



MTN Nigeria Communications Plc
Unaudited Condensed Consolidated Interim Financial Statements

For the nine months and three months ended 30 September 2019

Condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

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Financial Highlights

For the nine months and three months ended 30 September 2019

	Notes	For the nine months ended	For the nine months ended	
		30 Sept 2019 N'000	30 Sept 2018 N'000	% Change
Revenue	7	856,476,907	764,455,282	12.04
Operating profit		286,250,396	205,830,626	39.07
Profit before tax		212,005,176	171,035,773	23.95
Profit for the period		148,323,542	115,033,816	28.94
		As at 30 Sept 2019 N'000	As at 31 Dec 2018 N'000	% Change
Share capital		407,090	646,510	(37.03)
Total equity		90,656,024	219,352,315	(58.67)
Basic/ diluted earnings per share (N)*	30	7.29	5.65	29.03
Net assets per share (N)*		4.45	10.78	(58.67)
Market price per share as at period end		130.50	-	100.00
Market capitalisation as at period end		2,656,263,953	-	100.00
Number of shares issued and fully paid as at period end*	30	20,354,513	20,354,513	-

* The comparative 2018 figures have been restated to reflect the changes in number of shares.

Condensed consolidated and separate statement of profit or loss
For the nine months and three months ended 30 September 2019

	Notes	Group				Company			
		For the nine months ended		For the three months ended		For the nine months ended		For the three months ended	
		30 Sept 2019 N'000	30 Sept 2018 N'000	30 Sept 2019 N'000	30 Sept 2018 N'000	30 Sept 2019 N'000	30 Sept 2018 N'000	30 Sept 2019 N'000	30 Sept 2018 N'000
Revenue	7	856,476,907	764,455,282	289,530,867	258,787,736	854,763,703	762,959,612	288,955,121	258,336,652
Other income		72,491	69,771	24,429	24,429	72,491	76,940	24,429	24,429
Direct network operating costs	11	(177,935,046)	(227,300,929)	(60,157,917)	(77,896,921)	(178,112,116)	(227,158,841)	(60,005,795)	(77,850,169)
Value added services costs		(8,938,873)	(14,151,917)	(2,927,283)	(3,825,628)	(8,892,416)	(14,086,866)	(2,926,027)	(3,809,908)
Cost of handsets and other accessories		(8,567,964)	(5,012,538)	(3,177,260)	(1,450,921)	(8,564,051)	(5,012,538)	(3,177,260)	(1,450,921)
Interconnect costs		(78,602,169)	(70,462,372)	(26,244,012)	(23,692,667)	(78,610,899)	(70,457,501)	(26,268,687)	(23,691,593)
Roaming costs		(2,935,540)	(3,391,425)	(1,203,331)	(850,637)	(2,921,835)	(3,386,612)	(1,200,190)	(850,492)
Transmission costs		(4,126,800)	(4,191,569)	(1,305,132)	(1,454,657)	(4,261,716)	(4,191,569)	(1,440,048)	(1,454,657)
Employee benefits	9	(23,057,891)	(19,059,667)	(8,078,308)	(6,638,783)	(23,057,891)	(19,059,667)	(8,078,308)	(6,638,783)
Discounts and commissions		(41,376,464)	(37,756,984)	(13,930,781)	(12,733,864)	(41,366,410)	(37,756,984)	(13,925,521)	(12,733,864)
Advertisements, sponsorships and sales promotions		(13,628,546)	(12,316,897)	(5,114,157)	(4,313,299)	(13,537,669)	(12,316,897)	(5,025,284)	(4,313,299)
Other operating expenses	10	(37,278,592)	(40,676,767)	(12,184,151)	(13,489,347)	(36,859,997)	(39,954,505)	(12,305,695)	(12,960,139)
Depreciation of property, plant and equipment	13	(110,395,444)	(104,737,209)	(37,784,707)	(36,395,909)	(110,395,444)	(104,737,209)	(37,784,707)	(36,395,909)
Depreciation on right of use assets	14	(41,469,003)	-	(14,091,177)	-	(41,469,003)	-	(14,091,177)	-
Amortisation of intangible assets	15	(21,986,670)	(19,636,153)	(7,509,848)	(6,607,572)	(17,971,237)	(15,621,164)	(6,171,352)	(5,269,243)
Operating profit		286,250,396	205,830,626	95,847,232	69,461,960	288,815,510	209,296,199	96,579,499	70,942,104
Finance income	8	17,732,723	18,426,399	7,537,671	9,866,873	17,732,724	18,221,881	7,537,671	9,729,067
Finance costs	8	(91,977,943)	(53,221,252)	(33,177,108)	(16,515,634)	(91,977,943)	(53,221,252)	(33,177,110)	(16,515,634)
Profit before tax		212,005,176	171,035,773	70,207,795	62,813,199	214,570,291	174,296,828	70,940,060	64,155,537
Income tax expense	12	(63,681,634)	(56,001,957)	(20,815,209)	(21,042,424)	(64,468,261)	(56,991,038)	(21,079,690)	(21,448,402)
Profit for the period		148,323,542	115,033,816	49,392,586	41,770,775	150,102,030	117,305,790	49,860,370	42,707,135
Attributable to:									
Owners of the parent		148,323,542	115,033,816	49,392,586	41,770,775	150,102,030	117,305,790	49,860,370	42,707,135
		148,323,542	115,033,816	49,392,586	41,770,775	150,102,030	117,305,790	49,860,370	42,707,135
Earnings per share - basic/diluted*	30	N 7.29	N 5.65	N 2.43	N 2.05	N 7.37	N 5.76	N 2.45	N 2.10

* The comparative 2018 figures have been restated to reflect the changes in number of shares.

The accompanying notes on pages 7 - 31 are an integral part of these condensed consolidated financial statements.

Condensed consolidated and separate statement of comprehensive income

For the nine months and three months ended 30 September 2019

	Group				Company			
	For the nine months ended		For the three months ended		For the nine months ended		For the three months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Profit for the period	148,323,542	115,033,816	49,392,586	41,770,775	150,102,030	117,305,790	49,860,370	42,707,135
<i>Items that may be reclassified to profit or loss</i>								
Net fair value loss on financial assets held at FVOCI	33,576	(458,350)	6,925	(155,340)	33,576	(458,126)	6,925	(155,340)
Total comprehensive income for the period	148,357,118	114,575,466	49,399,511	41,615,435	150,135,606	116,847,664	49,867,295	42,551,795
Attributable to:								
Owners of the parent	148,357,118	114,575,466	49,399,511	41,615,435	150,135,606	116,847,664	49,867,295	42,551,795
	148,357,118	114,575,466	49,399,511	41,615,435	150,135,606	116,847,664	49,867,295	42,551,795

