



MTN Nigeria Communications PLC  
Unaudited Condensed Consolidated Interim Financial Statements

For the three months period ended 31 March 2020

## Condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

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## Financial Highlights

For the three months period ended 31 March 2020

	Notes	For the three months period ended 31 March 2020 N'000	For the three months period ended 31 March 2019 N'000	% Change
Revenue	4	329,171,448	282,116,821	16.7
Operating profit*		111,298,110	93,868,440	18.6
Profit before tax		76,308,430	70,096,283	8.9
Profit for the period		51,146,000	48,441,374	5.6
		<b>As at 31 Mar 2020 N'000</b>	<b>As at 31 Mar 2019 N'000</b>	<b>% Change</b>
Share capital		407,090	646,510	(37.0)
Total equity		195,700,154	144,685,559	35.3
Basic/ diluted earnings per share (N)	28	2.51	2.38	5.6
Net assets per share (N)		9.61	7.11	35.2
<b>Stock Exchange Information</b>				
Market price per share as at period end (N)		90.00	-	
Market capitalisation as at period end		1,831,906,170	-	
Number of shares issued and fully paid as at period end	28	20,354,513	20,354,513	

\*The growth of 18.6% in operating profit was impacted largely by increase in finance costs as a result of increased borrowings (March 2019: N250 billion, March 2020: N410 billion) leading to decline in growth of Profit before tax to 8.9%.

## Condensed consolidated and separate statement of profit or loss

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Notes	Group		Company	
		For the three months period ended		For the three months period ended	
		31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
<b>Revenue</b>	4	<b>329,171,448</b>	<b>282,116,821</b>	<b>329,163,675</b>	<b>281,570,024</b>
Direct network operating costs	8	(70,364,273)	(59,479,281)	(70,364,273)	(59,420,339)
Value added services costs		(3,706,288)	(3,434,705)	(3,706,288)	(3,433,763)
Cost of handsets and accessories		(4,249,781)	(2,587,028)	(4,249,781)	(2,587,028)
Interconnect costs		(28,018,528)	(26,033,480)	(28,018,528)	(26,027,231)
Roaming costs		(867,935)	(756,889)	(867,935)	(749,749)
Transmission costs		(1,490,006)	(1,481,927)	(1,490,006)	(1,481,927)
Employee benefits	6	(9,262,551)	(6,922,583)	(9,098,813)	(6,922,583)
Discounts and commissions		(16,048,018)	(13,865,624)	(16,019,903)	(13,865,475)
Advertisements, sponsorships and sales promotions		(4,510,281)	(4,193,290)	(4,049,410)	(4,193,290)
Other operating expenses	7	(17,136,802)	(12,929,636)	(16,712,626)	(12,831,773)
Depreciation of property, plant and equipment	10	(37,363,396)	(35,784,981)	(37,363,396)	(35,784,981)
Depreciation of right of use assets	11	(16,018,927)	(13,462,307)	(16,018,927)	(13,462,307)
Amortisation of intangible assets	12	(8,836,552)	(7,316,650)	(7,506,947)	(5,978,209)
<b>Operating profit</b>		<b>111,298,110</b>	<b>93,868,440</b>	<b>113,696,842</b>	<b>94,831,369</b>
Finance income	5	5,695,062	8,693,085	5,690,308	8,693,083
Finance costs	5	(40,684,742)	(32,465,242)	(40,684,742)	(32,465,242)
<b>Profit before tax</b>		<b>76,308,430</b>	<b>70,096,283</b>	<b>78,702,408</b>	<b>71,059,210</b>
Income tax expense	9	(25,162,430)	(21,654,909)	(25,880,624)	(21,963,635)
<b>Profit for the period</b>		<b>51,146,000</b>	<b>48,441,374</b>	<b>52,821,784</b>	<b>49,095,575</b>
<b>Attributable to:</b>					
Owners of the parent		51,146,000	48,441,374	52,821,784	49,095,575
		<b>51,146,000</b>	<b>48,441,374</b>	<b>52,821,784</b>	<b>49,095,575</b>
Earnings per share - basic/diluted	28	<b>N 2.51</b>	<b>N 2.38</b>	<b>N 2.60</b>	<b>N 2.41</b>

The accompanying notes on pages 7 - 26 are an integral part of these condensed consolidated financial statements.



Condensed consolidated and separate statement of comprehensive income

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	For the three months period ended		For the three months period ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Profit for the period	51,146,000	48,441,374	52,821,784	49,095,575
Items that may be reclassified to profit or loss				
Net fair value loss on financial assets held at FVOCI	(131,405)	(6,069)	(131,405)	(6,069)
<b>Total comprehensive income for the period</b>	<b>51,014,595</b>	<b>48,435,305</b>	<b>52,690,379</b>	<b>49,089,506</b>
<b>Attributable to:</b>				
Owners of the parent	51,014,595	48,435,305	52,690,379	49,089,506
	<b>51,014,595</b>	<b>48,435,305</b>	<b>52,690,379</b>	<b>49,089,506</b>

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 - 26 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated and separate statement of financial position

As at 31 March 2020

In thousands of Nigerian Naira	Notes	Group		Company	
		31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	609,574,807	625,095,789	609,574,807	625,095,789
Intangible assets	12	113,470,538	120,946,914	77,925,270	84,072,042
Right of use assets	11	534,650,759	500,067,655	534,650,759	500,067,655
Investment in subsidiaries	13	-	-	45,578,000	45,578,000
Other non-current assets	14	17,224,185	16,996,726	17,224,185	16,996,726
		<b>1,274,920,289</b>	<b>1,263,107,084</b>	<b>1,284,953,021</b>	<b>1,271,810,212</b>
<b>Current assets</b>					
Inventories	16	736,146	909,577	736,146	909,577
Trade and other receivables	17	63,075,192	52,400,096	65,332,928	53,594,201
Current investments	15	74,542,296	54,826,569	74,542,296	54,826,569
Restricted cash	18	39,534,670	38,049,589	39,484,670	37,999,589
Cash and cash equivalents	19	178,985,136	116,277,629	177,145,656	114,301,003
		<b>356,873,440</b>	<b>262,463,460</b>	<b>357,241,696</b>	<b>261,630,939</b>
<b>Total assets</b>		<b>1,631,793,729</b>	<b>1,525,570,544</b>	<b>1,642,194,717</b>	<b>1,533,441,151</b>
<b>EQUITY</b>					
Share capital	27	407,090	407,090	407,090	407,090
Share premium	27	17,216,293	17,216,293	17,216,293	17,216,293
Retained profit		177,687,015	126,541,015	195,940,637	143,118,853
Other reserves		389,756	521,161	389,756	521,161
		<b>195,700,154</b>	<b>144,685,559</b>	<b>213,953,776</b>	<b>161,263,397</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	20	360,059,488	380,088,780	360,059,488	380,088,779
Lease liabilities	24	517,958,452	481,434,369	517,958,452	481,434,369
Deferred tax and other non-current liabilities	23	114,931,287	121,667,163	108,102,773	114,120,456
		<b>992,949,227</b>	<b>983,190,312</b>	<b>986,120,713</b>	<b>975,643,604</b>
<b>Current liabilities</b>					
Trade and other payables	21	178,987,875	190,440,496	178,655,271	189,641,572
Current tax payable	25	97,867,466	65,625,921	97,557,625	65,325,408
Borrowings	20	50,197,579	32,453,044	50,197,579	32,453,044
Lease liabilities	24	40,463,341	35,099,787	40,463,341	35,099,787
Other current liabilities	22	75,628,088	74,075,425	75,246,412	74,014,339
		<b>443,144,349</b>	<b>397,694,673</b>	<b>442,120,228</b>	<b>396,534,150</b>
<b>Total liabilities</b>		<b>1,436,093,575</b>	<b>1,380,884,985</b>	<b>1,428,240,941</b>	<b>1,372,177,754</b>
<b>Total equity and liabilities</b>		<b>1,631,793,729</b>	<b>1,525,570,544</b>	<b>1,642,194,717</b>	<b>1,533,441,151</b>

