



MTN Nigeria Communications Plc  
Unaudited Condensed Consolidated Interim Financial Statements  
For the six months period ended 30 June 2021

## Unaudited condensed consolidated and separate financial statements

*For the six months ended 30 June 2021*

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**Financial Highlights**

*For the six months ended 30 June 2021*

<i>In millions of Nigerian Naira</i>	Notes	For the six months period ended 30 June 2021	For the six months period ended 30 June 2020	% Change
Revenue	4	791,263	638,075	24.01
Operating profit		273,709	204,536	33.82
Profit before tax		215,116	139,571	54.13
Profit after tax		141,827	94,879	49.48
Basic/ diluted earnings per share (N)	33	6.97	4.66	49.48
		As at 30 June 2021	As at 31 Dec 2020	% Change
Share capital		407	407	-
Total equity		200,121	178,386	12.18
Net assets per share (N)		9.83	8.76	12.18
<b>Stock exchange information</b>				
Market price per share as at period end		164.00	169.90	
Market capitalisation as at period end		3,338,140	3,458,232	
Number of shares issued and fully paid as at period end (in thousands)	33	20,354,513	20,354,513	-

Unaudited condensed consolidated and separate statement of profit or loss

For the six months ended 30 June 2021

In millions of Nigerian Naira	Notes	Group				Company			
		For the six months period ended		For the three months period ended		For the six months period ended		For the three months period ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>Revenue</b>	4	<b>791,263</b>	<b>638,075</b>	<b>405,946</b>	<b>308,903</b>	<b>790,793</b>	<b>638,057</b>	<b>405,553</b>	<b>308,893</b>
Direct network operating costs	8	(192,429)	(148,552)	(98,558)	(80,088)	(192,429)	(148,552)	(98,558)	(80,088)
Value added services costs		(8,934)	(6,676)	(4,709)	(2,970)	(8,934)	(6,676)	(4,709)	(2,970)
Costs of starter packs, handsets and accessories		(1,497)	(9,085)	(1,224)	(4,835)	(1,497)	(9,085)	(1,224)	(4,835)
Interconnect costs		(62,206)	(53,961)	(31,030)	(25,943)	(62,206)	(53,961)	(31,030)	(25,943)
Roaming costs		(1,949)	(1,381)	(1,098)	(513)	(1,949)	(1,381)	(1,098)	(513)
Transmission costs		(4,152)	(3,063)	(2,163)	(1,616)	(4,152)	(3,063)	(2,163)	(1,616)
Employee benefits	6	(19,050)	(19,240)	(9,734)	(9,977)	(18,651)	(18,889)	(9,520)	(9,790)
Discounts and commissions		(38,994)	(31,462)	(20,080)	(15,414)	(38,560)	(31,310)	(19,827)	(15,290)
Advertisements, sponsorships and sales promotions		(8,558)	(6,755)	(4,948)	(2,244)	(7,127)	(6,385)	(3,670)	(2,336)
Other operating expenses	7	(36,281)	(30,839)	(19,742)	(13,712)	(35,245)	(29,927)	(18,919)	(13,224)
Depreciation of property, plant and equipment	10	(80,863)	(74,463)	(48,636)	(37,100)	(80,863)	(74,463)	(48,636)	(37,100)
Depreciation on right of use assets	11	(41,864)	(30,657)	(21,146)	(14,638)	(41,864)	(30,657)	(21,146)	(14,638)
Amortisation of intangible assets	12	(20,777)	(17,405)	(2,274)	(8,569)	(18,117)	(14,746)	(945)	(7,239)
<b>Operating profit</b>		<b>273,709</b>	<b>204,536</b>	<b>140,604</b>	<b>91,284</b>	<b>279,199</b>	<b>208,962</b>	<b>144,108</b>	<b>93,311</b>
Finance income	5	5,677	7,584	4,773	4,019	5,677	7,576	4,773	4,016
Finance costs	5	(64,270)	(72,549)	(33,241)	(32,970)	(64,270)	(72,549)	(33,241)	(32,970)
<b>Profit before tax</b>		<b>215,116</b>	<b>139,571</b>	<b>112,136</b>	<b>62,333</b>	<b>220,606</b>	<b>143,989</b>	<b>115,640</b>	<b>64,357</b>
Income tax expense	9	(73,289)	(44,692)	(44,048)	(19,531)	(74,937)	(46,009)	(45,101)	(20,129)
<b>Profit for the period</b>		<b>141,827</b>	<b>94,879</b>	<b>68,088</b>	<b>42,802</b>	<b>145,669</b>	<b>97,980</b>	<b>70,539</b>	<b>44,228</b>
<b>Attributable to:</b>									
Owners of the parent		141,827	94,879	68,088	42,802	145,669	97,980	70,539	44,228
		<b>141,827</b>	<b>94,879</b>	<b>68,088</b>	<b>42,802</b>	<b>145,669</b>	<b>97,980</b>	<b>70,539</b>	<b>44,228</b>
Earnings per share - basic/diluted	33	<b>N 6.97</b>	<b>N 4.66</b>	<b>N 3.35</b>	<b>N 2.10</b>	<b>N 7.16</b>	<b>N 4.81</b>	<b>N 3.47</b>	<b>N 2.17</b>

