue. 2019 comparatives have been updated to reflect this reclassification.

6. Finance income and finance costs
Recognised in profit or loss
Finance income

Interest income on bank deposits	4,596,965	5,630,525	2,105,811	2,127,687	4,584,279	5,630,526	2,101,321	2,127,687
Interest income on amortised cost investments	3,578,744	8,114,862	1,396,799	3,116,105	3,578,744	8,114,862	1,396,799	3,116,105
Net gain on FVTPL investments	1,295,047	633,682	481,202	363,880	1,295,047	633,682	481,202	363,880
Net gain on FVOCI investments	758,851	281,229	172,048	171,235	758,852	281,229	172,048	171,235
Interest income on related parties receivables	4,463	13,934	1,438	4,522	4,463	13,934	1,438	4,522
Currency swap gain	-	60,152	22,004	62,554	-	60,152	22,004	62,554
Foreign exchange gain	1,706,224	2,998,339	1,715,665	1,691,688	1,706,223	2,998,339	1,715,665	1,691,688
	11,940,294	17,732,723	5,894,967	7,537,671	11,927,608	17,732,724	5,890,477	7,537,671

Finance costs

Interest expense - borrowings	43,649,778	32,403,435	13,301,473	13,567,809	43,649,778	32,403,435	13,301,473	13,567,809
Interest expense - leases	57,931,541	48,796,588	22,650,884	16,946,675	57,931,540	48,796,588	22,650,884	16,946,675
Interest expense - banking fees	1,496,635	1,813,581	393,190	433,741	1,496,635	1,813,581	393,190	433,743
Time value accretion on regulatory fine	-	4,872,217	-	-	-	4,872,217	-	-
Foreign exchange loss	4,137,562	1,668,381	-	1,414,874	4,137,562	1,668,381	-	1,414,874
Currency swap loss	141,042	-	-	-	141,042	-	-	-
	107,356,558	89,554,202	36,345,547	32,363,099	107,356,557	89,554,202	36,345,547	32,363,101

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group				Company			
	For the nine months ended 30 Sept 2020	For the nine months ended 30 Sept 2019*	For the three months ended 30 Sept 2020	For the three months ended 30 Sept 2019*	For the nine months ended 30 Sept 2020	For the nine months ended 30 Sept 2019*	For the three months ended 30 Sept 2020	For the three months ended 30 Sept 2019*
7 Employee benefits								
Salaries and wages	22,379,324	19,489,016	7,546,743	6,518,471	21,839,988	19,489,016	7,358,117	6,518,471
Post-employment benefits - pension - defined contribution plan	1,436,324	1,260,187	496,791	446,595	1,436,324	1,260,187	496,791	446,595
Other staff costs	5,703,376	2,308,688	2,236,222	1,113,242	5,703,376	2,308,688	2,236,222	1,113,242
	29,519,024	23,057,891	10,279,756	8,078,308	28,979,688	23,057,891	10,091,130	8,078,308

Other staff costs comprises of mortgage subsidy, long service award, termination benefits, reward and recognition, Group life insurance, medical expenses.

8 Other operating expenses								
Directors' emoluments	325,308	166,246	118,870	49,187	325,308	166,246	118,870	49,187
Impairment/(reversal) of property, plant and equipment	1,045,900	21,140	168	(11,541)	1,045,900	21,140	168.00	(11,541)
Impairment/(reversal) losses on contract with customers	4,519,887	315,615	2,017,221	(289,381)	4,519,887	496,585	2,017,221	82,695
Impairment of cash and cash equivalents, treasury bills and bonds	1,509,753	-	1,509,753	-	1,509,753	-	1,509,753	-
Information technology development levy	2,191,049	2,145,703	748,606	709,401	2,188,476	2,145,703	748,606	709,401
MTN Foundation	1,493,458	1,500,208	513,396	498,225	1,493,458	1,500,208	513,396	498,225
Business continuity expenses**	1,905,180	-	302,987	-	1,905,180	-	302,987	-
Insurance cost	1,126,636	1,059,521	407,104	324,476	1,126,636	1,059,521	407,104	324,476
Professional fees	17,706,768	14,947,902	5,624,352	3,725,721	16,405,534	14,529,527	5,123,595	3,638,768
Maintenance cost	11,950,573	9,624,051	4,398,526	3,291,104	11,950,573	9,623,883	4,398,526	3,289,686
Rent, rates, utilities and other office running cost	1,189,139	3,985,263	326,550	2,476,989	1,134,092	3,962,378	326,550	2,473,263
Trainings, travels and entertainment cost	588,504	2,237,043	35,367	1,018,166	533,011	2,132,013	33,591	913,472
Audit fees	236,038	213,001	81,367	74,750	232,007	213,001	77,336	71,000
Loss/(profit) on disposal of property, plant and equipment	166,095	(242,002)	(149,353)	(148,916)	166,095	(242,002)	(149,353)	(148,916)
Other expenses*	1,187,140	1,576,416	367,283	480,262	1,186,904	1,523,309	367,153	430,271
	47,141,428	37,550,107	16,302,197	12,198,443	45,722,814	37,131,512	15,795,503	12,319,987

*Other expenses include bank charges, subscriptions, office refreshments and security costs.

**Business continuity expenses includes the N1 billion donation to the Coalition Against COVID (CACOVID) in April 2020.

9 Direct network operating costs								
Regulatory fees	25,212,437	22,074,404	8,836,609	7,568,637	25,212,437	22,074,404	8,836,609	7,554,285
Annual numbering plan	888,175	845,803	306,121	281,602	888,175	732,770	306,121	244,258
BTS leases**	165,889,530	125,252,660	58,707,656	43,269,013	165,889,530	125,252,700	58,707,656	43,269,013
Network maintenance	35,591,946	33,166,601	11,179,513	10,199,528	35,591,946	33,456,664	11,179,513	10,099,102
	227,582,088	181,339,468	79,029,899	61,318,780	227,582,088	181,516,538	79,029,899	61,166,658

**Following the adoption of IFRS 16 Leases, BTS lease expense relates to the non-lease components (power and maintenance) of the tower lease contracts which are recognised as an expense in profit or loss as they are incurred.

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group				Company			
	For the period ended		For the three months ended		For the period ended		For the three months ended	
	30 Sept 2020	30 Sept 2019*	30 Sept 2020	30 Sept 2019*	30 Sept 2020	30 Sept 2019*	30 Sept 2020	30 Sept 2019*
10 Income tax expense								
Current tax								
Company income tax	69,108,477	52,355,818	20,147,104	17,249,319	69,106,117	52,010,439	20,147,104	17,136,464
Education tax	7,183,556	6,479,738	2,347,087	2,224,505	7,178,384	6,479,738	2,347,087	2,224,505
Nigerian Police Trust Fund	10,942	10,729	3,743	10,729	10,942	10,729	3,743	10,729
	76,302,975	58,846,285	22,497,934	19,484,553	76,295,443	58,500,906	22,497,934	19,371,698
Deferred tax								
Deferred tax (credit)/charge	(8,947,256)	4,835,349	164,829	1,330,656	(6,772,045)	5,967,355	1,015,701	1,707,992
	(8,947,256)	4,835,349	164,829	1,330,656	(6,772,045)	5,967,355	1,015,701	1,707,992
Tax expense for the period	67,355,719	63,681,634	22,662,763	20,815,209	69,523,398	64,468,261	23,513,635	21,079,690

10.1 Tax rate reconciliation

The table below explains the differences between the expected tax expense on continuing operations, at the Nigerian statutory tax rate of 30% (2019: 30%) and the Company's total tax expense for each year. The income tax charge for the period is reconciled to the effective rate of taxation in Nigeria as follows:

In thousands of Nigerian Naira	Group		Company	
	For the period ended	For the period ended	For the period ended	For the period ended
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
Profit before tax	211,594,286	212,904,977	218,847,554	215,470,092
Tax charge	67,355,719	63,681,634	69,523,398	64,468,261
Effective tax rate ^a	31.83%	29.91%	31.77%	29.92%
	%	%	%	%
Tax at standard rate	30.00	30.00	30.00	30.00
Expenses not allowed	0.44	0.27	0.43	0.26
Prior year tax under/(over) provision	0.21	(0.07)	0.20	(0.08)
Investment allowance**	(1.44)	(2.06)	(1.39)	(2.04)
Exempt income***	(0.51)	(1.27)	(0.49)	(1.26)
Education tax	3.13	3.04	3.02	3.03
Minimum tax/Capital Gain Tax/Police Trust Fund	0.01	0.01	0.01	0.00
Effective tax rate	31.83	29.91	31.77	29.92

^aEffective tax rate increased by 1.8pp Year on Year (YoY) largely due to reduction in tax exempt income and increase in deferred tax liability as a result of Right of Use (ROU) assets opening balance restatement.