The accompanying notes on pages 7 - 26 are an integral part of these condensed consolidated financial statements.

The condensed financial statements were approved by the Board of Directors on the 27 April 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

**Condensed consolidated and separate statement of changes in equity**

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Attributable to owners of the parent					Total Equity
	Share capital	Share premium	Total share capital	Other reserves	Retained profit	
<b>Group</b>						
<b>Balance at 1 January 2019</b>	<b>646,510</b>	<b>64,498,466</b>	<b>65,144,976</b>	<b>6,069</b>	<b>154,201,270</b>	<b>219,352,315</b>
Profit for the period	-	-	-	-	48,441,374	48,441,374
Other comprehensive income	-	-	-	(6,069)	-	(6,069)
Dividends paid	-	-	-	-	(73,000,000)	(73,000,000)
<b>Balance at 31 March 2019</b>	<b>646,510</b>	<b>64,498,466</b>	<b>65,144,976</b>	<b>-</b>	<b>129,642,644</b>	<b>194,787,620</b>
<b>Balance at 1 January 2020</b>	<b>407,090</b>	<b>17,216,293</b>	<b>17,623,383</b>	<b>521,161</b>	<b>126,541,015</b>	<b>144,685,559</b>
Profit for the period	-	-	-	-	51,146,000	51,146,000
Other comprehensive income	-	-	-	(131,405)	-	(131,405)
<b>Balance at 31 March 2020</b>	<b>407,090</b>	<b>17,216,293</b>	<b>17,623,383</b>	<b>389,756</b>	<b>177,687,015</b>	<b>195,700,153</b>
<b>Company</b>						
<b>Balance at 1 January 2019</b>	<b>646,510</b>	<b>64,498,466</b>	<b>65,144,976</b>	<b>6,069</b>	<b>154,201,270</b>	<b>219,352,315</b>
Profit for the period	-	-	-	-	49,095,575	49,095,575
Other comprehensive income	-	-	-	(6,069)	-	(6,069)
Dividends paid	-	-	-	-	(73,000,000)	(73,000,000)
<b>Balance at 31 March 2019</b>	<b>646,510</b>	<b>64,498,466</b>	<b>65,144,976</b>	<b>(0)</b>	<b>130,296,845</b>	<b>195,441,820</b>
<b>Balance at 1 January 2020</b>	<b>407,090</b>	<b>17,216,293</b>	<b>17,623,383</b>	<b>521,161</b>	<b>143,118,853</b>	<b>161,263,397</b>
Profit for the period	-	-	-	-	52,821,784	52,821,784
Other comprehensive income	-	-	-	(131,405)	-	(131,405)
<b>Balance at 31 March 2020</b>	<b>407,090</b>	<b>17,216,293</b>	<b>17,623,383</b>	<b>389,756</b>	<b>195,940,637</b>	<b>213,953,776</b>

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

The accompanying notes on pages 7 - 26 are an integral part of these condensed consolidated financial statements.



Condensed consolidated and separate statement of cash flows

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Notes	Group		Company	
		For the period ended 31 Mar 2020	31 Mar 2019	For the period ended 31 Mar 2020	31 Mar 2019
<b>Cash flows from operating activities:</b>					
Cash generated from operations	26	153,744,132	122,679,793	153,758,707	122,626,228
Finance costs paid		(28,305,335)	(24,761,469)	(28,305,336)	(24,761,469)
Interest received		3,189,467	4,110,075	3,184,713	4,110,075
Dividends paid		-	(73,000,000)	-	(73,000,000)
Regulatory fine paid		-	(55,000,000)	-	(55,000,000)
<b>Net cash generated from/(used in) operating activities</b>		<b>128,628,264</b>	<b>(25,971,601)</b>	<b>128,638,084</b>	<b>(26,025,166)</b>
<b>Cash flows from Investing activities:</b>					
Acquisition of property, plant and equipment		(24,867,939)	(58,115,552)	(24,867,937)	(58,115,552)
Acquisition of right of use assets		(849,554)	(118,170)	(849,554)	(118,170)
Proceeds from disposal of property, plant and equipment		124,305	210,539	124,305	210,539
Acquisition of intangible assets		(1,326,189)	(427,088)	(1,330,270)	(427,088)
Investment in treasury bills, bonds and foreign deposits		(19,604,430)	3,745,540	(19,473,025)	3,745,540
Movement in restricted cash		(1,485,081)	15,367,108	(1,485,081)	15,367,108
<b>Net cash used in Investing activities</b>		<b>(48,008,888)</b>	<b>(39,337,623)</b>	<b>(47,881,563)</b>	<b>(39,337,623)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from borrowings		-	101,701,422	-	101,701,422
Repayment of borrowings		(4,443,726)	(24,792,191)	(4,443,726)	(24,792,191)
Repayment of lease liability	24	(14,095,466)	(10,185,208)	(14,095,466)	(10,185,208)
<b>Net cash flow (used in)/generated from financing activities</b>		<b>(18,539,192)</b>	<b>66,724,023</b>	<b>(18,539,193)</b>	<b>66,724,023</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents at beginning of the period		62,080,184	1,414,799	62,217,328	1,361,234
Exchange gain/(loss) on cash and cash equivalents		116,277,629	53,011,748	114,301,003	52,604,836
		627,324	(75,426)	627,324	(75,426)
<b>Cash and cash equivalents at end of the period</b>		<b>178,985,137</b>	<b>54,351,121</b>	<b>177,145,655</b>	<b>53,890,644</b>

The accompanying notes on pages 7 - 26 are an integral part of these condensed consolidated financial statements.





**Notes to the condensed consolidated and separate financial statements**

For the three months period ended 31 March 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 nationwide 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 liquidation.

**2 Basis of preparation**

These condensed consolidated and company interim financial statements for the three months period ended 31 March 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).

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 below.

**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 three months period ended 31 March 2020

## 3 Segment Information (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 three months ended 31 March 2020 and 31 March 2019.