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

Condensed consolidated and separate statement of financial position

As at 30 September 2019

	Notes	Group		Company	
		30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	621,614,403	607,023,544	621,614,403	606,962,868
Intangible assets	15	105,354,050	119,368,123	67,140,681	77,107,651
Right of use assets	14	492,415,759	-	492,415,759	-
Investment in subsidiaries	16	-	-	43,828,000	43,828,000
Other non current assets	17	17,226,012	19,493,033	17,226,012	19,493,033
		1,236,610,224	745,884,700	1,242,224,855	747,391,552
Current assets					
Inventories	19	1,364,483	1,538,766	1,364,483	1,545,496
Trade and other receivables	20	52,640,725	38,617,125	52,762,837	38,485,289
Current investments	18	120,902,534	65,468,259	120,902,534	65,468,259
Restricted cash	21	25,332,985	37,219,023	25,282,985	37,169,023
Cash and cash equivalents		102,210,463	53,011,748	101,957,956	52,806,185
		302,451,190	195,854,921	302,270,795	195,474,252
Total assets		1,539,061,414	941,739,621	1,544,495,650	942,865,804
EQUITY					
Share capital	29	407,090	646,510	407,090	646,510
Share premium	29	17,216,293	64,498,466	17,216,293	64,498,466
Retained profit		72,753,576	154,201,270	87,910,654	167,579,860
Other reserves		279,065	6,069	279,065	6,069
		90,656,024	219,352,315	105,813,102	232,730,905
LIABILITIES					
Non-current liabilities					
Borrowings	22	303,309,530	31,438,349	303,309,530	31,438,349
Lease liabilities	26	469,155,740	-	469,155,740	-
Deferred tax and other non-current liabilities	25	115,283,160	110,000,896	107,340,543	100,926,273
		887,748,430	141,439,245	879,805,813	132,364,622
Current liabilities					
Trade and other payables	23	330,155,365	213,715,210	326,587,433	211,055,001
Current tax liabilities	27	47,773,351	54,131,436	47,289,574	53,667,534
Borrowings	22	77,935,742	143,875,889	77,935,742	143,875,889
Lease liabilities	26	32,118,460	-	32,118,460	-
Other current liabilities	24	72,674,042	169,225,526	74,945,526	169,171,853
		560,656,960	580,948,061	558,876,735	577,770,277
Total liabilities		1,448,405,390	722,387,306	1,438,682,548	710,134,899
Total equity and liabilities		1,539,061,414	941,739,621	1,544,495,650	942,865,804

The accompanying notes on pages 7 - 31 are an integral part of these condensed consolidated financial statements.

The condensed financial statements were approved by the Board of Directors on the 29 October 2019 and signed on behalf of the Board of Directors by:



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



.....
 Adekunle Awobodu
 Chief Financial Officer
 FRC/2016/ICAN/00000015524

Condensed consolidated and separate statement of changes in equity

For the nine months ended 30 September 2019

Group	Attributable to owners of the parent					Total Equity
	Share capital	Share premium	Total share capital	Other reserves	Retained profit	
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2018	646,510	64,498,466	65,144,976	496,644	47,127,950	112,769,570
Profit for the nine months period	-	-	-	-	115,033,816	115,033,816
Other comprehensive income	-	-	-	(458,350)	-	(458,350)
Dividends paid	-	-	-	-	(38,612,581)	(38,612,581)
Balance at 30 September 2018	646,510	64,498,466	65,144,976	38,294	123,549,185	188,732,455
Balance at 1 January 2019	646,510	64,498,466	65,144,976	6,069	154,201,270	219,352,315
Profit for the nine months period	-	-	-	-	148,323,542	148,323,542
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	72,753,576	90,656,024
Company						
Balance at 1 January 2018	646,510	64,498,466	65,144,976	496,644	57,561,887	123,203,507
Profit for the nine months period	-	-	-	-	117,305,790	117,305,790
Other comprehensive income	-	-	-	(458,126)	-	(458,126)
Dividends paid	-	-	-	-	(38,612,581)	(38,612,581)
Balance at 30 September 2018	646,510	64,498,466	65,144,976	38,518	136,255,096	201,438,590
Balance at 1 January 2019	646,510	64,498,466	65,144,976	6,069	167,579,860	232,730,905
Profit for the nine months period	-	-	-	-	150,102,030	150,102,030
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	87,910,654	105,813,102

There was no impact of the adoption of IFRS 16 on opening retained earnings.

The accompanying notes on pages 7 - 31 are an integral part of these condensed consolidated financial statements.

The Directors approved interim dividends in the course of the year as follows:

11th February 2019: N73 billion, (year ended 31st December 2018);

24th July 2019: N60.05 billion (period ended 30th June 2019).

Condensed consolidated and separate statement of cash flows

For the nine months ended 30 September 2019

	Notes	Group		Company	
		For the nine months ended 30 Sept 2019	For the nine months ended 30 Sept 2018	For the nine months ended 30 Sept 2019	For the nine months ended 30 Sept 2018
		N'000	N'000	N'000	N'000
Cash flows from operating activities:					
Cash generated from operations	28	439,982,976	307,721,070	439,610,526	282,874,073
Interest paid		(78,488,585)	(33,209,404)	(78,488,585)	(33,209,404)
Interest received		14,185,154	13,331,675	14,185,155	13,193,501
Dividends paid		(133,045,813)	(38,612,581)	(133,045,813)	(38,612,581)
Regulatory fine paid		(110,000,000)	(55,000,000)	(110,000,000)	(55,000,000)
Tax paid	27	(62,082,380)	(21,307,737)	(61,756,876)	(20,955,224)
Net cash generated from operating activities		70,551,352	172,923,023	70,504,407	148,290,365
Cash flows from investing activities:					
Acquisition of property, plant and equipment		(140,811,968)	(139,698,567)	(140,811,966)	(139,698,567)
Acquisition of right of use assets		(3,560,693)	-	(3,560,693)	-
Proceeds from disposal of property, plant and equipment		616,751	428,882	616,751	421,713
Movement in non-current prepayments		(3,144,867)	(6,107,763)	(3,144,867)	(5,933,128)
Acquisition of intangible assets		(8,219,375)	(5,503,847)	(8,219,374)	(5,503,847)
Investment in bonds, treasury bills and foreign deposits		(55,829,673)	(38,604,195)	(55,829,673)	(38,604,195)
Movement in restricted cash		11,886,038	17,878,255	11,886,038	17,878,255
Net cash used in investing activities		(199,063,787)	(171,607,235)	(199,063,784)	(171,439,769)
Cash flows from financing activities:					
Proceeds from borrowings		287,834,775	117,296,393	287,834,775	117,296,393
Repayment of borrowings		(82,253,882)	(131,958,215)	(82,253,882)	(131,958,215)
Obligations under leases	26	(27,875,031)	-	(27,875,031)	-
Net cash generated from financing activities		177,705,864	(14,661,822)	177,705,864	(14,661,822)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of the period		49,193,429	(13,346,034)	49,146,487	(37,811,226)
Exchange gain/(loss) on cash and cash equivalents		5,286	(293,690)	5,284	(293,690)
Cash and cash equivalents at end of the period		102,210,463	76,109,355	101,957,956	59,922,489

The accompanying notes on pages 7 - 31 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated and separate financial statements*For the nine months and three months ended 30 September 2019***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.

On 18th April 2019, MTN Nigeria Communications Limited re-registered as a public limited company, MTN Nigeria Communications Plc. The Company was listed by introduction on the Premium Board of the Nigerian Stock Exchange on the 16th of May 2019.

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.

2 Basis of preparation

These condensed consolidated and company interim financial statements for the nine months period ended 30 September 2019 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 an annual financial statement. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2018 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 New accounting standards**3.1 New standards, interpretations and amendments adopted by the Group**

The Group has adopted IFRS 16 Leases from 1 January 2019.

IFRS 16: Leases

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the Group recognised depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognises operating lease expense for these leases. Cash generated from operations increased as lease costs are no longer included in this category; interest paid increased, as it includes the interest portion of the lease liability payments and the capital portion of lease liability repayments is included in cash used in financing activities. Lessor accounting remains similar to previous accounting policies.

The Group adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 January 2019.