**Investment allowance are allowances in respect of Network and IS Equipment additions during the period.

***Exempt income represents income from FGN Bonds and Treasury Bills not taxable.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

11 Property, plant and equipment

Group	Land and buildings	Leasehold improvements	Network infrastructure	Information systems, furniture and office equipment	Capital work -in-progress	Motor vehicles	Total
In thousands of Nigerian Naira							
Balance at 31 December 2019							
Cost	31,643,553	21,841,122	1,202,250,583	44,930,722	36,857,308	5,961,797	1,343,485,087
Accumulated depreciation and impairment	(20,069,087)	(7,082,744)	(658,695,118)	(28,533,820)	-	(4,008,527)	(718,389,296)
Net book value	11,574,466	14,758,378	543,555,465	16,396,902	36,857,308	1,953,270	625,095,791
Cost							
Balance at 1 January 2020	31,643,553	21,841,122	1,202,250,583	44,930,722	36,857,308	5,961,797	1,343,485,087
Additions	169,853	102,310	3,132,618	8,002,750	105,855,991	-	117,263,522
Reallocation	403,696	118,810	93,589,276	783,313	(94,843,994)	-	51,101
Disposals	-	-	(185,794,573)	(3,520,327)	(454,686)	(592,300)	(190,361,886)
Balance at 30 September 2020	32,217,102	22,062,242	1,113,177,904	50,196,458	47,414,619	5,369,497	1,270,437,824
Balance at 1 January 2020	(20,069,087)	(7,082,744)	(658,695,118)	(28,533,820)	-	(4,008,527)	(718,389,296)
Depreciation for the period	(822,533)	(1,145,034)	(102,663,961)	(7,570,213)	-	(380,655)	(112,582,396)
Impairment	-	-	(837,079)	-	-	-	(837,079)
Disposals	-	-	185,537,039	3,491,154	-	562,685	189,590,878
Balance at 30 September 2020	(20,891,620)	(8,227,778)	(576,659,119)	(32,612,879)	-	(3,826,497)	(642,217,893)
Carrying amounts							
At 31 December 2019	11,574,466	14,758,378	543,555,465	16,396,902	36,857,308	1,953,270	625,095,791
At 30 September 2020	11,325,482	13,834,464	536,518,785	17,583,579	47,414,619	1,543,000	628,219,931

Reallocation relates to assets moved from capital work in progress to network infrastructure and other categories of property, plant and equipment and assets reclassified from property, plant and equipment to intangible assets.

Included in land and buildings, is land of N5.58 billion not depreciated.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

11 Property, plant and equipment

Company	Land and buildings	Leasehold improvements	Network Infrastructure	Information systems, furniture and office equipment	Capital work -In-progress	Motor vehicles	Total
In thousands of Nigerian Naira							
Balance at 31 December 2019							
Cost	31,643,553	21,841,122	1,202,250,583	44,930,722	36,857,308	5,961,797	1,343,485,085
Accumulated depreciation and impairment	(20,069,087)	(7,082,744)	(658,695,118)	(28,533,820)	-	(4,008,527)	(718,389,296)
Net book value	11,574,466	14,758,378	543,555,465	16,396,902	36,857,308	1,953,270	625,095,789
Cost							
Balance at 1 January 2020	31,643,553	21,841,122	1,202,250,583	44,930,722	36,857,308	5,961,797	1,343,485,085
Additions	169,853	102,310	3,132,618	8,002,750	105,855,990	-	117,263,521
Reallocation	403,696	118,810	93,589,276	783,313	(94,843,993)	-	51,102
Disposals	-	-	(185,794,573)	(3,520,327)	(454,686)	(592,300)	(190,361,886)
Balance at 30 September 2020	32,217,102	22,062,242	1,113,177,904	50,196,458	47,414,619	5,369,497	1,270,437,822
Balance at 1 January 2020	(20,069,087)	(7,082,744)	(658,695,118)	(28,533,820)	-	(4,008,527)	(718,389,296)
Depreciation for the period	(822,533)	(1,145,034)	(102,663,999)	(7,570,213)	-	(380,655)	(112,582,434)
Impairment	-	-	(837,079)	-	-	-	(837,079)
Disposals	-	-	185,537,077	3,491,153	-	562,685	189,590,915
Balance at 30 September 2020	(20,891,620)	(8,227,778)	(576,659,119)	(32,612,880)	-	(3,826,497)	(642,217,894)
Carrying amounts							
At 31 December 2019	11,574,466	14,758,378	543,555,465	16,396,902	36,857,308	1,953,270	625,095,789
At 30 September 2020	11,325,482	13,834,464	536,518,785	17,583,578	47,414,619	1,543,000	628,219,928

Reallocation relates to assets moved from capital work in progress to network infrastructure and other categories of property, plant and equipment and assets reclassified from property, plant and equipment to intangible assets.

Included in land and buildings, is land of N5.58 billion not depreciated.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

12 Right of use assets

Group and Company	Network Infrastructure	Base transceiver station land	Buildings	Office equipment	Motor vehicles	Total
In thousands of Nigerian Naira						
Balance at 31 December 2019						
Cost	541,457,408	8,417,420	6,528,732	417,388	64,048	556,884,996
Accumulated depreciation and impairment	(52,693,900)	(2,543,847)	(1,425,827)	(139,115)	(14,652)	(56,817,341)
Net book value	488,763,508	5,873,573	5,102,905	278,273	49,396	500,067,655
Cost						
Balance at 31 December 2019	541,457,408	8,417,420	6,528,732	417,388	64,048	556,884,996
Restatement*	(25,783,686)	(408,747)	(310,806)	(19,876)	(3,050)	(26,526,165)
Restated balance as at 31 December 2019	515,673,722	8,008,673	6,217,926	397,512	60,998	530,358,831
Additions	60,240,687	2,818,227	244,620	-	821,700	64,125,233
Modifications**	98,618,806	-	-	-	-	98,618,806
Balance as at 30 September 2020	674,533,215	10,826,900	6,462,546	397,512	882,698	693,102,871
Depreciation						
Balance at 31 December 2019	(52,693,900)	(2,543,847)	(1,425,827)	(139,115)	(14,652)	(56,817,341)
Restatement*	2,510,221	184,455	109,506	9,919	1,077	2,815,178
Restated balance as at 31 December 2019	(50,183,679)	(2,359,392)	(1,316,321)	(129,196)	(13,575)	(54,002,163)
Depreciation for the period	(47,888,476)	(2,631,901)	(1,317,492)	(102,481)	(94,270)	(52,034,620)
Balance as at 30 September 2020	(98,072,155)	(4,991,293)	(2,633,813)	(231,677)	(107,845)	(106,036,783)
Carrying amounts						
At 31 December 2019*	465,490,043	5,649,281	4,901,605	268,316	47,423	476,356,668
At 30 September 2020	576,461,060	5,835,607	3,828,733	165,835	774,853	587,066,088

*These figures have been restated, see Note 4

** Modification relates to the impact of change in the Tower lease contract exchange rates from the Central Bank of Nigeria (CBN) rate to the Nigerian Autonomous Foreign Exchange (NAFEX) rate following the lease contract amendment in July 2020.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