## Information about reportable segments

For the three months period ended

	CBU N'000	EBU N'000	WBU N'000	TOTAL N'000
<b>31 March 2020</b>				
Segment revenue	283,287,683	34,895,831	10,987,934	329,171,448
Direct costs	(55,435,104)	(4,327,872)	(274,698)	(60,037,675)
Gross margin	227,852,579	30,567,958	10,713,236	269,133,773
<b>31 March 2019</b>				
Segment revenue	239,551,871	33,004,188	9,560,762	282,116,821
Direct costs	(49,832,357)	(3,404,414)	(239,019)	(53,475,790)
Gross margin	189,719,514	29,599,774	9,321,743	228,641,031

## 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	
	31 Mar 2020	31 Mar 2019
Segment gross margin	269,133,773	228,641,031
Unallocated items:		
- Operating expenses	(95,616,789)	(78,184,754)
- Depreciation & amortisation	(62,218,875)	(56,563,938)
- Finance income	5,695,062	8,693,085
- Finance expense	(40,684,742)	(32,465,242)
Profit before taxation	<u>76,308,429</u>	<u>70,120,181</u>

## 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.

Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	For the three months period ended		For the three months ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
<b>4. Revenue</b>				
Voice	194,038,017	182,817,627	194,038,017	182,440,616
Data	74,009,105	46,563,287	74,009,105	46,406,516
SMS	3,337,005	3,668,701	3,337,005	3,659,147
Interconnect and roaming	33,600,384	28,856,102	33,600,384	28,856,078
Handset and accessories	631,792	560,896	631,792	560,862
Digital	9,294,799	8,290,979	9,294,799	8,287,920
Value added service	11,381,195	8,497,754	11,381,195	8,497,679
Other revenues	2,879,150	2,861,475	2,871,378	2,861,205
	<b>329,171,448</b>	<b>282,116,821</b>	<b>329,163,675</b>	<b>281,570,024</b>

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

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.

**5. Finance income and finance costs**

**Recognised in profit or loss**

**Finance income**

Interest income on bank deposits	1,555,923	1,391,564	1,551,169	1,391,562
Interest income on amortised cost investments	1,126,973	2,554,714	1,126,973	2,554,714
Net gain on FVTPL investments	-	82,144	-	82,144
Net gain on FVOCI investments	373,479	27,381	373,479	27,381
Interest income on related parties receivables	1,593	4,805	1,593	4,805
Currency swap gain	-	103,000	-	103,000
Foreign exchange gain	2,637,094	4,529,476	2,637,094	4,529,476
	<b>5,695,062</b>	<b>8,693,085</b>	<b>5,690,308</b>	<b>8,693,083</b>

**Finance costs**

Interest expense - borrowings	16,176,552	7,949,979	16,176,552	7,949,979
Interest expense - leases	18,584,381	16,768,152	18,584,381	16,768,152
Interest expense - banking fees	466,297	684,985	466,297	684,985
Net loss on FVTPL investments	414,738	18,208	414,738	18,208
Time value accretion on regulatory fine	-	3,617,640	-	3,617,640
Foreign exchange loss	4,794,910	3,426,279	4,794,910	3,426,279
Currency swap loss	247,864	-	247,864	-
	<b>40,684,742</b>	<b>32,465,242</b>	<b>40,684,742</b>	<b>32,465,242</b>

**Notes to the condensed consolidated and separate financial statements**

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	For the period ended 31 Mar 2020	For the period ended 31 Mar 2019	For the period ended 31 Mar 2020	For the period ended 31 Mar 2019
<b>6 Employee benefits</b>				
Salaries and wages	7,242,593	5,997,056	7,078,855	5,997,056
Post-employment benefits - pension - defined contribution plan	443,362	393,550	443,362	393,550
Other staff costs	1,576,596	531,977	1,576,596	531,977
	<b>9,262,551</b>	<b>6,922,583</b>	<b>9,098,813</b>	<b>6,922,583</b>

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

**7 Other operating expenses**

<b>Directors' emoluments</b>	102,742	60,370	102,742	60,370
Fixed assets written off	418	-	418	-
Impairment of property, plant and equipment	1,045,314	-	1,045,314	-
Impairment losses on contract with customers	592,500	717,935	592,500	690,738
Information technology development levy and MTN Foundation	1,315,664	1,201,418	1,315,664	1,201,418
Insurance cost	359,766	355,947	359,766	355,947
Professional fees	5,662,204	5,545,277	5,264,803	5,489,724
Maintenance cost	3,648,493	3,193,667	3,648,493	3,193,199
Rent, rates, utilities and other office running cost	2,972,894	508,021	2,972,894	505,104
Trainings, travels and entertainment cost	600,866	792,567	574,185	792,567
Audit fees	77,336	82,300	77,336	71,000
Loss on disposal of property, plant and equipment	354,465	76,270	354,465	76,270
Other expenses	404,141	395,862	404,046	395,435
	<b>17,136,802</b>	<b>12,929,636</b>	<b>16,712,626</b>	<b>12,831,773</b>

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

**8 Direct network operating costs**

Regulatory fees	8,199,008	7,385,683	8,199,008	7,372,402
Annual numbering plan	291,027	281,601	291,027	244,256
BTS leases*	49,806,169	39,700,558	49,806,169	39,700,558
Network maintenance	12,068,070	12,111,440	12,068,070	12,103,122
	<b>70,364,273</b>	<b>59,479,281</b>	<b>70,364,273</b>	<b>59,420,339</b>

\*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.

## Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	For the period ended 31 Mar 2020	For the period ended 31 Mar 2019	For the period ended 31 Mar 2020	For the period ended 31 Mar 2019
<b>9 Income tax expense</b>				
<b>Current tax</b>				
Company income tax	29,526,665	12,267,241	29,526,665	12,198,631
Education tax	2,701,618	1,820,388	2,701,618	1,820,388
Nigerian Police Trust Fund*	3,935	-	3,935	-
	<b>32,232,217</b>	<b>14,087,629</b>	<b>32,232,217</b>	<b>14,019,019</b>
<b>Deferred tax</b>				
Deferred tax (credit)/charge	(7,069,787)	7,567,280	(6,351,594)	7,944,615
	<b>(7,069,787)</b>	<b>7,567,280</b>	<b>(6,351,594)</b>	<b>7,944,615</b>
<b>Tax expense for the period</b>	<b>25,162,430</b>	<b>21,654,909</b>	<b>25,880,624</b>	<b>21,963,635</b>

\*The Nigeria Police Trust Fund Act 2019 was introduced in 2019. The Act imposes a levy of 0.005% on the “net profit” of companies operating business in Nigeria. The levy is calculated based on the 0.005% of profit before tax.