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

Unaudited condensed consolidated and separate statement of other comprehensive income

For the six months ended 30 June 2021

In millions of Nigerian Naira	Group				Company			
	For the six months period ended		For the three months period ended		For the six months period ended		For the three months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit for the period	141,827	94,879	68,088	42,802	145,669	97,980	70,539	44,228
<i>Items that may be reclassified to profit or loss</i>								
Transfer of fair value reserve of investments designated at FVOCI	-	(232)	-	(125)	-	(232)	-	(125)
Total comprehensive income for the period	<b>141,827</b>	<b>94,647</b>	<b>68,088</b>	<b>42,677</b>	<b>145,669</b>	<b>97,748</b>	<b>70,539</b>	<b>44,103</b>
<b>Attributable to:</b>								
Owners of the parent	141,827	94,647	68,088	42,677	145,669	97,748	70,539	44,103
	<b>141,827</b>	<b>94,647</b>	<b>68,088</b>	<b>42,677</b>	<b>145,669</b>	<b>97,748</b>	<b>70,539</b>	<b>44,103</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 form an integral part of the unaudited condensed consolidated and separate financial statements.

Unaudited condensed consolidated and separate statement of financial position

As at 30 June 2021

<i>In millions of Nigerian Naira</i>	Notes	Group		Company	
		30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	715,411	686,157	715,411	686,157
Intangible assets	12	227,567	111,080	198,672	79,525
Right of use assets	11	625,831	595,745	625,831	595,745
Investment in subsidiaries	13	-	-	49,328	49,328
Other investments	14	19,139	25,847	19,139	25,847
Other non current assets	15	20,192	21,896	20,192	21,896
		<b>1,608,140</b>	<b>1,440,725</b>	<b>1,628,573</b>	<b>1,458,498</b>
<b>Current assets</b>					
Inventories	17	7,018	2,158	7,018	2,158
Trade and other receivables	18	97,295	50,766	102,493	53,110
Current investments	16	145,510	146,783	145,510	146,783
Restricted cash	19	82,373	47,913	85,915	47,913
Cash and cash equivalents	20	230,010	275,198	221,343	271,041
		<b>562,206</b>	<b>522,818</b>	<b>562,279</b>	<b>521,005</b>
<b>Total assets</b>		<b>2,170,346</b>	<b>1,963,543</b>	<b>2,190,852</b>	<b>1,979,503</b>
<b>EQUITY</b>					
Share capital	32	407	407	407	407
Share premium	32	17,216	17,216	17,216	17,216
Retained profit		182,259	160,524	209,947	184,370
Other reserves		239	239	239	239
		<b>200,121</b>	<b>178,386</b>	<b>227,809</b>	<b>202,232</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	21	342,339	330,551	342,339	330,551
Lease liabilities	29	626,831	586,992	626,831	586,992
Deferred tax liabilities	26	106,830	113,130	104,041	108,693
Provisions	24	42	38	42	38
Employee benefits	27	7,358	8,261	7,358	8,261
Other non-current liabilities	28	2,341	2,273	2,341	2,273
		<b>1,085,741</b>	<b>1,041,245</b>	<b>1,082,952</b>	<b>1,036,808</b>
<b>Current liabilities</b>					
Trade and other payables	22	414,066	303,977	410,327	301,182
Current tax payable	30	76,968	107,310	76,696	107,038
Borrowings	21	236,000	190,599	236,000	190,599
Lease liabilities	29	62,752	54,798	62,752	54,798
Contract liabilities	23	66,342	62,301	65,960	61,919
Provisions	24	27,475	24,733	27,475	24,733
Employee benefits	27	881	-	881	-
Other current liabilities	25	-	194	-	194
		<b>884,484</b>	<b>743,912</b>	<b>880,091</b>	<b>740,463</b>
<b>Total liabilities</b>		<b>1,970,225</b>	<b>1,785,157</b>	<b>1,963,043</b>	<b>1,777,271</b>
<b>Total equity and liabilities</b>		<b>2,170,346</b>	<b>1,963,543</b>	<b>2,190,852</b>	<b>1,979,503</b>