The Group's leasing activities and significant accounting policies

The Group's leases include network infrastructure, land, properties, motor vehicles and office equipment. Lease contracts are typically made for fixed periods varying between three to eleven years but may have renewal periods as described below.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

3 New accounting standards (continued)

The Group's leasing activities and significant accounting policies (continued)

From 1 January 2019, the Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment) and for short-term leases, i.e. leases that at commencement date, have lease terms of twelve (12) months or less. The Group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is US\$5,000 (N1.8 million) or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the following types of assets:

	30 Sept 2019	1 January 2019
	N'000	N'000
Network infrastructure	481,471,470	505,583,125
Property	4,707,845	1,189,730
Base station land	5,869,675	6,091,470
Motor vehicles	53,432	-
Office equipment	313,337	417,388
Total right-of-use assets	492,415,759	513,281,713

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any incentives receivable;
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date;
- Amounts that are expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate. This is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning costs.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Notes to the condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

3 New accounting standards (continued)

The Group's leasing activities and significant accounting policies (continued)

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

3.2 Transition

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate, for the remaining lease terms, as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients as permitted by the standard, when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounted for leases with a remaining lease term of less than twelve (12) months as at 1 January 2019 as short-term leases;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Notes to the condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

4 Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	1 January 2019 N'000
Right-of-use assets* (Note 14)	513,281,713
Total	<u>513,281,713</u>
Lease liabilities - current	26,835,610
Lease liabilities - non-current	479,164,904
Total lease liabilities	<u>506,000,514</u>

* Right-of-use assets includes N7.2 billion reclassified from prepayments

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 18.82% for Naira denominated liabilities and 10.49% for US Dollar denominated liabilities. A reconciliation of the operating lease commitments disclosed as at 31 December 2018, discounted using the incremental borrowing rate to the lease liability recognised on 1 January 2019 is disclosed below:

	N'000
Operating lease commitments disclosed at 31 December 2018	2,638,323,804
Discounted using the incremental borrowing rate at 1 January 2019	1,406,196,847
Add: finance lease liabilities recognised as at 31 December 2018	-
(Less): recognition exemption for:	
Short-term leases	-
Low-value leases	-
(Less): non-lease components	(895,480,379)
Add/(less): extension and termination options reasonably certain to be exercised	24,392,428
Add/(less): variable lease payments based on an index or rate	(29,108,382)
Add/(less): residual value guarantees	-
(Less): transition exemption for:	
Leases ending within 12 months of date of initial application	-
Lease liabilities recognised at 1 January 2019	<u>506,000,514</u>
Lease liabilities - current	26,835,610
Lease liabilities - non-current	479,164,904
	<u>506,000,514</u>

4.1 Impact on the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised N492.4 billion of right-of-use assets and N501.3 billion of lease liabilities as at 30 September 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense of N77.5 billion that would have been recognised under IAS 17. During the nine months ended 30 September 2019, the Group recognised N41.5 billion of depreciation charges and N51.2 billion of interest costs from these leases.

Due to the impact of the reducing finance charges over the life of the lease, the impact of adopting IFRS 16 is initially dilutive, before being accretive in later periods.

Cash from operating activities includes interest paid on lease liabilities of N45.4 billion, cash used in financing activities includes N27.9 billion for the capital portion of lease liability repayments.

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5 Summary of new accounting policies

5.1 Leases

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000 or N1.8 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of network infrastructure and office equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., two to five years) and there will be a significant negative effect on operations if a replacement is not readily available.

5.2 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.

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6 Segment Information

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 segment	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.

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 and three months ended 30 September 2019 and 30 September 2018 respectively.

Information about reportable segments

For the nine months ended

	CBU N'000	EBU N'000	WBU N'000	TOTAL N'000
30 September 2019				
Segment revenue	723,722,220	102,854,239	29,900,448	856,476,907
Direct costs	(372,982,964)	(22,491,326)	(973,595)	(396,447,885)
Gross margin	350,739,256	80,362,913	28,926,853	460,029,022
30 September 2018				
Segment revenue	680,132,439	79,988,162	4,334,681	764,455,282
Direct costs	(410,299,480)	(23,613,218)	(408,367)	(434,321,065)
Gross margin	269,832,959	56,374,944	3,926,314	330,134,217

For the three months ended

	CBU N'000	EBU N'000	WBU N'000	TOTAL N'000
30 September 2019				
Segment revenue	243,929,406	35,280,405	10,321,057	289,530,868
Direct costs	(129,289,723)	(5,681,870)	(141,188)	(135,112,781)
Gross margin	114,639,683	29,598,535	10,179,869	154,418,087
30 September 2018				
Segment revenue	228,039,675	28,533,108	2,214,954	258,787,737
Direct costs	(129,823,734)	(16,456,426)	(63,999)	(146,344,159)
Gross margin	98,215,941	12,076,682	2,150,955	112,443,578

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6 Segment information (continued)

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

	For the nine months ended		For the three months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	N'000	N'000	N'000	N'000
Segment gross margin	460,029,022	330,134,217	154,418,087	112,443,578
Unallocated items:				
- Other income	72,491	69,771	24,429	24,429
- Operating expenses	(235,531,968)	(286,503,665)	(80,101,192)	(97,300,915)
- Depreciation & amortisation	(173,851,117)	(124,373,362)	(59,385,732)	(43,003,481)
- Finance income	17,732,723	18,426,399	7,537,671	9,866,873
- Finance expense	(91,977,943)	(53,221,252)	(33,177,108)	(16,515,634)
Profit before taxation	<u>(23,526,792)</u>	<u>(115,467,892)</u>	<u>(10,683,845)</u>	<u>(34,485,150)</u>

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For the nine months and three months ended 30 September 2019

	Group				Company			
	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000	For the three months ended 30 Sept 2019 N'000	For the three months ended 30 Sept 2018 N'000	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000	For the three months ended 30 Sept 2019 N'000	For the three months ended 30 Sept 2018 N'000
7. Revenue								
Airtime and subscription	533,758,184	493,324,980	174,714,584	166,121,650	532,599,396	492,121,196	174,334,213	165,738,708
Data	162,256,665	122,204,105	58,907,194	42,732,155	161,717,571	121,980,753	58,723,909	42,684,516
SMS	10,251,540	10,476,014	3,202,742	3,537,180	10,251,540	10,476,014	3,192,898	3,537,180
Interconnect and roaming	95,369,013	78,411,802	33,312,889	27,413,387	95,375,667	78,399,685	33,329,363	27,408,516
Handset and accessories	848,771	177,331	315,333	54,873	848,771	177,331	315,333	54,873
Digital	26,387,174	33,557,848	9,402,453	9,991,186	26,387,174	33,557,848	9,398,254	9,991,186
Value added service	25,309,639	22,585,478	8,868,903	7,834,993	25,297,359	22,536,520	8,868,903	7,819,597
Other revenues	2,295,921	3,717,724	806,769	1,102,312	2,286,225	3,710,265	792,248	1,102,076
	856,476,907	764,455,282	289,530,867	258,787,736	854,763,703	762,959,612	288,955,121	258,336,652

Other revenues include SIM kits connection fees, Information and Communications Technology (ICT) services and Mobile Financial Services (MFS).