13 Intangible assets

Group	Goodwill	Licences	Software	Capital work - in-progress	Total
In thousands of Nigerian Naira					
Balance at 31 December 2019					
Cost	10,016,039	184,423,724	62,051,240	5,197,207	261,688,210
Accumulated amortisation and impairment	-	(109,323,646)	(31,417,650)	-	(140,741,296)
Net book value	10,016,039	75,100,078	30,633,590	5,197,207	120,946,914
Cost					
Balance at 1 January 2020	10,016,039	184,423,724	62,051,240	5,197,207	261,688,210
Additions	-	735,000	5,142,759	6,963,966	12,841,725
Reallocation	-	-	4,580,729	(4,631,830)	(51,101)
Disposals	-	-	(13,516,749)	-	(13,516,749)
Balance at 30 September 2020	10,016,039	185,158,724	58,257,979	7,529,343	260,962,085
Accumulated amortisation and impairment					
Balance at 1 January 2020	-	(109,323,646)	(31,417,650)	-	(140,741,296)
Amortisation for the period	-	(12,030,553)	(14,205,586)	-	(26,236,139)
Disposals	-	-	13,516,749	-	13,516,749
Balance at 30 September 2020	-	(121,354,199)	(32,106,487)	-	(153,460,686)
Carrying amounts					
At 31 December 2019	10,016,039	75,100,078	30,633,590	5,197,207	120,946,914
At 30 September 2020	10,016,039	63,804,525	26,151,492	7,529,343	107,501,399
Company					
Balance at 31 December 2019					
Cost	-	135,667,646	62,186,335	5,197,207	203,051,188
Accumulated amortisation and impairment	-	(87,458,072)	(31,521,074)	-	(118,979,146)
Net book value	-	48,209,574	30,665,261	5,197,207	84,072,042
Cost					
Balance at 1 January 2020	-	135,667,646	62,186,335	5,197,207	203,051,188
Additions	-	735,000	5,142,759	6,963,966	12,841,725
Reallocation	-	-	4,580,729	(4,631,831)	(51,102)
Disposals	-	-	(13,249,313)	-	(13,249,313)
Balance at 30 September 2020	-	136,402,646	58,660,510	7,529,343	202,592,498
Accumulated amortisation and impairment					
Balance at 1 January 2020	-	(87,458,072)	(31,521,074)	-	(118,979,146)
Amortisation for the year	-	(8,041,738)	(14,205,586)	-	(22,247,324)
Disposals	-	-	13,249,311	-	13,249,311
Balance at 30 September 2020	-	(95,499,810)	(32,477,349)	-	(127,977,159)
Carrying amounts					
At 31 December 2019	-	48,209,574	30,665,261	5,197,207	84,072,042
At 30 September 2020	-	40,902,836	26,183,161	7,529,343	74,615,340

Reallocation relates to items reclassified from property, plant and equipment to intangible assets.

Goodwill relates to the acquisition of Visafone Communications Limited.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019*	30 Sept 2020	31 Dec 2019*
14 Investment in subsidiaries				
Visafone Communications Limited	-	-	43,778,000	43,778,000
XS Broadband Limited	-	-	500,000	500,000
Yello Digital Financial Services Limited	-	-	5,545,000	1,800,000
Total investment	-	-	49,823,000	46,078,000
Impairment (XS Broadband Ltd)	-	-	(500,000)	(500,000)
	-	-	49,323,000	45,578,000
15 Other Investments				
Treasury bonds held at amortised cost	33,472,975	-	33,472,975	-
Impairment of treasury bonds held at amortised cost	(339,048)	-	(339,048)	-
	33,133,927	-	33,133,927	-
16 Other non current assets				
Contract acquisition costs	6,985,617	4,851,490	6,985,617	4,851,490
Non current prepayments	11,003,380	12,145,236	11,003,380	12,145,236
	17,988,997	16,996,726	17,988,997	16,996,726
17 Current investments				
US Dollar deposits held at amortised cost	19,952,945	11,852,750	19,952,945	11,852,750
NGN deposits held at amortised cost	10,000,000	-	10,000,000	-
Treasury bills held at amortised cost	19,592,668	33,204,013	19,592,668	33,204,013
Treasury bills and bonds held at FVOCI	8,484,440	6,135,782	8,484,440	6,135,782
Treasury bills and bonds held at FVTPL	16,424,471	3,634,024	16,424,471	3,634,024
Impairment of treasury bills and bond held at amortised cost/FVOCI	(69,110)	-	(69,110)	-
	74,385,414	54,826,569	74,385,414	54,826,569
18 Inventories				
Handsets and accessories	682,887	658,172	682,887	658,172
Starter packs	3,087,044	436,140	3,087,044	436,140
	3,769,931	1,094,312	3,769,931	1,094,312
Inventory write-down	(2,273,302)	(184,735)	(2,273,302)	(184,735)
	1,496,629	909,577	1,496,629	909,577
There was an inventory write down of starter packs of N2.09 billion recognised in the statement of profit or loss				
19 Trade and other receivables				
Trade receivables	35,504,675	30,813,196	35,182,397	29,663,338
Trade receivables - related parties	5,991,618	12,490,278	7,237,662	14,384,864
Allowance for expected credit losses	(10,792,393)	(6,272,506)	(10,374,606)	(5,854,719)
Net trade receivables	30,703,900	37,030,968	32,045,453	38,193,483
Sundry receivables and advances	109,588	217,438	109,588	217,438
Other receivables	10,303,463	10,421,180	10,337,143	10,454,616
Non-financial instruments				
Prepayments	19,892,160	17,301,338	19,890,314	17,299,492
Less: non current prepayments	(11,003,380)	(12,145,236)	(11,003,380)	(12,145,236)
Trade and other receivables	50,005,731	52,825,688	51,379,118	54,019,793
20 Restricted cash				
Restricted cash deposits	25,965,737	38,049,589	25,965,736	37,999,589

Restricted cash represents deposits with banks to secure Letters of Credit and collateral against repayment on borrowings. Also included in restricted cash is the retention fee on purchase of Visafone Communications Limited.

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
21 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	60,742,025	40,477,629	57,804,826	38,501,003
Short-term deposits	177,990,901	75,800,000	177,900,000	75,800,000
Cash and cash equivalents	238,732,926	116,277,629	235,704,826	114,301,003
Impairment of cash and cash equivalents	(1,101,595)	-	(1,101,595)	-
Total cash and cash equivalents	237,631,331	116,277,629	234,603,231	114,301,003

22 Borrowings

The maturity of the loans is as follows:

Payable within one year (included in current liabilities)	173,568,899	32,453,044	173,568,899	32,453,044
More than one year but not exceeding two years	81,890,304	82,210,969	81,890,304	82,210,969
More than two years but not exceeding five years	216,952,343	212,666,964	216,952,343	212,666,964
More than five years	36,496,969	85,210,846	36,496,969	85,210,846
Amounts included in non-current liabilities	335,339,616	380,088,779	335,339,616	380,088,779

22.1 Summary of borrowing arrangements

MTN Nigeria has a loan portfolio with a consortium of local banks, foreign banks and export development agencies. The details of the facilities are as follows:

Facility	Type	Outstanding balance as at 30 September
Local facility M	N200 billion local currency term loan maturing in 2025, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%.	N181.8 billion
Local facility N	N200 billion local currency term loan maturing in 2026, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%.	N200 billion
Foreign facility H	USD 329 million Export Credit Agency backed Facility from KfW-IPEX Bank and Citibank. The first tranche (H1) of the loan totaling \$87m has been drawn while the remaining tranches (H2 and H3) expired undrawn. H1 and H3 are variable interest loan facilities linked to the 6-Month LIBOR plus a 1.15% margin, while H2 is a fixed interest rate loan at 2.18% p.a.	USD 25.6 million
Foreign facility J	A USD 114 million Syndicated Buyer's Credit Facility with floating interest rate Facilities at 6-Month LIBOR plus a margin of 5.5%.	USD 39.9 million
Commercial Paper	Under the N100 billion Commercial paper Issuance Programme, Two series were issued on June 8, 2020 comprising of: Series I: With a Face value of N20bn for 182 days at discount rate of 4.78%. Series II: With a face value of N80bn for 270 days at discount rate of 5.70%	N100 billion

In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
23 Trade and other payables				
Trade payables	42,844,514	27,462,995	42,827,295	27,293,296
Trade payables - related parties	25,265,578	16,383,547	25,240,335	16,383,546
Other payables*	24,825,538	13,633,928	24,771,220	13,612,670
Accrued expenses	149,275,852	132,960,026	148,490,444	132,352,060
Derivative**	437,167	-	437,167	-
	242,648,649	190,440,496	241,766,461	189,641,572

*Other payables include withholding, value added tax liabilities and sundry payables.