The consolidated and separate financial statements were approved by the Board of Directors on the 29 July 2021 and were signed on its behalf by:



Karl Toriola  
Chief Executive Officer  
FRC/2021/002/00000022839



Modupe Kadri  
Chief Financial Officer  
FRC/2014/ICAN/00000009692

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

## Unaudited condensed consolidated and separate statement of changes in equity

For the six months ended 30 June 2021

<i>In millions of Nigerian Naira</i>	Attributable to owners of the parent					Total Equity
	Share capital	Share premium	Total share capital	Other reserves	Retained profit	
<b>Group</b>						
<b>Balance as at 1 January 2020 (restated*)</b>	407	17,216	17,623	521	127,713	145,857
Profit for the period	-	-	-	-	94,879	94,879
Other comprehensive loss	-	-	-	(232)	-	(232)
Dividends paid	-	-	-	-	(101,162)	(101,162)
<b>Balance as at 30 June 2020</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>289</b>	<b>121,430</b>	<b>139,342</b>
<b>Balance as at 1 January 2021</b>	407	17,216	17,623	239	160,524	178,386
Profit for the period	-	-	-	-	141,827	141,827
Dividends paid	-	-	-	-	(120,092)	(120,092)
<b>Balance as at 30 June 2021</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>239</b>	<b>182,259</b>	<b>200,121</b>
<b>Company</b>						
<b>Balance as at 1 January 2020 (restated*)</b>	407	17,216	17,623	521	144,294	162,438
Profit for the period	-	-	-	-	97,980	97,980
Other comprehensive loss	-	-	-	(232)	-	(232)
Dividends paid	-	-	-	-	(101,162)	(101,162)
<b>Balance as at 30 June 2020</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>289</b>	<b>141,112</b>	<b>159,024</b>
<b>Balance as at 1 January 2021</b>	407	17,216	17,623	239	184,370	202,232
Profit for the period	-	-	-	-	145,669	145,669
Dividends paid	-	-	-	-	(120,092)	(120,092)
<b>Balance as at 30 June 2021</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>239</b>	<b>209,947</b>	<b>227,809</b>

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

## Unaudited condensed consolidated and separate statement of cash flows

For the six months ended 30 June 2021

<i>In millions of Nigerian Naira</i>	Notes	Group		Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>Cash flows from operating activities:</b>					
Cash generated from operations	31	504,063	327,758	499,553	327,926
Interest paid		(50,950)	(51,593)	(50,950)	(49,379)
Interest received		1,688	4,622	1,688	2,300
Dividends paid		(120,092)	(10,011)	(120,092)	(10,011)
Tax paid	30	(109,931)	(55,912)	(109,931)	(55,877)
Employee benefits payments	27	(125)	-	(125)	-
Provision payments	24	(1,462)	-	(1,462)	-
<b>Net cash generated from operating activities</b>		<b>223,191</b>	<b>214,864</b>	<b>218,681</b>	<b>214,959</b>
<b>Cash flows from investing activities:</b>					
Acquisition of property, plant and equipment		(103,974)	(72,360)	(103,974)	(72,360)
Acquisition of right of use assets		(13,132)	(1,856)	(13,132)	(1,856)
Proceeds from disposal of property, plant and equipment		317	191	317	191
Purchase of contract acquisition costs		1,857	(1,352)	1,857	(1,352)
Investment in non-current FGN bonds		6,708	(22,111)	6,708	(22,111)
Acquisition of intangible assets		(143,803)	(5,264)	(143,803)	(5,284)
Investment in bonds, treasury bills and foreign deposits		2,198	(99,690)	2,198	(99,458)
Movement in restricted cash		(34,460)	(90,008)	(34,460)	(90,008)
<b>Net cash flows used in investing activities</b>		<b>(284,289)</b>	<b>(292,450)</b>	<b>(284,289)</b>	<b>(292,238)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from borrowings	21.1	254,952	118,446	254,952	118,446
Repayment of borrowings	21.1	(208,998)	(10,414)	(208,998)	(10,414)
Repayment of lease liabilities	29	(30,316)	(26,486)	(30,316)	(26,486)
<b>Net cash flows used in financing activities</b>		<b>15,638</b>	<b>81,546</b>	<b>15,638</b>	<b>81,546</b>
<b>Net increase in cash and cash equivalents</b>		<b>(45,460)</b>	<b>3,960</b>	<b>(49,970)</b>	<b>4,267</b>
Cash and cash equivalents at beginning of the period		275,825	116,278	271,668	114,301
Exchange (loss)/gain on cash and cash equivalents		(355)	145	(355)	145
<b>Cash and cash equivalents at end of the period</b>	20	<b>230,010</b>	<b>120,383</b>	<b>221,343</b>	<b>118,713</b>