**8. Finance income and finance costs
Recognised in profit or loss**

Finance income

Interest income on bank deposits	5,630,525	6,406,251	2,127,687	1,208,702	5,630,526	6,201,733	2,127,687	1,070,896
Net gain on amortised cost investments	8,114,862	7,221,012	3,116,105	2,810,268	8,114,862	7,221,012	3,116,105	2,810,268
Net gain on FVTPL investments	633,682	1,683,562	363,880	312,643	633,682	1,683,562	363,880	312,643
Net gain on FVOCI investments	281,229	1,379,374	171,235	490,685	281,229	1,379,374	171,235	490,685
Interest income on related parties receivables	13,934	14,943	4,522	5,193	13,934	14,943	4,522	5,193
Currency swap gain	60,152	66,344	62,554	179,746	60,152	66,344	62,554	179,746
Foreign exchange gain	2,998,339	1,654,913	1,691,688	4,859,636	2,998,339	1,654,913	1,691,688	4,859,636
	17,732,723	18,426,399	7,537,671	9,866,873	17,732,724	18,221,881	7,537,671	9,729,067

Finance costs

Interest expense - borrowings	32,403,435	30,143,684	13,567,809	9,359,240	32,403,435	30,143,684	13,567,809	9,359,240
Interest expense - leases	51,220,329	-	17,760,684	-	51,220,329	-	17,760,684	-
Interest expense - others	1,813,581	3,205,726	433,741	992,623	1,813,581	3,205,726	433,743	992,623
Time value accretion on regulatory fine	4,872,217	16,916,622	-	5,258,176	4,872,217	16,916,622	-	5,258,176
Foreign exchange loss	1,668,381	2,955,220	1,414,874	905,595	1,668,381	2,955,220	1,414,874	905,595
	91,977,943	53,221,252	33,177,108	16,515,634	91,977,943	53,221,252	33,177,110	16,515,634

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	Group				Company			
	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000	For the three months ended 30 Sept 2019 N'000	For the three months ended 30 Sept 2018 N'000	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000	For the three months ended 30 Sept 2019 N'000	For the three months ended 30 Sept 2018 N'000
9 Employee benefits								
Salaries and wages	19,489,016	16,149,029	6,518,471	5,824,557	19,489,016	16,149,029	6,518,471	5,824,557
Post employment benefits	1,260,187	1,166,298	446,595	396,589	1,260,187	1,166,298	446,595	396,589
Other staff costs	2,308,688	1,744,340	1,113,242	417,637	2,308,688	1,744,340	1,113,242	417,637
	23,057,891	19,059,667	8,078,308	6,638,783	23,057,891	19,059,667	8,078,308	6,638,783

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

10 Other operating expenses

Profit on disposal of property, plant and equipment	(242,002)	(310,665)	(148,916)	(74,536)	(242,002)	(310,665)	(148,916)	(74,536)
Bad debts written off	9,367,203	7,746,898	28,408	-	9,367,203	7,746,898	28,408	-
Fixed assets written off	3,041,030	44	-	-	3,041,030	44	-	-
Reversal of impairment/ (impairment) of property, plant and equipment	(3,019,890)	490,788	(11,541)	(268,139)	(3,019,890)	490,788	(11,541)	(268,139)
Reversal of impairment losses on contract with customers	(9,051,588)	(9,641,562)	(317,789)	(256,396)	(8,870,618)	(9,641,562)	54,287	(256,396)
Information Technology Development Levy and MTN Foundation	3,645,911	2,914,119	1,207,626	1,071,192	3,645,911	2,914,119	1,207,626	1,071,192
Insurance cost	1,059,521	1,191,903	324,476	379,219	1,059,521	1,191,903	324,476	379,219
Professional fees	14,947,902	19,985,741	3,725,721	7,422,379	14,529,527	19,275,371	3,638,768	6,892,826
Maintenance cost	9,624,051	9,766,292	3,291,104	2,753,721	9,623,883	9,766,292	3,289,686	2,753,721
Rent, rates, utilities and other office running cost	3,985,263	4,911,723	2,476,989	966,207	3,962,378	4,896,170	2,473,263	967,149
Trainings, travels and entertainment cost	2,237,043	1,966,297	1,018,166	880,624	2,132,013	1,966,097	913,472	880,624
Audit fees	213,001	196,589	74,750	70,589	213,001	196,589	71,000	70,589
Other expenses	1,471,147	1,458,600	515,157	544,487	1,418,040	1,462,461	465,166	543,890
	37,278,592	40,676,767	12,184,151	13,489,347	36,859,997	39,954,505	12,305,695	12,960,139

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

11 Direct network operating costs

Regulatory fees	22,074,404	19,895,278	7,568,637	6,837,665	22,074,404	19,895,114	7,554,285	6,837,665
Annual numbering plan	845,803	873,023	281,602	291,008	732,770	732,769	244,258	244,256
BTS leases	121,848,238	172,167,345	42,108,150	59,369,584	121,848,278	172,422,612	42,108,150	59,369,584
Network maintenance	33,166,601	34,365,283	10,199,528	11,398,664	33,456,664	34,108,346	10,099,102	11,398,664
	177,935,046	227,300,929	60,157,917	77,896,921	178,112,116	227,158,841	60,005,795	77,850,169

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	Group				Company			
	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000	For the three months ended 30 Sept 2019 N '000	For the three months ended 30 Sept 2018 N '000	For the nine months ended 30 Sept 2019 N '000	For the nine months ended 30 Sept 2018 N '000	For the three months ended 30 Sept 2019 N '000	For the three months ended 30 Sept 2018 N '000
12 Income tax expense								
Analysis of tax expense for the period								
Current tax								
Company income tax	52,355,818	33,707,791	17,249,319	(1,522,624)	52,010,439	33,564,866	17,136,464	(1,493,981)
Education tax	6,479,738	4,698,072	2,224,505	753,446	6,479,738	4,698,072	2,224,505	753,446
Nigerian Police Trust Fund	10,729	-	10,729	-	10,729	-	10,729	-
	58,846,285	38,405,863	19,484,553	(769,178)	58,500,906	38,262,938	19,371,698	(740,535)
Deferred tax								
Deferred tax	4,835,349	17,596,094	1,330,656	21,811,602	5,967,355	18,728,100	1,707,992	22,188,937
	4,835,349	17,596,094	1,330,656	21,811,602	5,967,355	18,728,100	1,707,992	22,188,937
Tax expense for the period	63,681,634	56,001,957	20,815,209	21,042,424	64,468,261	56,991,038	21,079,690	21,448,402

The Nigeria Police Trust Fund Act 2019 was signed during the year. 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.

12 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% (2018: 32.74%) and the Group's total tax expense for each period. The income tax charge for the period is reconciled to the effective rate of taxation in Nigeria as follows:

	Group		Company	
	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000	For the nine months ended 30 Sept 2019 N'000	For the nine months ended 30 Sept 2018 N'000
Profit before tax	212,005,176	171,035,773	214,570,291	174,296,828
Taxation	63,681,634	56,001,957	64,468,261	56,991,038
Actual tax rate	30.04%	32.74%	30.05%	32.70%
	%	%	%	%
Tax at standard rate	30.00	30.00	30.00	30.00
Expenses not allowed	0.26	2.75	0.26	2.70
Prior year over provision - deferred tax	(0.08)	(0.18)	(0.08)	(0.18)
Investment allowance	(2.07)	(2.02)	(2.04)	(1.98)
Exempt income	(1.15)	(1.27)	(1.13)	(1.24)
Education tax	3.06	3.46	3.04	3.39
Police Trust Fund	0.01	-	0.01	-
	30.04	32.74	30.05	32.70

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13 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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 31 December 2018							
Cost	30,106,833	20,519,534	1,044,144,137	38,120,809	69,461,417	5,975,096	1,208,327,826
Accumulated depreciation and impairment	(18,492,073)	(6,110,911)	(550,526,181)	(22,690,812)	-	(3,484,305)	(601,304,282)
Net book value	11,614,760	14,408,623	493,617,956	15,429,997	69,461,417	2,490,791	607,023,544
Cost							
Balance at 1 January 2019	30,106,833	20,519,534	1,044,144,137	38,120,809	69,461,417	5,975,096	1,208,327,826
Additions	110,331	191,724	2,048,086	2,531,594	125,731,591	-	130,613,326
Reclassifications	636,624	257,100	135,126,638	4,005,790	(145,184,917)	-	(5,158,765)
Write-offs	-	-	(3,041,030)	-	-	-	(3,041,030)
Disposals	-	(4,302)	(24,225,684)	(3,570,091)	-	(2,555)	(27,802,632)
Balance at 30 September 2019	30,853,788	20,964,056	1,154,052,147	41,088,102	50,008,091	5,972,541	1,302,938,725
Balance at 1 January 2019	(18,492,073)	(6,110,911)	(550,526,181)	(22,690,812)	-	(3,484,305)	(601,304,282)
Depreciation for the period	(1,293,612)	(605,934)	(100,939,490)	(7,149,898)	-	(406,510)	(110,395,444)
Impairment reversal	-	-	3,019,890	-	-	-	3,019,890
Disposals	-	4,302	23,808,165	3,540,620	-	2,427	27,355,514
Balance at 30 September 2019	(19,785,685)	(6,712,543)	(624,637,616)	(26,300,090)	-	(3,888,388)	(681,324,322)
Carrying amounts							
At 31 December 2018	11,614,760	14,408,623	493,617,956	15,429,998	69,461,417	2,490,791	607,023,544
At 30 September 2019	11,068,103	14,251,513	529,414,531	14,788,012	50,008,091	2,084,153	621,614,403

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

Included in land and building category is land of N5.37 billion not depreciated.