**Derivative is cross currency swap that will mature in June 2021.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

	Group		Company	
	In thousands of Nigerian Naira		In thousands of Nigerian Naira	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
24 Other current liabilities				
Contract liabilities	47,220,510	46,806,355	46,865,463	46,745,269
Provisions	22,724,190	27,269,070	22,724,190	27,269,070
Total other current liabilities	69,944,700	74,075,425	69,589,653	74,014,339
25 Deferred tax and other non-current liabilities				
25.1 Deferred tax				
Opening balance	120,586,576	109,266,019	113,039,867	100,191,396
Additional tax	(7,734,097)	12,829,899	(6,772,045)	12,848,471
Adjustment on consolidation	(1,213,159)	(1,509,342)	-	-
	111,639,320	120,586,576	106,267,822	113,039,867

The deferred tax assets and liabilities have been offset because the Group has a legally enforceable right to set off current tax assets against current tax liabilities. They also relate to income taxes levied by the same taxation authority.

	Group		Company	
	In thousands of Nigerian Naira		In thousands of Nigerian Naira	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
25.2 Provisions				
At beginning of period	27,340,494	21,425,130	27,340,494	21,425,130
Additions	12,577,326	21,144,958	12,577,326	21,144,958
Unused amounts reversed	(5,149,281)	(6,818,000)	(5,149,281)	(6,818,000)
Utilised	(12,007,926)	(8,411,595)	(12,007,926)	(8,411,595)
At end of period	22,760,613	27,340,493	22,760,613	27,340,493
Current	22,724,190	27,269,070	22,724,190	27,269,070
Non-current	36,423	71,424	36,423	71,424
25.3 Other non-current liabilities				
Share based payment liability	698,529	744,591	698,529	744,591
Derivative	-	264,573	-	264,573
	698,529	1,009,164	698,529	1,009,164
Total deferred tax and other non-current liabilities	112,374,272	121,667,164	107,002,774	114,120,455

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019*	30 Sept 2020	31 Dec 2019*
26 Lease liabilities				
The statement of financial position shows the following amounts relating to leases:				
Current	47,515,511	33,564,290	47,515,511	33,564,290
Non-current	582,069,382	458,508,923	582,069,382	458,508,923
	629,584,893	492,073,213	629,584,893	492,073,213
27 Current tax payable				
Opening balance	65,625,921	54,131,436	65,325,408	53,667,534
Provision for the period/year				
- company income tax	69,108,477	67,813,183	69,106,117	67,677,420
Provision for the period/year				
- education tax	7,183,556	8,844,585	7,178,384	8,844,585
Provision for the year/ period				
- Nigerian Police Trust Fund	10,942	14,734	10,942	14,734
Tax paid	(55,912,115)	(44,068,636)	(55,876,540)	(43,769,484)
Income tax on dividends	-	(18,013,744)	-	(18,013,744)
Withholding tax credit	(1,883,734)	(3,095,637)	(1,883,734)	(3,095,637)
Reclassification	(1,638,412)	-	(1,638,412)	-
Closing balance	82,494,635	65,625,921	82,222,166	65,325,408

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Group		Company	
	For the period ended 30 Sept 2020	30 Sept 2019*	For the period ended 30 Sept 2020	30 Sept 2019*
28 Cash generated from operations				
Profit before tax	211,594,286	212,904,977	218,847,554	215,470,092
Adjustments for non cash items:				
Finance income	(11,940,294)	(17,732,723)	(11,927,608)	(17,732,724)
Finance cost	107,356,558	89,554,202	107,356,557	89,554,202
Depreciation of property, plant and equipment	112,582,436	110,395,444	112,582,435	110,395,444
Impairment of property, plant and equipment	1,045,900	21,140	1,045,900	21,140
Depreciation of right of use assets	52,034,619	39,317,006	52,034,620	39,317,006
Amortisation of intangible assets	26,236,140	21,986,670	22,247,325	17,971,237
Loss/(gain) on disposal of property, plant and equipment	166,095	(242,002)	166,095	(242,002)
Impairment and write-down of trade receivables	4,519,887	315,615	4,519,887	496,585
Impairment/(reversal of impairment) of trading inventory	2,087,941	(1,102,096)	2,087,941	(1,102,096)
Impairment of liquid financial assets	1,509,753	-	1,509,753	-
	507,193,321	455,418,233	510,470,459	454,148,884
Changes in working capital:				
(Increase)/decrease in inventory	(2,674,993)	1,276,379	(2,674,993)	1,283,109
Increase in trade and other receivables	(9,918,830)	(7,445,935)	(10,098,112)	(7,880,852)
Increase/(decrease) in trade and other payables	56,348,061	(20,110,481)	56,264,798	(21,110,552)
Decrease in share based payments	(46,062)	-	(46,062)	-
Increase in contract acquisition costs	(2,134,127)	(877,846)	(2,134,127)	(877,846)
(Decrease)/increase in provisions	(4,572,383)	3,707,254	(4,572,383)	3,707,254
Increase in contract liabilities	414,155	4,610,951	120,194	6,936,108
	37,415,821	(18,839,678)	36,859,315	(17,942,779)
Cash generated from operations	544,609,142	436,578,555	547,329,774	436,206,105

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

In thousands of Nigerian Naira	Company	
	30 Sept 2020	31 Dec 2019
29 Equity		
29.1 Authorised:		
27,850,000,000 ordinary shares of N0.02 each	557,000	557,000
	557,000	557,000
29.2 Issued and fully paid:		
20,354,513,050 ordinary shares of N0.02 each	407,090	407,090
	407,090	407,090
29.3 Share premium		
4,500,000 ordinary shares of N 3,779.89 each	17,009,500	17,009,500
138,960 ordinary shares of N 1,488.15 each	206,793	206,793
	17,216,293	17,216,293

30 Earnings per share (EPS)

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period. On the other hand, diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

In thousands of Nigerian Naira	Group		Company	
	For the period ended 30 Sept 2020	30 Sept 2019*	For the period ended 30 Sept 2020	30 Sept 2019*
Profit attributable to equity holders	144,238,567	149,223,343	149,324,156	151,001,831
Weighted average number of ordinary shares (in thousands)	20,354,513	20,354,513	20,354,513	20,354,513
Basic/diluted EPS (N)	7.09	7.33	7.34	7.42

31 Foreign exchange exposure

Included in the Group statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group:

Group 30 September 2020 In thousands of Naira	United States Dollar	Euro	British Pound Sterling	South African Rand	Total
Assets					
Current assets					
Trade and other receivables	11,318,632	-	-	-	11,318,632
Current investments	19,868,700	-	-	-	19,868,700
Restricted cash	2,762,748	-	-	-	2,762,748
Cash and cash equivalents	4,596,668	558	10,299	6	4,607,530
	38,546,747	558	10,299	6	38,557,609
Liabilities					
Current liabilities					
Trade payables	50,042,750	26,488	6,984	1,427	50,077,649
Borrowings	31,888,197	-	-	-	31,888,197
Other payables	50,993,618	431,690	26,139	30,807	51,482,254
Intercompany payable	16,391,418	-	-	31,068	16,422,486
	149,315,982	458,178	33,123	63,302	149,870,585
Non-current liabilities					
Borrowings	8,872,068	-	-	-	8,872,068
Lease liabilities	29,746,075	-	-	-	29,746,075
	38,618,143	-	-	-	38,618,143
Total liabilities	187,934,125	458,178	33,123	63,302	188,488,728

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

32 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

Various transactions were entered into by the Group during the year with related parties. The terms of these transactions are at arm's length.