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.



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

*For the six months ended 30 June 2021*

**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 six months period ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting.

The interim condensed consolidated and separate financial statements do 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 2020 which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies and Allied Matters Act, 2020.

The accounting policies applied in the preparation of the interim condensed consolidated and separate financial statements are consistent with those followed in the preparation of the Group's consolidated and separate financial statements for the year ended 31 December 2020.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated and separate financial statements of the Group.

**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.

<b>Customer segment</b>	<b>Description</b>
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 unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

**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 30 June 2021 and 30 June 2020.

**Information about reportable segments**

For the six months ended

	CBU	EBU	WBU	TOTAL
<i>In millions of Nigerian Naira</i>				
<b>30 June 2021</b>				
Segment revenue	697,834	71,125	22,304	791,263
Direct costs	(115,573)	(6,339)	(8,483)	(130,395)
Gross margin	582,261	64,786	13,821	660,868
<b>30 June 2020</b>				
Segment revenue	550,008	66,668	21,399	638,075
Direct costs	(106,864)	(7,675)	(547)	(115,086)
Gross margin	443,144	58,993	20,852	522,989

**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.

The revenue of the Company is generated majorly from one geographical location, Nigeria.

None of the Company's customers account for 10% or more of the total revenue of the Company.

## Profit or loss

<i>In millions of Nigerian Naira</i>	For the period ended	
	30 June 2021	30 June 2020
Segment gross margin	660,868	522,989
Unallocated items:		
Operating expenses	(243,655)	(195,928)
Depreciation & amortisation	(143,504)	(122,525)
Finance income	5,677	7,584
Finance expense	(64,270)	(72,549)
Profit before taxation	<u>215,116</u>	<u>139,571</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 unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

In millions of Nigerian Naira	Group				Company			
	For the six months ended		For the three months ended		For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>4 Revenue</b>								
Voice	413,509	368,641	204,887	174,603	413,509	368,641	204,887	174,603
Data	228,531	153,989	122,827	79,980	228,531	153,989	122,827	79,980
SMS	21,678	4,348	11,007	1,011	21,678	4,348	11,007	1,011
Interconnect and roaming	81,404	64,568	42,106	30,967	81,404	64,568	42,106	30,967
Handset and accessories	964	1,084	757	452	964	1,084	757	452
Digital	7,893	17,843	4,112	8,548	7,893	17,843	4,112	8,548
Value added service	31,637	21,947	17,372	10,566	31,167	21,947	16,979	10,566
Other revenues	5,647	5,655	2,878	2,776	5,647	5,637	2,878	2,766
	<b>791,263</b>	<b>638,075</b>	<b>405,946</b>	<b>308,903</b>	<b>790,793</b>	<b>638,057</b>	<b>405,553</b>	<b>308,893</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.

**5 Finance income and finance costs**
**Recognised in profit or loss**
**Finance income**

Interest income on bank deposits	3,181	2,491	2,882	935	3,181	2,483	2,882	932
Interest income on amortised cost investments	1,554	2,182	904	1,055	1,554	2,182	904	1,055
Net gain on FVTPL investments	-	813	-	1,229	-	813	-	1,229
Net gain on FVOCI investments	-	587	320	213	-	587	320	213
Interest income on related parties receivables	4	3	2	1	4	3	2	1
Currency swap gain	938	-	665	85	938	-	665	85
Foreign exchange gain	-	1,508	-	501	-	1,508	-	501
	<b>5,677</b>	<b>7,584</b>	<b>4,773</b>	<b>4,019</b>	<b>5,677</b>	<b>7,576</b>	<b>4,773</b>	<b>4,016</b>