There was a write-off on obsolete network infrastructure during the year. The write off led to the reversal of impairment charged in previous years on the obsolete network infrastructure, the impairment reversal was taken to the profit and loss statement. See Note 10.

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13 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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 31 December 2018							
Cost	30,103,884	20,519,534	1,043,763,617	38,098,244	69,461,417	5,964,352	1,207,911,048
Accumulated depreciation and impairment	(18,492,073)	(6,110,911)	(550,200,339)	(22,671,296)	-	(3,473,561)	(600,948,180)
Net book value	11,611,811	14,408,623	493,563,278	15,426,948	69,461,417	2,490,791	606,962,868
Cost							
Balance at 1 January 2019	30,103,884	20,519,534	1,043,763,617	38,098,244	69,461,417	5,964,352	1,207,911,048
Additions	110,331	191,724	2,048,086	2,531,594	125,731,591	-	130,613,326
Reclassifications	636,624	257,100	135,126,638	4,005,790	(145,184,917)	-	(5,158,765)
Write-offs	-	-	(3,041,030)	-	-	-	(3,041,030)
Disposals	-	(4,302)	(23,808,908)	(3,570,091)	-	(2,555)	(27,385,856)
Balance at 30 September 2019	30,850,839	20,964,056	1,154,088,403	41,065,537	50,008,091	5,961,797	1,302,938,723
Balance at 1 January 2019	(18,492,073)	(6,110,911)	(550,200,339)	(22,671,296)	-	(3,473,561)	(600,948,180)
Depreciation for the period	(1,293,612)	(605,934)	(100,939,490)	(7,149,898)	-	(406,510)	(110,395,444)
Impairment reversal	-	-	3,019,890	-	-	-	3,019,890
Disposals	-	4,302	23,452,065	3,540,620	-	2,427	26,999,414
Balance at 30 September 2019	(19,785,685)	(6,712,543)	(624,667,874)	(26,280,574)	-	(3,877,644)	(681,324,320)
Carrying amounts							
At 31 December 2018	11,611,811	14,408,623	493,563,278	15,426,948	69,461,417	2,490,791	606,962,868
At 30 September 2019	11,065,154	14,251,513	529,420,529	14,784,963	50,008,091	2,084,153	621,614,403

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

Included in land and building category is land of N5.37 billion not depreciated.

There was a write-off on obsolete network infrastructure during the year. The write off led to the reversal of impairment charged in previous years on the obsolete network infrastructure, the impairment reversal was taken to the profit and loss statement. See Note 10.

Notes to the condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

14 Right of use assets

	Network infrastructure N'000	Base station land N'000	Property leases N'000	Office equipment N'000	Motor vehicles N'000	Total N'000
Cost						
Balance at 1 January 2019	-	-	-	-	-	-
Opening balance adjustment - 1 January 2019	505,583,125	6,091,470	1,189,730	417,388	-	513,281,713
Additions	14,569,358	1,567,993	4,401,650	-	64,048	20,603,049
Balance at 30 September 2019	520,152,483	7,659,463	5,591,380	417,388	64,048	533,884,762
Balance at 1 January 2019	-	-	-	-	-	-
Depreciation for the period	(38,681,013)	(1,789,788)	(883,535)	(104,051)	(10,616)	(41,469,003)
Balance at 30 September 2019	(38,681,013)	(1,789,788)	(883,535)	(104,051)	(10,616)	(41,469,003)
Carrying amounts						
At 1 January 2019	505,583,125	6,091,470	1,189,730	417,388	-	513,281,713
At 30 September 2019	481,471,470	5,869,675	4,707,845	313,337	53,432	492,415,759

Opening balance adjustments relate to the adoption of IFRS 16 on 1 January 2019.

Notes to the condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

15 Intangible assets

Group	Goodwill N '000	Licences N '000	Software N '000	Total N '000
Balance at 31 December 2018				
Cost	10,016,039	178,187,354	51,352,952	239,556,345
Accumulated amortisation and impairment	-	(93,631,803)	(26,556,419)	(120,188,222)
Net book value	10,016,039	84,555,551	24,796,533	119,368,123
Cost				
Balance at 1 January 2019	10,016,039	178,187,354	51,352,952	239,556,345
Additions	-	-	2,845,502	2,845,502
Reclassification	-	-	5,158,765	5,158,765
Disposals	-	-	(9,475,416)	(9,475,416)
Balance at 30 September 2019	10,016,039	178,187,354	49,881,803	238,085,196
Accumulated amortisation and impairment				
Balance at 1 January 2019	-	(93,631,803)	(26,556,419)	(120,188,222)
Amortisation for the period	-	(11,450,996)	(10,535,674)	(21,986,670)
Disposals	-	-	9,443,746	9,443,746
Balance at 30 September 2019	-	(105,082,799)	(27,648,347)	(132,731,146)
Carrying amounts				
At 31 December 2018	10,016,039	84,555,551	24,796,533	119,368,123
At 30 September 2019	10,016,039	73,104,555	22,233,456	105,354,050
Company				
Balance at 31 December 2018				
Cost	-	129,431,276	51,352,952	180,784,228
Accumulated amortisation and impairment	-	(77,120,158)	(26,556,419)	(103,676,577)
Net book value	-	52,311,118	24,796,533	77,107,651
Cost				
Balance at 1 January 2019	-	129,431,276	51,352,952	180,784,228
Additions	-	-	2,845,501	2,845,501
Reclassification	-	-	5,158,765	5,158,765
Disposals	-	-	(9,340,321)	(9,340,321)
Balance at 30 September 2019	-	129,431,276	50,016,897	179,448,173
Accumulated amortisation and impairment				
Balance at 1 January 2019	-	(77,120,158)	(26,556,419)	(103,676,577)
Amortisation for the year	-	(7,435,562)	(10,535,674)	(17,971,236)
Disposals	-	-	9,340,321	9,340,321
Balance at 30 September 2019	-	(84,555,720)	(27,751,772)	(112,307,492)
Carrying amounts				
At 31 December 2018	-	52,311,118	24,796,533	77,107,651
At 30 September 2019	-	44,875,556	22,265,125	67,140,681

Reclassification relates to items reclassified from/(to) property, plant and equipment from/(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 and three months ended 30 September 2019