Holding and ultimate holding companies

The **Company's** holding company is MTN International (Mauritius) Limited, a company incorporated in the Republic of Mauritius and its ultimate holding company is MTN Group Limited, a company incorporated in South Africa. MTN Nigeria Communications PLC's subsidiaries are XS Broadband Limited, Visafone Communications Limited (in liquidation) and Yello Digital Financial Services Limited. Their principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services respectively

In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
The following is a summary of transactions between the Group and its related parties during the year and balances due at year end:				
Parent company: MTN International (Mauritius) Limited				
Dividends paid (excluding withholding tax):	50,134,449	93,628,636	71,190,917	93,628,636
Redemption of preference shares	-	112,345,104	-	112,345,104
Subsidiaries				
Visafone Communications Limited Purchases	-	-	-	33,860
Cost charged for hosting its customers on the network	-	-	-	704,355
Intercompany receivable/(payable)	-	-	(317,885)	178,813
Yello Digital Financial Services Limited Transactions				
Intercompany receivable	-	-	2,770,471	1,102,719
XS Broadband Limited Transactions				
Intercompany receivable	-	-	638,297	613,054

Related party balances

The Group is related to other entities in the MTN Group by virtue of common shareholding. The transactions with related parties during the year are as follows:

Amounts due to related parties

MTN Sudan	100,474	76,121	100,474	76,121
MTN Uganda	1,263	1,824	1,263	1,824
MTN Zambia	5,276	5,473	5,276	5,473
MTN Dubai	-	361,547	-	361,547
Global Trading Company	-	371,308	-	371,308
MTN Management Services Co	1,191,505	1,064,037	1,191,505	1,064,037
MTN Benin	811,490	1,194,963	811,490	1,194,963
MTN (Dubai) Limited	446,044	-	446,044	-
MTN Procurement Global Trading Company	958,185	-	958,185	-
Mobile Telephone Networks (Pty) Limited	299,876	-	299,876	-
MTN Cameroon	202,304	627,568	202,304	627,568
MTN Congo	11,913	8,690	11,913	8,690
MTN Cote d'Ivoire	64,266	168,431	64,266	168,431
MTN Ghana	112,741	770,212	112,741	770,212
MTN Guinea Bissau	706	262	706	262
MTN Namibia	41	87	41	87
MTN Rwanda	315	2,220	315	2,220
MTN South Africa	-	588,751	-	588,751
Interserve Overseas Ltd	5,202,352	2,023,424	5,202,352	2,023,424
MTN Global Connect	2,079,100	613,240	2,079,100	613,240
MTN International (Mauritius) Limited	13,777,726	8,491,775	13,777,726	8,491,775
MTN Holdings	-	13,612	-	13,612

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In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
32 Related party transactions (continued)				
Amounts due from related parties				
MTN Sudan	92,452	87,377	92,452	87,377
MTN Zambia	33,553	17,593	33,553	17,593
MTN Global Connect	8,701,865	6,292,182	8,701,865	6,292,182
Lonestar Communications Corporations (Liberia)	30,990	15,720	30,990	15,720
MTN Afghanistan Limited	274	-	274	-
MTN Afghanistan	-	259	-	259
MTN Benin	23,513	274,404	23,513	274,404
MTN Cameroon	455,662	1,688,173	455,662	1,688,173
MTN Congo	36,513	18,724	36,513	18,724
MTN Cote d'Ivoire	75,516	339,711	75,516	339,711
MTN Ghana	-	719,235	-	719,235
MTN Guinea Bissau	25,139	8,769	25,139	8,769
MTN Guinea Conakry	14,361	13,576	14,361	13,576
MTN South Africa	-	749,613	-	749,613
MTN Group Management Services	2,770,711	2,264,945	2,770,711	2,264,945
Mobile Telephone Networks (Pty) Ltd	292,901	-	292,901	-
Purchases from related parties				
MTN Sudan	20,266	3,500	20,266	3,500
MTN Swaziland	143	324	143	324
MTN Syria	197	472	197	472
MTN Uganda	15,546	4,387	15,546	4,387
MTN Yemen	47	51	47	51
MTN Zambia	5,083	799	5,083	799
MTN (Dubai) Limited	2,482,673	2,388,054	2,482,673	2,388,054
MTN South Sudan	3,138	708	3,138	708
Global Trading Company	594,409	1,106,047	594,409	1,106,047
MTN Global Connect	1,158,901	17,144	1,158,901	17,144
Lonestar Communications Corporations (Liberia)	2,008	4,236	2,008	4,236
MTN Namibia	194	401	194	401
MTN Benin	1,319,897	48,146	1,319,897	48,146
MTN Cameroon	212,107	35,133	212,107	35,133
MTN Congo	3,125	1,045	3,125	1,045
MTN Cote d'Ivoire	56,592	9,968	56,592	9,968
MTN Cyprus	2,427	1,645	2,427	1,645
MTN Ghana	595,331	96,111	595,331	96,111
MTN Guinea Bissau	2,630	813	2,630	813
MTN Guinea Conakry	483	912	483	912
MTN Irancell	568	339	568	339
MTN Rwanda	6,948	5,449	6,948	5,449
Mobile Telephone Networks (Pty) Ltd	524,088	35,156	524,088	35,156

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In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
32 Related party transactions (continued)				
Sales to related parties				
MTN Sudan	658	34,828	658	34,828
MTN Swaziland	17	264	17	264
MTN Syria	57	57	57	57
MTN Uganda	1,102	12,693	1,102	12,693
MTN Yemen	14	11	14	11
MTN Zambia	9,798	17,410	9,798	17,410
MTN South Sudan	8,098	3,176	8,098	3,176
MTN Namibia	207	1,230	207	1,230
MTN Global Connect	10,747,190	6,292,182	10,747,190	6,292,182
Lonestar Communications Corporations (Liberia)	1,638	2,753	1,638	2,753
MTN Benin	44,028	926,984	44,028	926,984
MTN Cameroon	16,959	518,852	16,959	518,852
MTN Congo	187	9,655	187	9,655
MTN Cote d'Ivoire	3,232	168,799	3,232	168,799
MTN Cyprus	230	369	230	369
MTN Ghana	23,788	4,000,391	23,788	4,000,391
MTN Guinea Bissau	177	364	177	364
MTN Guinea Conakry	1,120	5,748	1,120	5,748
MTN Irancell	36	29	36	29
MTN Rwanda	638	1,340	638	1,340
Mobile Telephone Networks (Pty) Ltd	17,131	516,972	17,131	516,972

The receivables from related parties arise mainly from professional, roaming and interconnect services transactions rendered on behalf of other operations within MTN Group. These are due one month after the date of rendering of service. No provisions are held against receivables from related parties.

Trade payables to related parties arise mainly from professional fees, roaming, Application to Person (A2P) SMS, and interconnect services rendered on MTN Nigeria's behalf by other operations within the MTN Group and are due one month after the date of purchase.