**Finance costs**

Interest expense - borrowings	17,112	30,348	10,411	14,239	17,112	30,348	10,411	14,239
Interest expense - leases	43,051	36,972	21,462	17,294	43,051	36,972	21,462	17,294
Interest expense - banking fees	1,039	1,103	383	630	1,039	1,103	383	630
Net loss on FVTPL investments	472	-	-	-	472	-	-	-
Foreign exchange loss	2,596	3,963	985	807	2,596	3,963	985	807
Currency swap loss	-	163	-	-	-	163	-	-
	<b>64,270</b>	<b>72,549</b>	<b>33,241</b>	<b>32,970</b>	<b>64,270</b>	<b>72,549</b>	<b>33,241</b>	<b>32,970</b>

**6 Employee benefits**

Salaries and wages	14,794	14,833	7,639	7,597	14,395	14,482	7,425	7,410
Pension - Defined contribution plan	965	940	485	496	965	940	485	496
Share based payments	1,883	-	941	-	1,883	-	941	-
Long service award	51	-	51	-	51	-	51	-
Other staff costs	1,357	3,467	618	1,884	1,357	3,467	618	1,884
	<b>19,050</b>	<b>19,240</b>	<b>9,734</b>	<b>9,977</b>	<b>18,651</b>	<b>18,889</b>	<b>9,520</b>	<b>9,790</b>

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

Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

<i>In millions of Nigerian Naira</i>	Group				Company			
	For the six months ended		For the three months ended		For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>7 Other operating expenses</b>								
(Profit)/loss on disposal of property, plant and equipment	(215)	315	(97)	(39)	(215)	315	(97)	(39)
Directors' emoluments	272	206	132	104	272	206	132	104
Impairment of property and equipment	59	1,045	33	-	59	1,045	33	-
Credit loss expense on trade and other receivables	453	2,503	(125)	1,910	453	2,503	(125)	1,910
Credit loss expense on cash and cash equivalent, treasury bills and bonds	170	-	40	-	170	-	40	-
Reversal of inventory write-down	(2,299)	-	(2,294)	-	(2,299)	-	(2,294)	-
MTN Foundation	1,345	2,423	589	1,107	1,345	2,420	589	1,104
Insurance cost	959	720	475	360	959	720	475	360
Professional fees	14,222	12,082	7,572	6,420	13,278	11,282	6,841	6,017
Maintenance cost	9,928	7,552	5,230	3,904	9,928	7,552	5,230	3,904
Rent, rates, utilities and other office running cost	1,102	479	(129)	(2,494)	1,102	424	(129)	(2,549)
Information technology development levy	-	-	-	-	-	-	-	-
Research and development	-	-	-	-	-	-	-	-
Trainings, travels and entertainment cost	638	937	423	336	638	883	423	309
Covid-19 related expenses	6,226	1,602	4,915	1,577	6,226	1,602	4,916	1,577
Audit fees	239	155	134	77	236	155	132	77
Other expenses	3,182	820	2,844	450	3,093	820	2,753	450
	<b>36,281</b>	<b>30,839</b>	<b>19,742</b>	<b>13,712</b>	<b>35,245</b>	<b>29,927</b>	<b>18,919</b>	<b>13,224</b>

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

<b>8 Direct network operating costs</b>								
Regulatory fees	20,398	16,376	10,438	8,177	20,398	16,376	10,438	8,177
Annual numbering plan	3,284	582	1,612	291	3,284	582	1,612	291
BTS leases	137,503	107,182	71,645	59,318	137,503	107,182	71,645	59,318
Network maintenance	31,244	24,412	14,863	12,302	31,244	24,412	14,863	12,302
	<b>192,429</b>	<b>148,552</b>	<b>98,558</b>	<b>80,088</b>	<b>192,429</b>	<b>148,552</b>	<b>98,558</b>	<b>80,088</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

<i>In millions of Nigerian Naira</i>	Group				Company			
	For the six months ended		For the three months ended		For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>9 Income tax expense</b>								
<b>Current tax</b>								
Company income tax	73,789	48,961	43,004	19,435	73,789	48,959	43,004	19,432
Education tax	5,795	4,836	3,435	2,135	5,795	4,831	3,435	2,130
Nigerian Police Trust Fund	5	7	-	3	5	7	-	3
	<u>79,589</u>	<u>53,804</u>	<u>46,439</u>	<u>21,573</u>	<u>79,589</u>	<u>53,797</u>	<u>46,439</u>	<u>21,565</u>
<b>Deferred tax</b>								
Deferred tax credit	(6,300)	(9,112)	(2,391)	(2,042)	(4,652)	(7,788)	(1,338)	(1,436)
	<u>(6,300)</u>	<u>(9,112)</u>	<u>(2,391)</u>	<u>(2,042)</u>	<u>(4,652)</u>	<u>(7,788)</u>	<u>(1,338)</u>	<u>(1,436)</u>
<b>Tax expense for the period</b>	<b><u>73,289</u></b>	<b><u>44,692</u></b>	<b><u>44,048</u></b>	<b><u>19,531</u></b>	<b><u>74,937</u></b>	<b><u>46,009</u></b>	<b><u>45,101</u></b>	<b><u>20,129</u></b>