	Group		Company	
	30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
16 Investment In subsidiaries				
Visafone Communications Limited	-	-	43,778,000	43,778,000
XS Broadband Limited	-	-	500,000	500,000
Yello Digital Financial Services Limited	-	-	50,000	50,000
Total investment	-	-	44,328,000	44,328,000
Impairment (XS Broadband Ltd)	-	-	(500,000)	(500,000)
	-	-	43,828,000	43,828,000
17 Other non current assets				
Contract acquisition cost	4,643,894	3,766,048	4,643,894	3,766,048
Non-current prepayments	12,582,118	15,726,985	12,582,118	15,726,985
	17,226,012	19,493,033	17,226,012	19,493,033
18 Current investments				
US Dollar deposits held at amortised cost	11,043,440	7,651,077	11,043,440	7,651,077
Treasury bills held at amortised cost	92,159,689	56,080,918	92,159,689	56,080,918
Treasury bills held at FVOCI	5,123,112	434,066	5,123,112	434,066
Treasury bills held at FVTPL	12,576,293	1,302,198	12,576,293	1,302,198
	120,902,534	65,468,259	120,902,534	65,468,259
19 Inventories				
Handsets and accessories	537,092	1,472,329	537,092	1,479,059
Starter packs	1,259,325	1,600,467	1,259,325	1,600,467
	1,796,417	3,072,796	1,796,417	3,079,526
Inventory write-down	(431,934)	(1,534,030)	(431,934)	(1,534,030)
	1,364,483	1,538,766	1,364,483	1,545,496
There was an inventory write down reversal of N1 billion recognised in the cost of handsets and accessories in the statement of profit and loss.				
20 Trade and other receivables				
Trade receivables	38,246,767	32,790,123	37,802,242	32,110,907
Trade receivables - related parties	1,522,548	6,821,267	2,311,416	6,821,267
Allowance for expected credit losses	(6,287,150)	(15,338,738)	(5,891,123)	(14,761,742)
Net trade receivables	33,482,165	24,272,652	34,222,535	24,170,432
Sundry receivables and advances	235,885	268,265	235,885	268,288
Other receivables	11,212,315	4,721,131	10,631,869	4,692,691
Non-financial Instruments				
Prepayments	20,292,478	25,082,062	20,254,666	25,080,863
Less: non current prepayments	(12,582,118)	(15,726,985)	(12,582,118)	(15,726,985)
Trade and other receivables	52,640,725	38,617,125	52,762,837	38,485,289
21 Restricted cash				
Restricted cash deposits	25,332,985	37,219,023	25,282,985	37,169,023

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 nine months and three months ended 30 September 2019

22 Borrowings	Group		Company	
	30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
The maturity of the loans is as follows:				
Payable within one year (included in current liabilities)	77,935,742	143,875,889	77,935,742	143,875,889
More than one year but not exceeding two years	57,415,220	12,762,693	57,415,220	12,762,693
More than two years but not exceeding five years	173,506,144	18,675,656	173,506,144	18,675,656
More than five years	72,388,166	-	72,388,166	-
Amounts included in non-current liabilities	303,309,530	31,438,349	303,309,530	31,438,349

22.2 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 2019
Local facility D (Existing)	N329.25 billion local currency term loan maturing November 2019, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1%.	N43.1 billion
Local facility M (New)	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 (New)	N200 billion local currency term loan maturing in 2026, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%.	N100 billion
Foreign facility G	USD 300 million Chinese Banks' Syndicated Buyers Credit Facility with interest rate is linked to the 6-Month LIBOR plus a margin of 3.04%.	USD 8.505 million
Foreign facility H	USD 329 million Export Credit Agency backed Facility from KfW-IPEX Bank and Citibank. Tranche 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 42.7 million
Foreign facility J	Syndicated Buyer's Credit Facility with floating interest rate Facilities at LIBOR plus a margin of 5.5%.	USD 61.7 million

23 Trade and other payables	Group		Company	
	30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
Trade payables	21,720,270	18,607,910	21,510,980	17,698,675
Trade payables - related parties	135,962,349	39,652,033	135,384,760	39,652,033
Sundry payables	1,093,255	1,229,176	1,093,255	1,121,150
Accrued expenses	128,454,584	140,869,024	128,047,357	139,927,596
Other payables	42,924,907	13,357,067	40,551,081	12,655,547
	330,155,365	213,715,210	326,587,433	211,055,001

Included in trade and other payables is N144.7 billion payable for the redemption of preference shares.

Notes to the condensed consolidated and separate financial statements

For the nine months and three months ended 30 September 2019

24 Other current liabilities

	Group		Company	
	30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
24.1 Regulatory fine liability				
Opening balance 1 January	105,127,783	192,775,764	105,127,783	192,775,764
Time value accretion (note 8)	4,872,217	22,352,019	4,872,217	22,352,019
Payment	(110,000,000)	(110,000,000)	(110,000,000)	(110,000,000)
Closing balance	-	105,127,783	-	105,127,783
24.2 Others include:				
Contract liabilities	47,349,498	42,738,547	49,620,982	42,684,874
Provisions	25,064,108	21,359,196	25,064,108	21,359,196
Derivatives	136,316	-	136,316	-
Indefeasible right of use liability	124,120	-	124,120	-
Total other current liabilities	72,674,042	169,225,526	74,945,526	169,171,853

25 Deferred tax and other non-current liabilities

25.1 Deferred tax

Opening balance	109,266,019	87,176,559	100,191,396	76,592,596
Charge to profit or loss	5,590,020	23,598,801	5,967,355	23,598,800
Arising on consolidation	(754,671)	(1,509,341)	-	-
	114,101,368	109,266,019	106,158,751	100,191,396

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. Prior year balances have been restated to reflect a net deferred tax liability position.

	Group		Company	
	30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
25.2 Provisions				
At beginning of period	21,425,130	13,262,957	21,425,130	13,262,957
Additions	12,441,534	19,564,818	12,441,534	19,564,818
Unused amounts reversed	(768,958)	(2,102,884)	(768,958)	(2,102,884)
Utilised	(7,964,386)	(9,299,761)	(7,964,386)	(9,299,761)
At end of period/year	25,133,320	21,425,130	25,133,320	21,425,130
Current	25,064,108	21,359,196	25,064,108	21,359,196
Non-current	69,212	65,934	69,212	65,934
25.3 Other non-current liabilities				
Share based payment liability	654,791	654,791	654,791	654,791
Derivatives	-	14,152	-	14,152
Indefeasible right of use liability	457,789	-	457,789	-
	1,112,580	668,943	1,112,580	668,943
Total deferred tax and other non-current liabilities	115,283,160	110,000,896	107,340,543	100,926,273

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For the nine months and three months ended 30 September 2019

26 Lease liabilities

At the year end the Group had outstanding obligations under lease commitments which fall due as follows:

	Group		Company	
	30 Sept 2019 N'000	31 Dec 2018 N'000	30 Sept 2019 N'000	31 Dec 2018 N'000
As at 1 January (opening balance adjustment)	506,000,514	-	506,000,514	-
Additions	17,339,795	-	17,339,795	-
Accretion	51,220,328	-	51,220,328	-
Payments	(73,286,437)	-	(73,286,437)	-
As at period/year end	501,274,200	-	501,274,200	-
Current - Under 1 year	32,118,460	-	32,118,460	-
Non-current				
1 to 2 Years	34,412,487	-	34,412,487	-
2 to 5 Years	121,297,152	-	121,297,152	-
Over 5 Years	313,446,101	-	313,446,101	-
	469,155,740	-	469,155,740	-
As at period/year end	501,274,200	-	501,274,200	-

27. Current tax liabilities

Opening balance	54,131,436	25,996,641	53,667,534	25,451,993
Provision for the period/year - company income tax	52,355,818	46,659,079	52,010,439	46,403,534
Provision for the period/year - education tax	6,479,738	6,908,057	6,479,738	6,891,950
Provision for the period/year - capital gains tax	-	38	-	38
Provision for the year/ period - Nigerian Police Trust Fund	10,729	-	10,729	-
Tax paid	(44,068,636)	(21,269,927)	(43,769,484)	(20,955,224)
Income tax on dividends	(18,013,744)	-	(18,013,744)	-
Withholding tax credit	(3,095,638)	(3,825,060)	(3,095,638)	(3,825,060)
Reclassification	(26,352)	(337,392)	-	(299,697)
Closing balance	47,773,351	54,131,436	47,289,574	53,667,534