## 9.1 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 31 Mar 2020	For the period ended 31 Mar 2019	For the period ended 31 Mar 2020	For the period ended 31 Mar 2019
Profit before tax	76,308,430	70,096,283	78,702,408	71,059,210
Tax charge	25,162,430	21,654,909	25,880,624	21,963,635
Effective tax rate	32.97%	30.93%	32.88%	30.91%
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Tax at standard rate	30.00	30.00	30.00	30.00
Expenses not allowed	0.41	1.55	0.40	(0.40)
Prior year tax (over)/under provision	0.91	(0.40)	0.89	1.53
Investment allowance*	(1.08)	(2.21)	(1.04)	(2.18)
Exempt income**	(0.44)	(1.09)	(0.43)	(1.08)
Education tax	3.16	3.16	3.07	3.11
Minimum tax/Capital Gain Tax/Police Trust Fund	0.01	(0.07)	0.01	(0.07)
Effective tax rate	<b>32.97</b>	<b>30.93</b>	<b>32.88</b>	<b>30.91</b>

\*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 three months period ended 31 March 2020

## 10 Property, plant and equipment - Total

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							
<b>Balance at 31 December 2019</b>							
Cost	31,643,553	21,841,122	1,202,250,583	44,930,722	36,857,308	5,961,797	<b>1,343,485,085</b>
Accumulated depreciation and impairment	(20,069,087)	(7,082,744)	(658,695,118)	(28,533,820)	-	(4,008,527)	<b>(718,389,296)</b>
<b>Net book value</b>	<b>11,574,466</b>	<b>14,758,378</b>	<b>543,555,465</b>	<b>16,396,902</b>	<b>36,857,308</b>	<b>1,953,270</b>	<b>625,095,789</b>
<b>Cost</b>							
<b>Balance at 1 January 2020</b>	<b>31,643,553</b>	<b>21,841,122</b>	<b>1,202,250,583</b>	<b>44,930,722</b>	<b>36,857,308</b>	<b>5,961,797</b>	<b>1,343,485,085</b>
Additions	40,168	26,833	642,257	629,242	22,032,493	-	<b>23,370,993</b>
Reclassifications	40,870	6,528	24,251,418	614,664	(24,917,559)	-	<b>(4,080)</b>
Disposals	-	-	(133,889,386)	(3,134,881)	(454,686)	-	<b>(137,478,953)</b>
<b>Balance at 31 March 2020</b>	<b>31,724,591</b>	<b>21,874,483</b>	<b>1,093,254,872</b>	<b>43,039,747</b>	<b>33,517,556</b>	<b>5,961,797</b>	<b>1,229,373,045</b>
<b>Balance at 1 January 2020</b>	<b>(20,069,087)</b>	<b>(7,082,744)</b>	<b>(658,695,118)</b>	<b>(28,533,820)</b>	-	<b>(4,008,527)</b>	<b>(718,389,296)</b>
Depreciation for the period	(277,547)	(372,440)	(34,129,803)	(2,456,439)	-	(127,166)	<b>(37,363,396)</b>
Impairment	-	-	(1,045,314)	-	-	-	<b>(1,045,314)</b>
Disposals	-	-	133,873,200	3,126,567	-	-	<b>136,999,767</b>
<b>Balance at 31 March 2020</b>	<b>(20,346,634)</b>	<b>(7,455,184)</b>	<b>(559,997,035)</b>	<b>(27,863,692)</b>	-	<b>(4,135,693)</b>	<b>(619,798,238)</b>
<b>Carrying amounts</b>							
<b>At 31 December 2019</b>	<b>11,574,466</b>	<b>14,758,378</b>	<b>543,555,465</b>	<b>16,396,902</b>	<b>36,857,308</b>	<b>1,953,270</b>	<b>625,095,789</b>
<b>At 31 March 2020</b>	<b>11,377,957</b>	<b>14,419,299</b>	<b>533,257,836</b>	<b>15,176,055</b>	<b>33,517,556</b>	<b>1,826,104</b>	<b>609,574,807</b>

Reclassification 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.

## Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

## 10 Property, plant and equipment - Total

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							
<b>Balance at 31 December 2019</b>							
Cost	31,643,553	21,841,122	1,202,250,583	44,930,722	36,857,308	5,961,797	<b>1,343,485,085</b>
Accumulated depreciation and impairment	(20,069,087)	(7,082,744)	(658,695,118)	(28,533,820)	-	(4,008,527)	<b>(718,389,296)</b>
<b>Net book value</b>	<b>11,574,466</b>	<b>14,758,378</b>	<b>543,555,465</b>	<b>16,396,902</b>	<b>36,857,308</b>	<b>1,953,270</b>	<b>625,095,789</b>
<b>Cost</b>							
<b>Balance at 1 January 2020</b>	<b>31,643,553</b>	<b>21,841,122</b>	<b>1,202,250,583</b>	<b>44,930,722</b>	<b>36,857,308</b>	<b>5,961,797</b>	<b>1,343,485,085</b>
Additions	40,168	26,833	642,257	629,242	22,032,493	-	<b>23,370,993</b>
Reclassifications	40,870	6,528	24,251,418	614,664	(24,917,559)	-	<b>(4,080)</b>
Disposals	-	-	(133,889,386)	(3,134,881)	(454,686)	-	<b>(137,478,953)</b>
<b>Balance at 31 March 2020</b>	<b>31,724,591</b>	<b>21,874,483</b>	<b>1,093,254,872</b>	<b>43,039,747</b>	<b>33,517,556</b>	<b>5,961,797</b>	<b>1,229,373,045</b>
<b>Balance at 1 January 2020</b>	<b>(20,069,087)</b>	<b>(7,082,744)</b>	<b>(658,695,118)</b>	<b>(28,533,820)</b>	-	<b>(4,008,527)</b>	<b>(718,389,296)</b>
Depreciation for the period	(277,547)	(372,440)	(34,129,803)	(2,456,439)	-	(127,166)	<b>(37,363,396)</b>
Impairment	-	-	(1,045,314)	-	-	-	<b>(1,045,314)</b>
Disposals	-	-	133,873,200	3,126,567	-	-	<b>136,999,767</b>
<b>Balance at 31 March 2020</b>	<b>(20,346,634)</b>	<b>(7,455,184)</b>	<b>(559,997,035)</b>	<b>(27,863,692)</b>	-	<b>(4,135,693)</b>	<b>(619,798,238)</b>
<b>Carrying amounts</b>							
<b>At 31 December 2019</b>	<b>11,574,466</b>	<b>14,758,378</b>	<b>543,555,465</b>	<b>16,396,902</b>	<b>36,857,308</b>	<b>1,953,270</b>	<b>625,095,789</b>
<b>At 31 March 2020</b>	<b>11,377,957</b>	<b>14,419,299</b>	<b>533,257,836</b>	<b>15,176,055</b>	<b>33,517,556</b>	<b>1,826,104</b>	<b>609,574,807</b>

Reclassification 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.

Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

11 Right of use assets

Group and Company	Network Infrastructure	Base station land	Buildings	Office equipment	Motor vehicles	Total
In thousands of Nigerian Naira						
<b>Balance at 31 December 2019</b>						
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)
<b>Net book value</b>	<b>488,763,508</b>	<b>5,873,573</b>	<b>5,102,905</b>	<b>278,273</b>	<b>49,396</b>	<b>500,067,655</b>
<b>Cost</b>						
<b>Balance at 1 January 2020</b>	<b>541,457,408</b>	<b>8,417,420</b>	<b>6,528,732</b>	<b>417,388</b>	<b>64,048</b>	<b>556,884,996</b>
Additions	49,739,217	772,751	90,064	-	-	50,602,032
<b>Balance at 31 March 2020</b>	<b>591,196,625</b>	<b>9,190,171</b>	<b>6,618,796</b>	<b>417,388</b>	<b>64,048</b>	<b>607,487,028</b>
<b>Depreciation</b>						
<b>Balance at 1 January 2020</b>	<b>(52,693,900)</b>	<b>(2,543,847)</b>	<b>(1,425,827)</b>	<b>(139,115)</b>	<b>(14,652)</b>	<b>(56,817,341)</b>
Depreciation for the period	(14,675,024)	(855,307)	(450,027)	(34,589)	(3,981)	(16,018,927)
<b>Balance at 31 March 2020</b>	<b>(67,368,924)</b>	<b>(3,399,154)</b>	<b>(1,875,854)</b>	<b>(173,704)</b>	<b>(18,633)</b>	<b>(72,836,268)</b>
<b>Carrying amounts</b>						
<b>At 1 January 2020</b>	<b>488,763,508</b>	<b>5,873,573</b>	<b>5,102,905</b>	<b>278,273</b>	<b>49,396</b>	<b>500,067,655</b>
<b>At 31 March 2020</b>	<b>523,827,701</b>	<b>5,791,017</b>	<b>4,742,943</b>	<b>243,684</b>	<b>45,415</b>	<b>534,650,759</b>



## Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

## 12 Intangible assets

Group	Goodwill	Licences	Software	Capital WIP	Total
In thousands of Nigerian Naira					
<b>Balance at 31 December 2019</b>					
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	<b>10,016,039</b>	<b>75,100,078</b>	<b>30,633,590</b>	<b>5,197,207</b>	<b>120,946,914</b>
<b>Cost</b>					
Balance at 1 January 2020	10,016,039	184,423,724	62,051,240	5,197,207	261,688,210
Additions	-	-	580,991	806,776	1,387,767
Reclassification	-	-	1,872,610	(1,868,530)	4,080
Disposals	-	(31,670)	(10,022,999)	-	(10,054,668)
Balance at 31 March 2020	<b>10,016,039</b>	<b>184,392,054</b>	<b>54,481,842</b>	<b>4,135,453</b>	<b>253,025,389</b>
<b>Accumulated amortisation and Impairment</b>					
Balance at 1 January 2020	-	(109,323,646)	(31,417,650)	-	(140,741,296)
Amortisation for the period	-	(3,989,767)	(4,846,784)	-	(8,836,552)
Disposals	-	-	10,022,997	-	10,022,997
Balance at 31 March 2020	-	<b>(113,313,413)</b>	<b>(26,241,437)</b>	-	<b>(139,554,851)</b>
<b>Carrying amounts</b>					
<b>At 31 December 2019</b>	<b>10,016,039</b>	<b>75,100,078</b>	<b>30,633,590</b>	<b>5,197,207</b>	<b>120,946,914</b>
<b>At 31 March 2020</b>	<b>10,016,039</b>	<b>71,078,641</b>	<b>28,240,405</b>	<b>4,135,453</b>	<b>113,470,538</b>
<b>Company</b>					
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	-	<b>48,209,574</b>	<b>30,665,261</b>	<b>5,197,207</b>	<b>84,072,042</b>
<b>Cost</b>					
Balance at 1 January 2020	-	135,667,646	62,186,335	5,197,207	203,051,188
Additions	-	-	549,321	806,776	1,356,097
Reclassification	-	-	1,872,610	(1,868,530)	4,080
Disposals	-	-	(10,022,999)	-	(10,022,999)
Balance at 31 March 2020	-	<b>135,667,646</b>	<b>54,585,267</b>	<b>4,135,453</b>	<b>194,388,366</b>
<b>Accumulated amortisation and Impairment</b>					
Balance at 1 January 2020	-	(87,458,072)	(31,521,074)	-	(118,979,146)
Amortisation for the year	-	(2,660,163)	(4,846,784)	-	(7,506,947)
Disposals	-	-	10,022,997	-	10,022,997
Balance at 31 March 2020	-	<b>(90,118,235)</b>	<b>(26,344,861)</b>	-	<b>(116,463,096)</b>
<b>Carrying amounts</b>					
<b>At 31 December 2019</b>	-	<b>48,209,574</b>	<b>30,665,261</b>	<b>5,197,207</b>	<b>84,072,042</b>
<b>At 31 March 2020</b>	-	<b>45,549,411</b>	<b>28,240,406</b>	<b>4,135,453</b>	<b>77,925,270</b>

Reclassification 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 three months period ended 31 March 2020

	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
In thousands of Nigerian Naira				
<b>13 Investment in subsidiaries</b>				
Visafone Communications Limited	-	-	43,778,000	43,778,000
XS Broadband Limited	-	-	500,000	500,000
Yello Digital Financial Services Limited	-	-	1,800,000	1,800,000
Total investment	-	-	46,078,000	46,078,000
Impairment (XS Broadband Ltd)	-	-	(500,000)	(500,000)
	-	-	<b>45,578,000</b>	<b>45,578,000</b>
<b>14 Other non current assets</b>				
Contract acquisition costs	5,514,274	4,851,490	5,514,274	4,851,490
Non current prepayments	11,709,910	12,145,236	11,709,910	12,145,236
	<b>17,224,185</b>	<b>16,996,726</b>	<b>17,224,185</b>	<b>16,996,726</b>
<b>15 Current investments</b>				
US Dollar deposits held at amortised cost	18,127,319	11,852,750	18,127,319	11,852,750
Treasury bills held at amortised cost	30,330,986	33,204,013	30,330,986	33,204,013
Treasury bills and bonds held at FVOCI	8,145,886	6,135,782	8,145,886	6,135,782
Treasury bills and bonds held at FVTPL	17,938,105	3,634,024	17,938,105	3,634,024
	<b>74,542,296</b>	<b>54,826,569</b>	<b>74,542,296</b>	<b>54,826,569</b>
<b>16 Inventories</b>				
Handsets and accessories	573,938	658,172	573,938	658,172
Starter packs	653,517	436,140	653,517	436,140
	<b>1,227,455</b>	<b>1,094,312</b>	<b>1,227,455</b>	<b>1,094,312</b>
Inventory write-down	(491,309)	(184,735)	(491,309)	(184,735)
	<b>736,146</b>	<b>909,577</b>	<b>736,146</b>	<b>909,577</b>
There was an inventory write down of N306.57 million recognised in the cost of handsets and accessories in the statement of profit and loss.				
<b>17 Trade and other receivables</b>				
Trade receivables	38,346,159	30,813,196	38,061,563	29,663,338
Trade receivables - related parties	9,454,600	12,490,278	11,612,287	14,384,864
Allowance for expected credit losses	(6,865,006)	(6,272,506)	(6,447,220)	(5,854,719)
<b>Net trade receivables</b>	<b>40,935,752</b>	<b>37,030,968</b>	<b>43,226,629</b>	<b>38,193,483</b>
Sundry receivables and advances	160,305	217,438	160,305	217,438
Other receivables	10,045,258	9,995,588	10,013,963	10,029,024
<b>Non-financial instruments</b>				
Prepayments	23,643,786	17,301,338	23,641,940	17,299,492
Less: non current prepayments	(11,709,910)	(12,145,236)	(11,709,910)	(12,145,236)
Trade and other receivables	<b>63,075,192</b>	<b>52,400,096</b>	<b>65,332,928</b>	<b>53,594,201</b>
<b>18 Restricted cash</b>				
Restricted cash deposits	<b>39,534,670</b>	<b>38,049,589</b>	<b>39,484,670</b>	<b>37,999,589</b>

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.

## Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>19 Cash and cash equivalents</b>				
<b>Cash and cash equivalents consist of:</b>				
Bank balances	44,487,799	40,477,629	42,745,656	38,501,003
Short-term deposits	134,497,337	75,800,000	134,400,000	75,800,000
	<b>178,985,136</b>	<b>116,277,629</b>	<b>177,145,656</b>	<b>114,301,003</b>

**20 Borrowings**

The maturity of the loans is as follows:

Payable within one year (included in current liabilities)	50,197,579	32,453,044	50,197,579	32,453,044
More than one year but not exceeding two years	81,529,082	82,210,969	81,529,082	82,210,969
More than two years but not exceeding five years	211,441,510	212,666,964	211,441,510	212,666,964
More than five years	67,088,895	85,210,846	67,088,895	85,210,846
Amounts included in non-current liabilities	<b>360,059,488</b>	<b>380,088,780</b>	<b>360,059,488</b>	<b>380,088,779</b>

**20.1 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 31 March 2020
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%.	N200 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%.	N180 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 totalling \$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 34.1 million
Foreign facility J	Syndicated Buyer's Credit Facility with floating interest rate Facilities at 6-Month LIBOR plus a margin of 5.5%.	USD 50.8 million

In thousands of Nigerian Naira	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>21 Trade and other payables</b>				
Trade payables	41,242,023	27,462,995	41,224,799	27,293,296
Trade payables - related parties	13,539,936	16,383,547	13,650,241	16,383,546
Sundry payables	733,951	1,092,159	733,951	1,092,159
Accrued expenses	109,070,626	132,960,026	108,639,781	132,352,060
Other payables	14,401,338	12,541,769	14,406,497	12,520,511
	<b>178,987,875</b>	<b>190,440,496</b>	<b>178,655,271</b>	<b>189,641,572</b>

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For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>22 Other current liabilities</b>				
Contract liabilities	44,893,609	46,806,353	44,511,934	46,745,269
Provisions	30,734,479	27,269,070	30,734,479	27,269,070
<b>Total other current liabilities</b>	<b>75,628,088</b>	<b>74,075,425</b>	<b>75,246,412</b>	<b>74,014,339</b>
<b>23 Deferred tax and other non-current liabilities</b>				
<b>23.1 Deferred tax</b>				
Opening balance	120,586,575	109,266,019	113,039,867	100,191,396
Additional tax	(6,670,906)	12,829,899	(6,351,594)	12,848,471
Adjustment on consolidation	(398,881)	(1,509,342)	-	-
	<b>113,516,788</b>	<b>120,586,575</b>	<b>106,688,274</b>	<b>113,039,867</b>

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.

In thousands of Nigerian Naira	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>23.2 Provisions</b>				
At beginning of period	27,340,494	21,425,130	27,340,494	21,425,130
Additions	7,588,707	21,144,958	7,588,707	21,144,958
Unused amounts reversed	(64,139)	(6,818,000)	(64,139)	(6,818,000)
Utilised	(4,055,493)	(8,411,595)	(4,055,493)	(8,411,595)
<b>At end of period/year</b>	<b>30,809,569</b>	<b>27,340,494</b>	<b>30,809,569</b>	<b>27,340,494</b>
<b>Current</b>	<b>30,734,479</b>	<b>27,269,070</b>	<b>30,734,479</b>	<b>27,269,070</b>
<b>Non-current</b>	<b>75,091</b>	<b>71,424</b>	<b>75,091</b>	<b>71,424</b>
<b>23.3 Other non-current liabilities</b>				
Share based payment liability	744,591	744,591	744,591	744,591
Derivatives	594,817	264,573	594,817	264,573
	<b>1,339,408</b>	<b>1,009,164</b>	<b>1,339,408</b>	<b>1,009,164</b>
<b>Total deferred tax and other non-current liabilities</b>	<b>114,931,287</b>	<b>121,667,163</b>	<b>108,102,773</b>	<b>114,120,456</b>

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For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>24 Lease liabilities</b>				
The statement of financial position shows the following amounts relating to leases:				
Current	40,463,341	35,099,787	40,463,341	35,099,787
Non-current	517,958,452	481,434,369	517,958,452	481,434,369
As at period/year end	<b>558,421,792</b>	<b>516,534,156</b>	<b>558,421,792</b>	<b>516,534,156</b>
<b>25 Current tax payable</b>				
<b>Opening balance</b>	<b>65,625,921</b>	<b>54,131,436</b>	<b>65,325,408</b>	<b>53,667,534</b>
Provision for the period/year - company income tax	29,535,993	67,813,183	29,526,665	67,677,420
Provision for the period/year - education tax	2,701,618	8,844,585	2,701,618	8,844,585
Provision for the year/ period - Nigerian Police Trust Fund	3,935	14,735	3,935	14,735
Tax paid	-	(44,068,635)	-	(43,769,484)
Income tax on dividends	-	(18,013,744)	-	(18,013,744)
Withholding tax credit	-	(3,095,638)	-	(3,095,638)
<b>Closing balance</b>	<b>97,867,466</b>	<b>65,625,921</b>	<b>97,557,625</b>	<b>65,325,408</b>

## Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

In thousands of Nigerian Naira	Group		Company	
	For the period ended		For the period ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
<b>26 Cash generated from operations</b>				
<b>Profit before tax</b>	<b>76,308,430</b>	<b>70,096,283</b>	<b>78,702,408</b>	<b>71,059,210</b>
Adjustments for non cash items:				
Finance income	(5,695,062)	(8,693,085)	(5,690,308)	(8,693,083)
Finance cost	40,684,742	32,465,242	40,684,742	32,465,242
Depreciation of property, plant and equipment	37,363,396	35,784,981	37,363,396	35,784,981
Impairment of property, plant and equipment	1,045,314	-	1,045,314	-
Depreciation of right of use assets	16,018,927	13,462,307	16,018,927	13,462,307
Amortisation of intangible assets	8,836,552	7,316,650	7,506,947	5,978,209
Loss on disposal of property, plant and equipment	354,465	76,270	354,465	76,270
Movement in impairment of contracts with customers	592,500	717,935	592,500	690,738
Impairment/(reversal of impairment) of trading inventory	306,574	(466,762)	306,574	(466,762)
Fixed assets written off	418	-	418	-
	<b>175,816,256</b>	<b>150,759,822</b>	<b>176,885,383</b>	<b>150,357,112</b>
<b>Changes in working capital:</b>				
Movement in inventories	(133,143)	875,230	(133,143)	875,230
Movement in trade and other receivables	(10,276,110)	(9,996,863)	(11,339,741)	(9,996,863)
Movement in trade and other payables	(12,886,626)	(18,614,004)	(12,556,955)	(18,443,875)
Movement in contract acquisition cost	(662,784)	(1,487,438)	(662,784)	(1,308,422)
Movement in provisions	3,469,039	(362,541)	3,469,039	(362,541)
Movement in contract liabilities	(1,912,744)	1,487,280	(2,233,335)	1,487,280
Movement in derivatives	330,244	18,307	330,244	18,307
	<b>(22,072,124)</b>	<b>(28,080,029)</b>	<b>(23,126,676)</b>	<b>(27,730,884)</b>
<b>Cash generated from operations</b>	<b>153,744,132</b>	<b>122,679,793</b>	<b>153,758,707</b>	<b>122,626,228</b>