**Tax rate reconciliation**

The table below explains the differences between the expected tax expense on continuing operations, at the effective tax rate of 34.07% (2020: 32.97%) 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:

<i>In millions of Nigerian Naira</i>	Group		Company	
	For the period ended		For the period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit before tax	215,116	139,571	220,606	143,989
Taxation	73,289	44,692	74,937	46,009
Actual tax rate	34.07%	32.97%	33.97%	32.88%
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Tax at standard rate	30.00	30.00	30.00	30.00
Expenses not allowed	(0.05)	0.41	(0.04)	0.40
Prior year over provision - deferred tax	2.21	0.91	2.15	0.89
Investment allowance	(0.52)	(1.08)	(0.51)	(1.04)
Exempt income	(0.22)	(0.44)	(0.21)	(0.43)
Education tax	2.64	3.16	2.57	3.07
Police Trust Fund	0.01	0.01	0.01	0.01
	<u>34.07</u>	<u>32.97</u>	<u>33.97</u>	<u>32.88</u>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

10 Property, plant and equipment  
Group and Company

	Land and buildings	Leasehold improvements	Network infrastructure	Information systems, furniture and office equipment	Capital work-in-progress	Motor vehicles	Total
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*In millions of Nigerian Naira***Balance at 31 December 2020**

Cost	34,567	24,086	1,073,762	47,659	52,358	3,972	1,236,404
Accumulated depreciation and impairment	(21,252)	(8,231)	(490,747)	(26,527)	(865)	(2,625)	(550,247)
<b>Net book value</b>	<b>13,315</b>	<b>15,855</b>	<b>583,015</b>	<b>21,132</b>	<b>51,493</b>	<b>1,347</b>	<b>686,157</b>

**Cost**

<b>Balance as at 1 January 2021</b>	<b>34,567</b>	<b>24,086</b>	<b>1,073,762</b>	<b>47,659</b>	<b>52,358</b>	<b>3,972</b>	<b>1,236,404</b>
Additions	-	-	32,098	15,073	56,745	-	103,916
Reclassifications	-	-	13,702	(2)	(7,160)	(1)	6,539
Other movements	-	-	(177)	-	-	-	(177)
Disposals	(1)	(118)	(33,126)	(845)	-	(932)	(35,022)
<b>Balance as at 30 June 2021</b>	<b>34,566</b>	<b>23,968</b>	<b>1,086,259</b>	<b>61,885</b>	<b>101,943</b>	<b>3,039</b>	<b>1,311,660</b>

**Accumulated depreciation and impairment**

<b>Balance as at 1 January 2021</b>	<b>(21,252)</b>	<b>(8,231)</b>	<b>(490,747)</b>	<b>(26,527)</b>	<b>(865)</b>	<b>(2,625)</b>	<b>(550,247)</b>
Depreciation for the period	(474)	(836)	(73,346)	(5,957)	-	(250)	(80,863)
Reclassifications	1,783	-	(2,648)	-	865	-	-
Impairment	-	-	(54)	(5)	-	-	(59)
Disposals	1	118	33,102	833	-	866	34,920
<b>Balance as at 30 June 2021</b>	<b>(19,942)</b>	<b>(8,949)</b>	<b>(533,693)</b>	<b>(31,656)</b>	<b>-</b>	<b>(2,009)</b>	<b>(596,249)</b>

**Carrying amounts**

<b>As at 31 December 2020</b>	<b>13,315</b>	<b>15,855</b>	<b>583,015</b>	<b>21,132</b>	<b>51,493</b>	<b>1,347</b>	<b>686,157</b>
<b>As at 30 June 2021</b>	<b>14,624</b>	<b>15,019</b>	<b>552,566</b>	<b>30,229</b>	<b>101,943</b>	<b>1,030</b>	<b>715,411</b>