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For the nine months and three months ended 30 September 2019

	Group		Company	
	For the nine months ended 30 Sept 2019	For the nine months ended 30 Sept 2018	For the nine months ended 30 Sept 2019	For the nine months ended 30 Sept 2018
	N'000	N'000	N'000	N'000
28 Cash generated from operations				
Profit before tax	212,005,176	171,035,773	214,570,291	174,296,828
<i>Adjustments for non cash items:</i>				
Finance Income (note 8)	(17,732,723)	(18,426,399)	(17,732,724)	(18,221,881)
Finance cost (note 8)	91,977,943	53,221,252	91,977,943	53,221,252
Depreciation of property, plant and equipment (note 13)	110,395,444	104,737,209	110,395,444	104,737,209
Depreciation of right of use assets (note 14)	41,469,003	-	41,469,003	-
(Reversal of impairment)\ impairment of property, plant and equipment (note 13)	(3,019,890)	758,926	(3,019,890)	758,926
Amortisation of intangible assets (note 15)	21,986,670	19,636,153	17,971,236	15,621,164
Loss on disposal of assets held for sale (note 10)	-	7,170	-	7,170
Profit on disposal of property, plant and equipment (note 10)	(242,002)	(310,665)	(242,002)	(310,665)
Movement of impairment of contracts with customers (Reversal of impairment)/impairment of trading inventory	(9,051,588)	(9,641,562)	(8,870,619)	(9,641,562)
	(1,102,096)	198,574	(1,102,096)	193,043
Other movement in property, plant and equipment	2,283,513	1,415	2,283,513	1,415
	448,969,450	321,217,846	447,700,099	320,662,899
Changes in working capital:				
Movement in inventories	1,276,379	2,717,082	1,283,109	2,717,082
Movement in trade and other receivables	(8,027,845)	(6,776,088)	(8,462,762)	(31,895,665)
Movement in trade and other payables	(10,257,276)	(18,020,330)	(11,257,345)	(17,186,834)
Movement in indefeasible right of use liability	581,909	-	581,909	-
Movement in contract acquisition cost	(877,846)	(164,374)	(877,846)	(164,374)
Movement in provisions	3,707,254	4,293,734	3,707,254	4,293,734
Movement in contract liabilities	4,610,951	4,453,200	6,936,108	4,447,231
	(8,986,474)	(13,496,776)	(8,089,573)	(37,788,826)
Cash generated from operations	439,982,976	307,721,070	439,610,526	282,874,073

MTN Nigeria Communications Plc

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29 Equity

29.1 Authorised:

	30 Sept 2019 N'000	31 Dec 2018 N'000
500,000,000 ordinary shares of N1 each	-	500,000
4,500,000 "B" ordinary shares of N1 each	-	4,500
402,590,263 preference shares of US\$0.005c each	-	239,420
27,850,000,000 ordinary shares of N0.02 each	557,000	-
	557,000	743,920

29.2 Issued and fully paid:

402,590,263 ordinary shares of N1 each	-	402,590
4,500,000 "B" ordinary shares of N 1 each	-	4,500
402,590,263 preference shares of US\$ 0.005c each	-	239,420
20,354,513,050 ordinary shares of N0.02 each	407,090	-
	407,090	646,510

29.3 Share premium

4,500,000 "B" 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
402,590,263 US\$ 0.005c Preference shares of \$0.987c each	-	47,282,173
	17,216,293	64,498,466

29.4 At an Extraordinary General Meeting of the Company on 31 January 2019, an ordinary resolution was passed to sub-divide the ordinary shares of the Company from One Naira (N1.00k) each to 2 kobo each. This became effective with the listing of the Company's shares by introduction on the Nigerian Stock Exchange (NSE). The sub-division of the value of ordinary shares led to the increase of ordinary shares to 27,850,000,000 shares.

At a General Meeting of the holders of ordinary shares on 31 January 2019, a special resolution was passed to delink the ordinary shares of the Company from the preference shares. This became effective with the listing of the Company's shares by introduction on the NSE.

Following the delinking of the ordinary shares from the preference shares, the 4,500,000 Class B ordinary shares have been renamed ordinary shares by way of a special resolution passed by the Board of Directors.

The premium and par value of the preference shares of 402,590,263 were reclassified from share capital and share premium to a redemption account as a result of the listing of MTN Nigeria's ordinary shares on the floor of the NSE. This is a precondition stated in the Company's Articles of Association. This was approved by a resolution dated 24 April 2019.

In line with the Companies and Allied Matters Act, 2011 (CAMA), a sum equal to the nominal amount of the par value of the redeemable preference shares was reclassified out of retained earnings to a Capital Redemption Reserve Fund (CRRF).

30 Earnings per share (EPS)

Earnings per share of N7.29 (September 2018: N5.65) is based on the profit for the period of N148.32 billion (September 2018: N115.03billion) and on 20,354,513,050 ordinary shares in issue at the end of the period (September 2018:

EPS for September 2018 was restated as a result of the sub-division of ordinary shares of N1.00 each (407,090,263 ordinary shares) to 2 kobo each (20,354,513,050 ordinary shares) in 2019.

The Directors approved interim dividends in the course of the year as follows:

11th February 2019: N73 billion, (year ended 31st December 2018);

24th July 2019: N60.05 billion (period ended 30th June 2019).

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31 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 are entered into by the Company and its subsidiaries during the year with related parties. The terms of these transactions are at arm's length. Intra-group transactions are eliminated on consolidation.

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, Yellow Digital Financial Services Limited and Visafone Communications Limited. Their principal activity is the provision of broadband fixed wireless access service, mobile financial services and high quality telecommunication service respectively.

The following are related parties to the entity

The following is a summary of transactions between the Group and its related parties during the year and balances due at year end:

	30 Sept 2019 N '000	31 Dec 2018 N '000
Parent Company: MTN International (Mauritius) Limited		
Dividends paid (excluding withholding tax):		
MTN International (Mauritius) Ltd	42,256,178	51,372,457

Other parties related to parent Company. These are subsidiaries and associates of MTN Group

		Sales to related parties N '000	Purchases from related parties N '000	Due from related parties N '000	Due to related parties N '000
Within the Company					
Visafone Nigeria	30 Sept 2019	351,358	-	627,160	-
	31 Dec 2018	857,339	764,351	894,149	-
XS Broadband	30 Sept 2019	-	-	-	-
	31 Dec 2018	-	-	668,101	-
Yellow Digital	30 Sept 2019	-	-	793,868	-
	31 Dec 2018	-	-	-	-
Within the Group					
MTN Afghanistan	30 Sept 2019	-	-	257	-
	31 Dec 2018	-	-	259	-
MTN Benin	30 Sept 2019	824,592	1,327,852	267,714	502,099
	31 Dec 2018	8,581,415	16,601,877	1,120,783	2,625,094
MTN Cameroon	30 Sept 2019	492,146	197,150	1,625,516	542,039
	31 Dec 2018	5,138,451	1,806,406	1,479,451	557,781
MTN Congo Brassaville	30 Sept 2019	7,851	4,185	17,201	7,841
	31 Dec 2018	13,329	4,802	7,346	4,576
MTN Cote d'Ivoire	30 Sept 2019	160,247	81,612	335,376	155,390
	31 Dec 2018	2,201,551	763,845	757,745	426,926
MTN Cyprus	30 Sept 2019	-	-	-	-
	31 Dec 2018	64	522	-	-
MTN Dubai	30 Sept 2019	-	-	-	639,234
	31 Dec 2018	44,077	10,080,752	-	286,193
MTN Ghana	30 Sept 2019	496,824	862,372	89,818	279,514
	31 Dec 2018	4,752,964	3,734,487	946,703	1,135,802
MTN Global Connect	30 Sept 2019	187,929	721,261	-	551,711
	31 Dec 2018	-	-	164,266	-

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31 Related party transactions (contd.)