**27 Equity****27.1 Authorised:**

27,850,000,000 ordinary shares of N0.02 each

557,000	557,000
<b>557,000</b>	<b>557,000</b>

**27.2 Issued and fully paid:**

20,354,513,050 ordinary shares of N0.02 each

407,090	407,090
<b>407,090</b>	<b>407,090</b>

**27.3 Share premium**

4,500,000 ordinary shares of N 3,779.89 each  
 138,960 ordinary shares of N 1,488.15 each

17,009,500	17,009,500
206,793	206,793
<b>17,216,293</b>	<b>17,216,293</b>

**28 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		For the period ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Profit attributable to equity holders	51,146,000	48,441,374	52,821,784	49,095,575
Weighted average number of ordinary shares	20,354,513	20,354,513	20,354,513	20,354,513
Basic/diluted EPS (N)	<b>2.51</b>	<b>2.38</b>	<b>2.60</b>	<b>2.41</b>

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29 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

**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 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	
	31 Mar 2020	31 Dec 2019	31 Mar 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:				
<b>Parent company: MTN International (Mauritius) Limited</b>				
Dividends paid (excluding withholding tax):	-	93,628,636	-	93,628,636
Redemption of preference shares	-	112,345,104	-	112,345,104
<b>Subsidiaries</b>				
Visafone Communications Limited Purchases	-	-	-	33,860
Cost charged for hosting its customers on the network	-	-	-	704,355
Intercompany receivable	-	-	169,694	178,813
<b>Yello Digital Financial Services Limited Transactions</b>				
Intercompany receivable	-	-	2,157,283	1,102,719
<b>XS Broadband Limited Transactions</b>				
Intercompany receivable	-	-	613,054	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	-	76,121	-	76,121
MTN Uganda	-	1,824	-	1,824
MTN Zambia	2,480	5,473	2,480	5,473
MTN Dubai	-	361,547	-	361,547
Global Trading Company	-	371,308	-	371,308
MTN Management Services Co	127,461	1,064,037	127,461	1,064,037
MTN Benin	-	1,194,963	-	1,194,963
MTN (Dubai) Limited	120,044	-	120,044	-
<b>Lonestar Communications Corporations (Liberia)</b>	1,631	-	1,631	-
<b>MTN Procurement Global Trading Company</b>	641,668	-	641,668	-
<b>MTN Guinea Conakry</b>	1,934	-	1,934	-
MTN Cameroon	109	627,568	109	627,568
MTN Congo	1,948	8,690	1,948	8,690
MTN Cote d'Ivoire	-	168,431	-	168,431
MTN Ghana	19,114	770,212	19,114	770,212
MTN Guinea Bissau	-	262	-	262
MTN Namibia	-	87	-	87
MTN Rwanda	-	2,220	-	2,220
MTN South Africa	2,440	588,751	2,440	588,751
Interserve Overseas Ltd	1,864,250	2,023,424	1,864,250	2,023,424
MTN Global Connect	1,234,417	613,240	1,234,417	613,240
MTN International (Mauritius) Limited	9,628,808	8,491,775	9,628,808	8,491,775
MTN Holdings	7,806	13,612	7,806	13,612

Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
In thousands of Nigerian Naira				
<b>29 Related party transactions</b>				
<b>Related party balances (continued)</b>				
<b>Amounts due from related parties</b>				
MTN Sudan	352	87,377	352	87,377
MTN Zambia	19,942	17,593	19,942	17,593
MTN Global Connect	7,779,913	6,292,182	7,779,913	6,292,182
Lonestar Communications Corporations (Liberia)	18,618	15,720	18,618	15,720
MTN (Dubai) Limited	6,130	-	6,130	-
MTN Management Services Co	1,337,990	-	1,337,990	-
MTN Afghanistan	244	259	244	259
MTN Benin	-	274,404	-	274,404
MTN Cameroon	109,602	1,688,173	109,602	1,688,173
MTN Congo	8,024	18,724	8,024	18,724
MTN Cote d'Ivoire	8,499	339,711	8,499	339,711
MTN Ghana	11,579	719,235	11,579	719,235
MTN Guinea Bissau	10,043	8,769	10,043	8,769
MTN Guinea Conakry	12,351	13,576	12,351	13,576
MTN South Africa	131,717	749,613	131,717	749,613
MTN Group Management Services	-	2,264,945	-	2,264,945
<b>Purchases from related parties</b>				
MTN Sudan	8,318	3,500	8,318	3,500
MTN Swaziland	52	324	52	324
MTN Syria	119	472	119	472
MTN Uganda	6,141	4,387	6,141	4,387
MTN Yemen	11	51	11	51
MTN Zambia	1,656	799	1,656	799
MTN (Dubai) Limited	825,555	2,388,054	825,555	2,388,054
MTN South Sudan	2,612	708	2,612	708
Global Trading Company	-	1,106,047	-	1,106,047
MTN Global Connect	-	17,144	-	17,144
Lonestar Communications Corporations (Liberia)	915	4,236	915	4,236
MTN Namibia	116	401	116	401
MTN Benin	479,323	48,146	479,323	48,146
MTN Cameroon	80,591	35,133	80,591	35,133
MTN Congo	1,347	1,045	1,347	1,045
MTN Cote d'Ivoire	22,182	9,968	22,182	9,968
MTN Cyprus	566	1,645	566	1,645
MTN Ghana	239,863	96,111	239,863	96,111
MTN Guinea Bissau	234	813	234	813
MTN Guinea Conakry	286	912	286	912
MTN Irancell	197	339	197	339
MTN Rwanda	684	5,449	684	5,449
Mobile Telephone Networks (Pty) Ltd	217,295	35,156	217,295	35,156
MTN Procurement Global Trading Company	275,564	-	275,564	-



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	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
In thousands of Nigerian Naira				
<b>29 Related party transactions</b>				
<b>Related party balances (continued)</b>				
<b>Sales to related parties</b>				
MTN Sudan	17	34,828	17	34,828
MTN Swaziland	216	264	216	264
MTN Syria	25	57	25	57
MTN Uganda	1,041	12,693	1,041	12,693
MTN Yemen	45	11	45	11
MTN Zambia	3,744	17,410	3,744	17,410
MTN South Sudan	2,867	3,176	2,867	3,176
MTN Namibia	515	1,230	515	1,230
MTN Global Connect	-	6,292,182	-	6,292,182
Lonestar Communications Corporations (Liberia)	623	2,753	623	2,753
MTN Benin	2,803	926,984	2,803	926,984
MTN Cameroon	3,391	518,852	3,391	518,852
MTN Congo	133	9,655	133	9,655
MTN Cote d'Ivoire	481	168,799	481	168,799
MTN Cyprus	7	369	7	369
MTN Ghana	271	4,000,391	271	4,000,391
MTN Guinea Bissau	62	364	62	364
MTN Guinea Conakry	153	5,748	153	5,748
MTN Irancell	166	29	166	29
MTN Rwanda	116	1,340	116	1,340
Mobile Telephone Networks (Pty) Ltd	653	516,972	653	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, interconnect, roaming service transactions rendered on MTN Nigeria's behalf by other operations within the MTN Group and are due one month after the date of purchase.

## Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

## 30 Financial instruments

## 30.1 Accounting classes and fair values

Group and Company	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Total Carrying Amount
In thousands of Nigerian Naira				
<b>31 March 2020</b>				
<b>Current financial assets</b>				
Trade and other receivables	51,141,316	-	-	51,141,316
Current investments	48,458,305	17,938,105	8,145,886	74,542,296
Cash at bank and on hand	178,985,136	-	-	178,985,136
Restricted cash	39,534,670	-	-	39,534,670
	<b>318,119,427</b>	<b>17,938,105</b>	<b>8,145,886</b>	<b>344,203,418</b>
<b>Non-current financial liabilities</b>				
Borrowings	360,059,488	-	-	360,059,488
Derivative	-	594,817	-	594,817
Lease liabilities	517,958,452	-	-	517,958,452
	<b>878,017,940</b>	<b>594,817</b>	<b>-</b>	<b>878,612,757</b>
<b>Current financial liabilities</b>				
Trade payables	41,242,023	-	-	41,242,023
Current borrowings	50,197,579	-	-	50,197,579
Accrued expenses	109,070,626	-	-	109,070,626
Other payables	14,401,338	-	-	14,401,338
Trade payables - related parties	13,539,936	-	-	13,539,936
Lease liabilities	40,463,341	-	-	40,463,341
	<b>268,914,843</b>	<b>-</b>	<b>-</b>	<b>268,914,843</b>
	<b>1,146,932,783</b>	<b>594,817</b>	<b>-</b>	<b>1,147,527,600</b>
<b>31 December 2019</b>				
<b>Current financial assets</b>				
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 at bank and on hand	116,277,629	-	-	116,277,629
Restricted cash	38,049,589	-	-	38,049,589
	<b>246,627,975</b>	<b>3,634,024</b>	<b>6,135,782</b>	<b>256,397,781</b>
<b>Non-current financial liabilities</b>				
Borrowings	380,088,780	-	-	380,088,780
Derivatives	-	264,573	-	264,573
Lease liabilities	481,434,369	-	-	481,434,369
	<b>861,523,149</b>	<b>264,573</b>	<b>-</b>	<b>861,787,722</b>
<b>Current financial liabilities</b>				
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
	<b>225,239,083</b>	<b>-</b>	<b>-</b>	<b>225,239,083</b>
	<b>1,086,762,232</b>	<b>264,573</b>	<b>-</b>	<b>1,087,026,805</b>

Notes to the condensed consolidated and separate financial statements

For the three months period ended 31 March 2020

30 Financial Instruments (continued)

30.2 Fair value estimation

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	Level 1	Level 2	Level 3	Total
In thousands of Nigerian Naira				
<b>31 March 2020</b>				
<b>Assets</b>				
Treasury bills and bonds held at FVTPL	17,938,105	-	-	17,938,105
Treasury bills and bonds held at FVOCI	8,145,886	-	-	8,145,886
	<b>26,083,991</b>	<b>-</b>	<b>-</b>	<b>26,083,991</b>
<b>Liabilities</b>				
Derivatives	-	594,817	-	594,817
	<b>-</b>	<b>594,817</b>	<b>-</b>	<b>594,817</b>
<b>31 December 2019</b>				
<b>Assets</b>				
Treasury bills and bonds held at FVTPL	3,634,024	-	-	3,634,024
Treasury bills and bonds held at FVOCI	6,135,782	-	-	6,135,782
	<b>9,769,806</b>	<b>-</b>	<b>-</b>	<b>9,769,806</b>
<b>Liabilities</b>				
Derivatives	-	264,573	-	264,573
	<b>-</b>	<b>264,573</b>	<b>-</b>	<b>264,573</b>

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

Financial assets 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.

Notes to the condensed consolidated and separate financial statements

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30 Financial Instruments (continued)

30.3 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:

	Gross amount	Amount offset	Net amount
In thousands of Nigerian Naira			
<b>31 March 2020</b>			
<b>Current financial assets</b>			
Interconnect receivables	24,661,359	10,486,576	14,174,783
	<b>24,661,359</b>	<b>10,486,576</b>	<b>14,174,783</b>
<b>Current financial liabilities</b>			
Interconnect payables	14,389,433	10,486,576	3,902,856
	<b>14,389,433</b>	<b>10,486,576</b>	<b>3,902,856</b>
<b>31 December 2019</b>			
<b>Current financial assets</b>			
Interconnect receivables	24,618,126	10,348,523	14,269,603
	<b>24,618,126</b>	<b>10,348,523</b>	<b>14,269,603</b>
<b>Current financial liabilities</b>			
Interconnect payables	13,915,264	10,348,523	3,566,741
	<b>13,915,264</b>	<b>10,348,523</b>	<b>3,566,741</b>

31 Events after the reporting period

31.1 Exchange rate adjustment

Towards the end of the quarter the Central Bank of Nigeria (CBN) adjusted the official exchange rate from N305 to N360, while the NAFEX rate depreciated from N360 level to N380 level as a result of the pressure on the global oil price. The full impact of this will be seen in subsequent period.

31.2 Covid - 19

On 29 March 2020, the Federal Government of Nigeria issued an Executive Order in response to the COVID-19 pandemic. This was part of **Government's** measures to curb the spread of the virus in Nigeria. The Government announced among other things a ban on flights in and out of Nigeria as well as a lockdown of the Federal Capital Territory - Abuja, Lagos and Ogun States for an initial period of 14 days, which was subsequently extended by another 14 days on 13 April 2020. The Executive Order also classifies telecommunications as essential services.

The pandemic has triggered demand and supply chain disruption, resulting in the slowdown of economic activities. We recognise the immense importance of reliable telecommunications services and have taken the necessary steps to ensure that our services remain available to our customers, in spite of the disruption. We also launched our '**Y'ello Hope Package**' in the first phase of a broad set of investments deployed in support of the national effort to contain the spread of the COVID-19 virus.

In view of the fact that the impact of COVID-19 is just evolving, it is currently too early to reliably quantify the direct or indirect financial effects on our business. However, the potential areas of impact and focus include: supply chain, management of credit and liquidity, currency risk, counterparty risk and potential revenue impacts from reduced consumer spend. The Group is assessing the impact on potential areas identified. The outcome of this assessment will be reflected in our subsequent interim results.

32 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.