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

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 11 Right of use assets

	Network infrastructure	Base station land	Buildings	Office equipment	Motor vehicles	Total
<i>In millions of Nigerian Naira</i>						
<b>Balance at 31 December 2020</b>						
Cost	691,337	14,006	6,510	398	9,332	721,583
Accumulated depreciation and impairment	(116,033)	(6,064)	(3,031)	(265)	(445)	(125,838)
<b>Net book value</b>	<b>575,304</b>	<b>7,942</b>	<b>3,479</b>	<b>133</b>	<b>8,887</b>	<b>595,745</b>
<b>Cost</b>						
<b>Balance as at 1 January 2021</b>	<b>691,337</b>	<b>14,006</b>	<b>6,510</b>	<b>398</b>	<b>9,332</b>	<b>721,583</b>
Additions	70,361	1,589	-	-	-	71,950
Reclassifications	-	-	-	-	-	-
Disposal	-	(1,468)	(587)	-	-	(2,055)
<b>Balance as at 30 June 2021</b>	<b>761,698</b>	<b>14,127</b>	<b>5,923</b>	<b>398</b>	<b>9,332</b>	<b>791,478</b>
<b>Depreciation</b>						
<b>Balance as at 1 January 2021</b>	<b>(116,033)</b>	<b>(6,064)</b>	<b>(3,031)</b>	<b>(265)</b>	<b>(445)</b>	<b>(125,838)</b>
Depreciation for the period	(39,022)	(1,127)	(714)	(66)	(935)	(41,864)
Disposal	-	1,468	587	-	-	2,055
<b>Balance as at 30 June 2021</b>	<b>(155,055)</b>	<b>(5,723)</b>	<b>(3,158)</b>	<b>(331)</b>	<b>(1,380)</b>	<b>(165,647)</b>
<b>Carrying amounts</b>						
<b>As at December 2020</b>	<b>575,304</b>	<b>7,942</b>	<b>3,479</b>	<b>133</b>	<b>8,887</b>	<b>595,745</b>
<b>As at 30 June 2021</b>	<b>606,643</b>	<b>8,404</b>	<b>2,765</b>	<b>67</b>	<b>7,952</b>	<b>625,831</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 12 Intangible assets