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33 Financial Instruments and risk management

33.1 Accounting classes and fair values

Group	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Total Carrying Amount
In thousands of Nigerian Naira				
30 September 2020				
Non-Current financial assets				
Other investments	33,133,927	-	-	33,133,927
	33,133,927	-	-	33,133,927
Current financial assets				
Trade and other receivables	41,116,951	-	-	41,116,951
Current investments	49,688,247	21,458,060	3,239,108	74,385,415
Cash at bank and on hand	237,631,331	-	-	237,631,331
Restricted cash	25,965,737	-	-	25,965,737
	354,402,266	21,458,060	3,239,108	379,099,434
	387,536,193	21,458,060	3,239,108	412,233,361
Non-current financial liabilities				
Borrowings	335,339,616	-	-	335,339,616
Lease liabilities	582,069,382	-	-	582,069,382
	917,408,998	-	-	917,408,998
Current financial liabilities				
Trade and other payables	242,648,649	-	-	242,648,649
Current borrowings	173,568,899	-	-	173,568,899
Other current liabilities	69,944,700	-	-	69,944,700
Derivative	437,167	-	-	437,167
Lease liabilities	47,515,511	-	-	47,515,511
	534,114,926	-	-	534,114,926
	1,451,523,924	-	-	1,451,523,924
31 December 2019*				
Current financial assets				
Trade and other receivables	47,243,994	-	-	47,243,994
Current investments	45,056,763	3,634,024	6,135,782	54,826,569
Cash and cash equivalents	116,277,629	-	-	116,277,629
Restricted cash	38,049,589	-	-	38,049,589
	246,627,975	3,634,024	6,135,782	256,397,781
Non-current financial liabilities				
Borrowings	380,088,779	-	-	380,088,779
Derivative	-	264,573	-	264,573
Lease liabilities	481,434,369	-	-	481,434,369
	861,523,148	264,573	-	861,787,721
Current financial liabilities				
Trade and other payables	27,462,995	-	-	27,462,995
Borrowings	32,453,044	-	-	32,453,044
Accrued expenses	113,411,051	-	-	113,411,051
Other payables	428,660	-	-	428,660
Amount due to related parties	16,383,546	-	-	16,383,546
Lease liabilities	35,099,787	-	-	35,099,787
	225,239,083	-	-	225,239,083
	1,086,762,231	264,573	-	1,087,026,804

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

33 Financial Instruments and risk management (continued)

33.2 Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Where a financial asset or liability is carried on the statement of financial position at fair value, additional disclosure is required. In particular, the fair values need to be classified in accordance with the fair value hierarchy. This fair value hierarchy distinguishes between different fair value methodologies based on the level of subjectivity applied in the valuation. The fair value hierarchy is split into the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (e.g. the price quoted on a stock exchange for a listed share).

Level 2: Valuation techniques with 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) (e.g. a valuation that uses observable interest rates or foreign exchange rates as inputs).

Level 3: Valuation techniques with inputs that are not based on observable market data (that is, unobservable inputs) (e.g. a valuation that uses the expected growth rate of an underlying business as input).

The Group's financial instruments measured at fair value are presented below.

Group and Company In thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total
30 September 2020				
Assets				
Treasury bills and bonds at FVTPL	21,458,060	-	-	21,458,060
Treasury bills and bonds at FVOCI	3,239,108	-	-	3,239,108
	24,697,168	-	-	24,697,168
Liabilities				
Derivative	-	437,167	-	437,167
	-	437,167	-	437,167
31 December 2019				
Assets				
Treasury bills and bonds at FVTPL	3,634,024	-	-	3,634,024
Treasury bills and bonds at FVOCI	6,135,782	-	-	6,135,782
	9,769,806	-	-	9,769,806
Liabilities				
Derivative	-	264,573	-	264,573
	-	264,573	-	264,573

Fair value measurements for financial instruments not measured at fair value.

Financial asset at amortised cost and financial liabilities at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

The fair values of the majority of the non-current liabilities measured at amortised cost are also not significantly different from their carrying values.

COVID-19 impact

The impact of the outbreak on fair value measurement for treasury bills although immaterial has been assessed and recognized in the financial statements.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

33 Financial Instruments and risk management (continued)

33.3 Financial assets and liabilities subject to offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Interconnect partners payables are offset against its receivables and reported on a net basis in the statement of financial position.

The following table presents the Group's financial assets and liabilities that are subject to offsetting:

In thousands of Nigerian Naira	Gross amount	Amount offset	Net amount
30 September 2020			
Current financial assets			
Interconnect receivables	19,141,039	10,424,461	8,716,579
	19,141,039	10,424,461	8,716,579
Current financial liabilities			
Interconnect payables	12,718,859	10,424,461	2,294,398
	12,718,859	10,424,461	2,294,398
31 December 2019			
Current financial assets			
Interconnect receivables	24,618,126	10,348,523	14,269,603
	24,618,126	10,348,523	14,269,603
Current financial liabilities			
Interconnect payables	13,915,264	10,348,523	3,566,741
	13,915,264	10,348,523	3,566,741

33.4 Credit risk

Credit risk or the risk of financial loss to the Group due to customers or counter parties not meeting their contractual obligations and is managed through the application of credit approvals, limits and monitoring procedures.

The Group's maximum exposure to credit risk is represented by the carrying amount of the financial assets that are exposed to credit risk.

The following instruments give rise to credit risk

In thousands of Nigerian Naira	Group		Company	
	30 Sept 2020	31 Dec 2019*	30 Sept 2020	31 Dec 2019*
Cash and cash equivalents	237,631,331	116,277,629	116,277,629	114,301,003
Trade receivables	50,005,731	47,243,994	52,400,096	48,439,945
Restricted cash	25,965,737	38,049,589	25,965,737	37,999,589
Current investments	74,385,414	54,826,569	74,385,414	54,826,569
	387,988,213	256,397,781	269,028,876	255,567,106

Cash and cash equivalents and restricted cash

Cash and cash equivalents, restricted cash and current investments. The Group's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate values of investment portfolio is spread amongst approved financial institutions, which are lending institutions to the Group. The Group's Cash investment activity is based on the SLY (Safety, Liquidity and Yield) principle while it also limits its cash holdings in a financial institution to a maximum of 40% of total investment portfolio to manage concentration risk. The Exposure is controlled by a right of setoff and counter party exposure limits derived from the facility amount provided to the Group, the credit rating of the lending institutions as well as the cash collection by each of the lending institutions.

The credit ratings of the counterparty financial institutions where we have bank deposits and restricted cash range from B- to B.

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

33 Financial Instruments and risk management (continued)**33.4 Credit risk****Trade receivables**

Customer credit risk is managed by each business unit subject to the **Group's** established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type).

The Group holds collateral as security for trade receivables relating to trade partners. These are bank guarantees held with bank with credit ratings of B- to B. A total of N4.51 billion was held as collateral for same value of receivables as at 30 September 2020 (Dec 2019: N4.75 billion). Trade partners are to pay within seven days of credit advanced. In the event of default, the bank guarantee is recalled immediately to offset the credit.

COVID-19 impact

In view of COVID-19, historical credit losses have been adjusted for the effects of current conditions and forecasts of future conditions. Total estimated credit losses for the period ended stood at N4.5billion (September 2019 N315.6million)

Current investments

Current investments are all liquid assets that consist of marketable securities. They are primarily selected based on the funding and liquidity plan of the Group and from issuers with the least known credit and default risk. In connection with investment decisions, priority is placed on the **issuer's** very high creditworthiness and the present yield/interest rates offered. In this assessment, the Group also considers the credit risk assessment of the issuer by the rating agencies such as Fitch, Standards and Poor (S & P). The Federal Government of Nigeria (FGN) has one of the lowest credit risks known in the country and in a possibility of default, it could simply increase the circulation of money in the country or borrow from international sources to pay off its local debt. In line with the **Group's** risk policy, its investments in treasury bills have no historical rate of default and the investments can be liquidated and sold at the prevalent market rates at that point in time. The international rating for the FGN is B, a speculative grade, for its Short-Term Local Currency Issuer Default Rating (IDR) which is a stable rating but not yet at the investment grade level which is hardly given to African Countries. Current investments are thus not subject to a material credit risk and are allocated to stage 1 of the impairment model.

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The computed ECL resulted in an immaterial impairment on current investments.