		Sales to related parties N'000	Purchases from related parties N'000	Due from related parties N'000	Due to related parties N'000
MTN Group Management Services	30 Sept 2019	-	-	2,061,667	1,047,303
	31 Dec 2018	-	-	814,428	-
MTN Guinea Bissau	30 Sept 2019	2,319	2,579	7,924	1,369
	31 Dec 2018	204	-	5,162	2,056
MTN Guinea Conakry	30 Sept 2019	-	-	13,421	-
	31 Dec 2018	6,329	636	12,947	-
MTN Holdings	30 Sept 2019	-	-	-	12,453
	31 Dec 2018	-	-	-	13,218
MTN International (Mauritius) Limited	30 Sept 2019	-	-	-	118,119,095
	31 Dec 2018	-	-	-	8,483,323
MTN Irancell	30 Sept 2019	-	-	-	-
	31 Dec 2018	64	304	-	-
Lonestar Communications Corporations (Liberia)	30 Sept 2019	-	-	15,316	-
	31 Dec 2018	13,800	3,859	14,155	-
MTN Rwanda	30 Sept 2019	3,928	8,574	10,088	4,336
	31 Dec 2018	1,094	4,005	5,372	7,201
MTN Namibia	30 Sept 2019	-	1,032	-	-
	31 Dec 2018	-	-	14	-
MTN Sudan	30 Sept 2019	32,105	33,604	86,742	67,463
	31 Dec 2018	166,189	92,552	54,904	34,027
MTN South Sudan	30 Sept 2019	-	-	-	-
	31 Dec 2018	17,740	451	635	-
MTN South Africa	30 Sept 2019	481,038	940,699	741,386	431,733
	31 Dec 2018	-	-	634,016	174,122
MTN Swaziland	30 Sept 2019	-	-	-	-
	31 Dec 2018	93	159	-	23
MTN Syria	30 Sept 2019	-	-	-	-
	31 Dec 2018	92	411	-	-
MTN Uganda	30 Sept 2019	10,288	15,985	1,430	4,483
	31 Dec 2018	89,477	20,512	11,314	16,750
MTN Yemen	30 Sept 2019	-	-	-	-
	31 Dec 2018	-	39	-	-
MTN Zambia	30 Sept 2019	9,843	4,395	12,753	4,501
	31 Dec 2018	86,178	5,304	17,691	8,182
Global Trading Company	30 Sept 2019	1,442,869	-	-	1,336,630
	31 Dec 2018	-	5,009,354	-	2,795,104
Interserve Overseas Ltd	30 Sept 2019	-	2,768,369	-	8,759,192
	31 Dec 2018	-	-	-	10,762,382
INT Towers Limited	30 Sept 2019	-	-	-	-
	31 Dec 2018	-	-	775,880	-
IHS Towers	30 Sept 2019	-	-	-	-
	31 Dec 2018	-	75,491,544	-	12,319,273
Mobile Telephone Networks (Pty) Ltd	30 Sept 2019	-	-	-	-
	31 Dec 2018	7,238,744	3,972,116	-	-

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32 Financial Instruments

32.1 Accounting classes and fair values

Group	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Total Carrying Amount
30 September 2019	N '000	N '000	N '000	N '000
Current financial assets				
Trade and other receivables	44,930,365	-	-	44,930,365
Current investments	103,203,129	12,576,293	5,123,112	120,902,534
Cash at bank and on hand	102,210,463	-	-	102,210,463
Restricted cash	25,332,985	-	-	25,332,985
	275,676,942	12,576,293	5,123,112	293,376,347
Non-current financial liabilities				
Borrowings	303,309,530	-	-	303,309,530
	303,309,530	-	-	303,309,530
Current financial liabilities				
Trade payables	21,720,270	-	-	21,720,270
Current borrowings	77,935,742	-	-	77,935,742
Accrued expenses	128,454,584	-	-	128,454,584
Other payables	42,924,907	-	-	42,924,907
Trade payables - related parties	135,962,349	-	-	135,962,349
	406,997,852	-	-	406,997,852
	710,307,382	-	-	710,307,382
31 December 2018				
Current financial assets				
Trade and other receivables	29,262,047	-	-	29,262,047
Current Investments	63,731,995	1,302,198	434,066	65,468,259
Cash at bank and on hand	53,011,748	-	-	53,011,748
Restricted cash	37,219,023	-	-	37,219,023
	183,224,813	1,302,198	434,066	184,961,077
Non-current financial liabilities				
Borrowings	31,438,349	-	-	31,438,349
Derivatives	-	14,152	-	14,152
	31,438,349	14,152	-	31,452,501
Current financial liabilities				
Trade and other payables	18,607,910	-	-	18,607,910
Borrowings	143,875,889	-	-	143,875,889
Accrued expenses	121,315,900	-	-	121,315,900
Other payables	1,196,006	-	-	1,196,006
Amount due to related parties	39,652,033	-	-	39,652,033
Regulatory fine payable	105,127,783	-	-	105,127,783
	429,775,521	-	-	429,775,521
	461,213,870	14,152	-	461,228,022

32.2 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),

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32 Financial Instruments (continued)

32.2 Fair value estimation (continued)

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	Level 1	Level 2	Level 3	Total
30 September 2019	N '000	N '000	N '000	N '000
Assets				
Treasury bills at fair value through profit or loss	12,576,293	-	-	12,576,293
Treasury bills at fair value through other comprehensive income	5,123,112	-	-	5,123,112
	17,699,405	-	-	17,699,405
31 December 2018				
Assets				
Treasury bills at fair value through profit or loss	1,302,198	-	-	1,302,198
Treasury bills at fair value through other comprehensive income	434,066	-	-	434,066
	1,736,264	-	-	1,736,264

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.

32.3 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
	N'000	N'000	N'000
30 September 2019			
Current financial assets			
Interconnect receivables	23,153,927	8,481,748	14,672,179
	23,153,927	8,481,748	14,672,179
Current financial liabilities			
Interconnect payables	11,560,134	8,481,748	3,078,386
	11,560,134	8,481,748	3,078,386
31 December 2018			
Current financial assets			
Interconnect receivables	21,129,283	10,149,839	10,979,444
	21,129,283	10,149,839	10,979,444
Current financial liabilities			
Interconnect payables	13,908,787	10,149,839	3,758,948
	13,908,787	10,149,839	3,758,948

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

	Group		Company	
	30 Sept 2019 N'000	30 Sept 2018 N'000	30 Sept 2019 N'000	30 Sept 2018 N'000
Commitments for the acquisition of property, plant, equipment and software				
Contracted and provided for	49,728,243	22,098,847	49,728,243	22,098,847
Approved but not contracted for	15,622,902	171,639,551	15,622,902	171,639,551
Total commitments for property, plant, equipment and software	65,351,145	193,738,398	65,351,145	193,738,398

Capital expenditure will be funded from operating cash flows and where necessary by raising additional facilities.

34 Updates on subsidiaries

- 34.1** During the period, the Nigerian Communications Commission (NCC) granted Visafone Communications Limited the approval to transfer its 800MHz licence and spectrum to MTN Nigeria Communications Plc. The Group is currently assessing the legal and regulatory ramifications of this transfer.
- 34.2** On the 25th of July 2019, the Company's subsidiary, Yello Digital Financial Services Limited (YDFS) obtained a super-agent licence from the Central Bank of Nigeria (CBN) which would enable it build an agent network and accelerate the growth of the fintech business. The commercial launch of the agent network (MoMo) was done on the 29th of August 2019 in Abuja, Nigeria.

35 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 N22.2 billion (December 2018: N22.71 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. There 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.

36 Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period ended.