The credit ratings of the counterparty financial institutions where we have current investments range from B- to B.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

33 Financial Instruments and risk management (continued)

33.5 Interest rate risk

Interest rate risk is the risk that the cash flow or fair value of an interest bearing financial instrument will fluctuate because of changes in market interest rates.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, short term investments and borrowings. The interest rates applicable to these financial instruments are on a combination of floating and fixed basis in line with those currently available in the market.

The Group's interest rate risk arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist.

The Group manages its debt on an optimal mix of local and foreign borrowings and fixed and floating interest rates.

COVID-19 Impact

Interest rates on borrowings are still trending in the Pre- COVID-19 direction in a downward direction, so there has not been a major impact of the COVID-19 on borrowings.

Profile

At the reporting date the interest rate profile of the Group's financial instruments is as follows:

In thousands of Nigerian Naira	30 September 2020			31 December 2019		
	Fixed rate instruments	Variable rate instruments	Non interest bearing	Fixed rate instruments	Variable rate instruments	Non interest bearing
Financial assets						
Cash and cash equivalents	176,889,306	-	60,742,025	75,800,000	-	40,477,629
Current investments	74,385,414	-	-	65,468,259	-	-
Restricted cash	-	-	25,965,737	-	-	31,876,719
Trade and other receivables	-	-	41,116,951	-	-	48,463,656
	251,274,720	-	127,824,713	141,268,259	-	120,818,004
Financial liabilities						
Trade payables	-	-	68,110,092	-	-	18,607,924
Accrued expenses	-	-	149,275,852	-	-	121,315,900
Other payables	-	-	24,825,538	-	-	1,196,006
Amounts due to related parties	-	-	-	-	39,652,033	-
Current borrowings	-	173,568,899	-	-	-	105,127,783
Non-current borrowings	-	335,339,616	-	-	143,875,889	-
	-	508,908,515	242,211,482	-	183,527,922	246,247,613

Interest rate sensitivity

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant.

The Group is mainly exposed to fluctuations in the following market interest rates: LIBOR and NIBOR. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. Changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the reporting date and assumes that all other variables, in particular foreign currency rates, remains constant. The analysis is performed on the same basis for prior year.

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For the nine months ended 30 September 2020

33 Financial instruments and risk management (continued)

33.5 Interest rate risk (continued)

	30 September 2020			31 Dec 2019		
	Increase/(decrease) in profit before tax			Increase/(decrease) in profit before tax		
	Change in interest rate	Upward change in interest rate	Downward change in interest rate	Change in interest rate	Upward change in interest rate	Downward change in interest rate
	%	N'000	N'000	%	N'000	N'000
LIBOR	1	(152,695)	152,695	1	(325,418)	325,418
NIBOR	1	(3,345,836)	3,345,836	1	(3,800,000)	3,800,000

Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities. The Group manages foreign currency risk on major foreign denominated purchase orders through the use of Letters of Credit. The Group has also entered into a currency swap arrangement to enhance dollar liquidity to address critical operational requirements.

Sensitivity analysis

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the US Dollar, being the significant foreign denominated currency.

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous 10% strengthening or 5% weakening in the Nigerian Naira against the US Dollar, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant.

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period. The analysis is performed on the same basis for the Company.

Transactions in foreign currencies other than US Dollars were not significant.

Group	30 September 2020		31 December 2019	
	Increase/(decrease) in profit before tax		Increase/(decrease) in profit before tax	
	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax
In thousands of Naira				
Denominated:				
Functional				
US\$:NGN	(7,791,908)	3,895,954	(2,470,117)	1,235,058

33.6 Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its obligations as they become due.

The Group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due **under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.**

The Group ensures it has sufficient cash on demand (currently the Group is maintaining a positive cash position) or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

33 Financial risk management and financial instruments (continued)

33.6 Liquidity risk (continued)

The following are the liquid resources:

In thousands of Nigerian Naira	Carrying Amount	
	30 Sept 2020	31 Dec 2019
Cash at bank and on hand	237,631,331	116,277,629
Trade and other receivables	41,116,951	48,463,656
Current investments	74,385,414	54,826,569
	353,133,696	219,567,854

COVID-19 impact

We have considered the potential of liquidity and working capital shortfalls due to changes in liquidity risk on financial instruments as a result of the pandemic. We have not had working capital shortfalls as a result of COVID-19. Beyond the steady operational cashflows, the current investment climate has provided an opportunity to raise funds at moderately low rates as witnessed in the recently raised N100 billion Commercial Paper that was oversubscribed.

The following are the contractual maturities of financial liabilities

In thousands of Nigerian Naira	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
30 September 2020								
Trade payables	69,173,805	41,454,304	27,719,502	-	-	-	-	69,173,805
Accrued expenses	149,275,852	141,221,182	5,596,602	2,458,068	-	-	-	149,275,852
Other payables	23,761,825	23,761,825	-	-	-	-	-	23,761,825
Current lease liability	47,515,511	-	28,610,210	89,350,467	-	-	-	117,960,676
Current borrowings	173,568,899	-	6,758,091	166,810,808	-	-	-	173,568,899
Non-current lease liability	582,069,382	-	-	-	117,827,853	348,679,205	475,716,215	942,223,273
Non-current borrowings	335,339,616	-	-	-	81,890,304	217,187,854	36,261,458	335,339,616
Derivative	437,167	-	-	437,167	-	-	-	437,167
	1,381,142,057	206,437,311	68,684,404	259,056,510	199,718,157	565,867,060	511,977,672	1,811,741,113
31 December 2019								
Trade payables	27,462,995	12,351,986	15,111,009	-	-	-	-	27,462,995
Accrued expenses	113,411,051	89,561,895	23,849,156	-	-	-	-	113,411,051
Other payables	428,660	428,660	-	-	-	-	-	428,660
Amount due to related party	16,383,546	-	16,383,546	-	-	-	-	16,383,546
Current lease liability	35,099,787	-	28,244,842	73,552,857	-	-	-	101,797,699
Current borrowings	32,453,044	-	19,905,271	71,338,523	-	-	-	91,243,794
Non-current lease liability	481,434,369	-	-	-	99,396,747	285,118,485	435,727,955	820,243,187
Non-current borrowings	380,088,780	-	-	-	132,766,674	310,052,477	94,044,438	536,863,589
Derivative	264,573	-	-	-	264,573	-	-	264,573
	1,087,026,805	102,342,541	103,493,824	144,891,380	232,427,994	595,170,962	529,772,393	1,708,099,094

Notes to the condensed consolidated and separate financial statements

For the nine months ended 30 September 2020

33 Financial risk management and financial instruments (continued)

33.7 Capital risk management

The Group seeks to optimise its capital structure by ensuring adequate gearing levels taking into consideration working capital, cash flow, existing loan covenants, operational requirements, business plan and broader macro-economic conditions.

It maximizes external borrowings on the back of its strong cash generating capacity. In line with its funding policy, the Group diversifies funding sources across local and international markets and ensures that new facility conditions comply with existing loan covenants.

Management monitors net debt to EBITDA and EBITDA to net interest in line with the financial covenants in the loan agreement while it seeks to limit refinancing risk by controlling the concentrations of maturing obligations in the short end of maturity profile. Equity approximates share capital and reserves. EBITDA is defined as earnings before interest, tax, depreciation, amortisation and goodwill impairment/losses.

Gross debt relates to MTN Nigeria syndicated medium term loan and commercial paper, net debt is the gross debt less cash and cash equivalents and total funding is gross debt plus equity.

In thousands of Naira	Group	
	30 Sept 2020	31 Dec 2019*
Revenue	975,826,616	1,169,734,682
Operating expenses excluding depreciation and amortisation	(477,962,871)	(544,701,022)
EBITDA	497,863,745	625,033,660
Gross debt	508,908,515	412,541,823
Cash and cash equivalents	(237,631,331)	(116,277,629)
Net debt	271,277,184	296,264,194
Gross debt	508,908,515	412,541,823
Equity	117,439,519	145,861,107
Total funding	626,348,034	558,402,930
Gross debt : Total funding	81%	74%
Net debt: Total funding	43%	53%
Net debt : EBITDA	54%	47%

34 Commitments for the acquisition of property, plant, equipment and software

In thousands of Naira	Group		Company	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2020
Commitments for the acquisition of property, plant, equipment and software				
Contracted	46,001,224	49,728,243	46,001,224	49,728,243
Approved but not contracted	32,020,362	15,622,902	32,020,362	15,622,902
Total commitments for property, plant, equipment and software	78,021,587	65,351,145	78,021,587	65,351,145

*2019 figures have been restated, see Note 4

Notes to the condensed consolidated and separate financial statements

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35 Going concern assessment

In accordance with the requirements of IAS 1.25, the Board of Directors of MTN Communications Nigeria PLC have performed an assessment of the **entity's** ability to continue as a going concern when preparing financial statements. The Board has considered whether:

- there is an intention to liquidate MTN Nigeria.
- there is an intention to cease operations.
- MTN has no realistic alternative but to liquidate or cease operations.

Furthermore, we have considered the various events and conditions below that may exist and impact the business individually or collectively may cast significant doubt on the entity's ability to continue as a going concern such as:

- There are no fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment. We are currently complying with all loan agreements and no loans have been renegotiated.
- There are currently no changes in legislation or government policy expected to adversely affect MTN Communications Nigeria PLC.
- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows, however **there's** been a major impact of forex deterioration on the business due to the increase in the NAFEX rate from N365 to around N387 to \$1. There is an ongoing effort to re-denominate some categories of foreign denominated expenditure to local currency to reduce exposure to exchange rate volatility.
- There are no plans to restructure the business of MTN Nigeria, dispose major assets or business.
- An assessment of forecast cash flows and projections has been performed, including potential impact of external/internal variations, uncertainties and sensitivity of expenditure plans. We are satisfied that the business continuity is not hindered in any way or manner.

Based on the factors considered above and taking account of reasonable possible changes in trading performance and the current financial position, the going concern basis has been adopted in preparing the consolidated financial statements. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

36 Business continuity on the COVID-19 pandemic

Our risk management methodology requires that we constantly monitor new and emerging risks that can disrupt business operations and impact our ability to meet our commitments to customers and other stakeholders. One such risk is the novel coronavirus (COVID-19) pandemic, which is currently active in over 200 countries around the world and having infected over 39 million people. This has led to great uncertainty in the world markets and a shutdown of major parts of the world economy.

The pandemic has become a global stress testing of every **business's** financial, operational and commercial resilience. The **lockdown of certain states and institution of curfews in many others has impacted MTN Nigeria's operations across the country.**

However, at MTN Nigeria, we have rapidly adapted our operations and way of working to accommodate the current constraints and market conditions caused by the COVID-19 pandemic.

We have in place a Crisis Management Team to oversee the planning and execution of all contingency activities to ensure the safety of our staff, customers, and stakeholders as well as continuity of operations. In addition, we have established a strategic overarching initiative to direct our response to the different COVID-19 scenarios we have termed "**Black Swan**" across the following work streams:

- Staff health, safety and welfare;
- International supply chain;
- Operational continuity;
- Economic impact and capital markets and
- Stakeholder engagement.

A governance structure - including the Crisis Management Team (a cross-section of senior members of staff), Executive Management and the Board - exists to deliberate on and proffer recommendations that proactively address the impact of the pandemic or any possible disruptions to our operations.

Notes to the condensed consolidated and separate financial statements

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36 Business continuity on the COVID-19 pandemic (continued)

MTN Nigeria has a plan which provides a guide to the Board, Executive Management and the Crisis Management Team in our response to the pandemic. This includes the implementation of precautionary measures for staff health and safety, deployment of measures to mitigate potential supply chain disruptions, strategic stakeholder engagement, enhancement of our network and IT systems and stress testing of business plans.

We have deployed telecommuting capabilities to enable remote working and access to the office platforms for all staff. This also includes tools for virtual meetings so that staff members can collaborate and meet with each other and external parties from the comfort and safety of their homes. Today, all meetings including Executive Management and Board meetings are conducted via virtual platforms.

Telecommunications has been categorized as an essential service by the Federal Government of Nigeria, therefore, we have prioritized all required actions to ensure network availability and improved customer experience in Nigeria.

MTN Nigeria, in collaboration with the Nigeria Centre for Disease Control (NCDC) has activated various channels of communication with key stakeholders to share and manage information about the COVID-19 pandemic. Sensitisation information targeted at staff, suppliers, customers, and the general public is disseminated via Emails, SMS, WhatsApp, and multimedia channels. We also have hotlines that our staff can utilise in the event of an emergency.

MTN Nigeria is also actively assessing the impact of the pandemic on the business from the macroeconomic standpoint, stemming from issues such as declining oil prices, foreign currency pressures and global supply chain disruptions. While it is uncertain how long the COVID-19 pandemic would last, we are working tirelessly to ensure the **'lights remain on'** safely and responsibly for our staff and all stakeholders in our ecosystem, while responding to the emerging threats and changing priorities as they arise.

37 Securities Trading Policy

MTN Nigeria Communications Plc has in place a Securities Trading Policy which guides the Board and employees when effecting transactions in the **Company's** shares. The Policy provides for periods for Dealing in Shares and other Securities, established communication protocols on periods when transactions are not permitted to be effected on the **Company's** Shares as well as disclosure requirements when effecting such transactions.

Insiders covered in this Policy have not notified the Company of any dealing in the **Company's** Securities within this period and the Company is not aware of any breach of this Policy within the period.

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38 Shareholders and their interest

Share Range	Number of Shareholders	% of Shareholder	Number of holdings	% Shareholding
1 - 10,000	6,118	75.1320	10,046,051	0
10,001 - 50,000	924	11.3472	23,128,945	0
50,001 - 100,000	242	2.9719	18,381,362	0
100,001 - 500,000	497	6.1034	115,175,614	1
500,001 - 1,000,000	128	1.5719	94,825,487	0
1,000,001 - 5,000,000	144	1.7684	334,195,550	2
5,000,001 - 10,000,000	31	0.3807	218,365,340	1
10,000,001 - 50,000,000	46	0.5649	889,969,774	4
50,000,001 - 100,000,000	2	0.0246	126,997,182	1
100,000,001 - 500,000,000	8	0.0982	1,671,276,645	8
500,000,001 - 1,000,000,000	2	0.0246	1,366,607,050	7
1,000,000,001 - Above	1	0.0123	15,485,544,050	76
Total	8,143	100	20,354,513,050	100

As at 30 September 2020, MTN International (Mauritius) Limited with total interest of 76.08% held more than 5% of the issued share capital of the Company.

39 Free float Information

MTN Nigeria Communications Plc with a free float value of N319,340,522,454 as at September 2020 (September 2019: N323 billion) is compliant with The Exchange's requirements for free float for companies listed on the Premium Board.

40 Contingent liabilities

Contingent liabilities represent possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

The Group has N2.6 billion (December 2019: N16 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. These matters are currently being considered by various courts and the timing of the judgements are unknown. In the opinion of the directors, which is based on advice from the legal counsels, no material loss is expected to arise from these claims and litigations.

41 Events after the reporting period

Liquidation of Visafone Communications Limited

The final meeting for Visafone Communications Limited (in liquidation) was held on 5 October 2020. The filing of the final account with Corporate Affairs Commission by the Liquidator is currently ongoing.

MTN's partnership with 9mobile on national roaming

MTN Nigeria Communications PLC has gone into a national roaming partnership with 9mobile and the pilot run in Ondo State is currently live. This partnership essentially covers one-way roaming, allowing 9mobile subscribers to roam on the MTN 2G network.

CEO Succession

On 23rd October 2020, Karl Toriola, was appointed the Chief Executive Officer (CEO) designate of MTN Nigeria Communications PLC. His appointment is effective from 1st March 2021. Ferdinand Moolman the current CEO will assume the role of MTN Group Chief Risk Officer effective 1st March 2021.