Group	Goodwill	Licences	Software	Capital WIP	Total
<i>In millions of Nigerian Naira</i>					
<b>Balance at 31 December 2020</b>					
Cost	10,016	185,158	64,069	8,548	267,791
Accumulated amortisation and impairment	-	(125,435)	(31,276)	-	(156,711)
Net book value	<b>10,016</b>	<b>59,723</b>	<b>32,793</b>	<b>8,548</b>	<b>111,080</b>
<b>Cost</b>					
<b>Balance as at 1 January 2021</b>	<b>10,016</b>	<b>185,158</b>	<b>64,069</b>	<b>8,548</b>	<b>267,791</b>
Additions	-	133,223	7,565	3,015	143,803
Reclassification	-	10,400	(10,433)	(6,506)	(6,539)
Disposals	-	(13,778)	(4,887)	-	(18,665)
<b>Balance as at 30 June 2021</b>	<b>10,016</b>	<b>315,003</b>	<b>56,314</b>	<b>5,057</b>	<b>386,390</b>
<b>Accumulated amortisation and impairment</b>					
<b>Balance as at 1 January 2021</b>	-	(125,435)	(31,276)	-	(156,711)
Amortisation for the period	-	(10,376)	(10,401)	-	(20,777)
Disposals	-	13,778	4,887	-	18,665
<b>Balance as at 30 June 2021</b>	-	<b>(122,033)</b>	<b>(36,790)</b>	-	<b>(158,823)</b>
<b>Carrying amounts</b>					
<b>As at 31 December 2020</b>	<b>10,016</b>	<b>59,723</b>	<b>32,793</b>	<b>8,548</b>	<b>111,080</b>
<b>As at 30 June 2021</b>	<b>10,016</b>	<b>192,970</b>	<b>19,524</b>	<b>5,057</b>	<b>227,567</b>
<b>Company</b>					
<b>Balance at 31 December 2020</b>					
Cost	-	136,403	64,472	8,548	209,423
Accumulated amortisation and impairment	-	(98,251)	(31,647)	-	(129,898)
Net book value	-	<b>38,152</b>	<b>32,825</b>	<b>8,548</b>	<b>79,525</b>
<b>Cost</b>					
<b>Balance as at 1 January 2021</b>	-	<b>136,403</b>	<b>64,472</b>	<b>8,548</b>	<b>209,423</b>
Additions	-	133,223	7,565	3,015	143,803
Reclassification	-	10,400	(10,433)	(6,506)	(6,539)
Disposals	-	(13,778)	(4,887)	-	(18,665)
<b>Balance as at 30 June 2021</b>	-	<b>280,026</b>	<b>56,717</b>	<b>5,057</b>	<b>328,022</b>
<b>Accumulated amortisation and impairment</b>					
<b>Balance as at 1 January 2021</b>	-	(98,251)	(31,647)	-	(129,898)
Amortisation for the year	-	(7,684)	(10,433)	-	(18,117)
Disposals	-	13,778	4,887	-	18,665
<b>Balance as at 30 June 2021</b>	-	<b>(92,157)</b>	<b>(37,193)</b>	-	<b>(129,350)</b>
<b>Carrying amounts</b>					
<b>As at 31 December 2020</b>	-	<b>38,152</b>	<b>32,825</b>	<b>8,548</b>	<b>79,525</b>
<b>As at 30 June 2021</b>	-	<b>187,869</b>	<b>19,524</b>	<b>5,057</b>	<b>198,672</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 unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>13 Investment in subsidiaries</b>				
Visafone Communications Limited	-	-	43,778	43,778
XS Broadband Limited	-	-	500	500
Yello Digital Financial Services Limited	-	-	5,550	5,550
Total investment	-	-	49,828	49,828
Impairment (XS Broadband Ltd)	-	-	(500)	(500)
	-	-	<b>49,328</b>	<b>49,328</b>
<b>14 Other investments</b>				
Treasury bonds at amortised cost	19,226	26,070	19,226	26,070
Allowance for expected credit losses	(87)	(223)	(87)	(223)
	<b>19,139</b>	<b>25,847</b>	<b>19,139</b>	<b>25,847</b>
<b>15 Other non current assets</b>				
Contract acquisition costs	6,133	7,990	6,133	7,990
Non current prepayment	14,055	13,906	14,055	13,906
Derivatives	4	-	4	-
	<b>20,192</b>	<b>21,896</b>	<b>20,192</b>	<b>21,896</b>
<b>16 Current investments</b>				
US Dollar deposits held at amortised cost	-	19,015	-	19,015
NGN deposits at amortised cost	-	93,026	-	93,026
Treasury bills held at amortised cost	120,577	9,831	120,577	9,831
Allowance for expected credit losses	(1,002)	(69)	(1,002)	(69)
Net current investments at amortised cost	119,575	121,803	119,575	121,803
Treasury bills held at FVTPL	25,935	24,980	25,935	24,980
	<b>145,510</b>	<b>146,783</b>	<b>145,510</b>	<b>146,783</b>
<b>17 Inventories</b>				
Handsets and accessories	1,310	1,245	1,310	1,245
Starter packs	6,078	3,582	6,078	3,582
	<b>7,388</b>	<b>4,827</b>	<b>7,388</b>	<b>4,827</b>
Inventory write-down	(370)	(2,669)	(370)	(2,669)
	<b>7,018</b>	<b>2,158</b>	<b>7,018</b>	<b>2,158</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>18 Trade and other receivables</b>				
<b>Financial Instruments</b>				
Trade receivables	46,763	34,213	45,003	33,119
Trade receivables - related parties	14,324	13,469	20,877	16,457
Allowance for expected credit losses	(11,394)	(10,941)	(10,976)	(10,523)
Net trade receivables	49,693	36,741	54,904	39,053
Other receivables	166	3,273	166	3,317
	<u>49,859</u>	<u>40,014</u>	<u>55,070</u>	<u>42,370</u>
<b>Non-financial Instruments</b>				
Sundry receivables and advances	85	216	85	216
Other non-financial receivables*	32,653	5,918	32,643	5,908
Prepayments	28,753	18,524	28,750	18,522
Less: non current prepayments	(14,055)	(13,906)	(14,055)	(13,906)
	<u>47,436</u>	<u>10,752</u>	<u>47,423</u>	<u>10,740</u>
	<u><b>97,295</b></u>	<u><b>50,766</b></u>	<u><b>102,493</b></u>	<u><b>53,110</b></u>
*Other non-financial receivables includes the placement of minimum capital with Central Bank of Nigeria (CBN) for Payment Service Bank license and withholding tax receivables.				
<b>19 Restricted cash</b>				
Restricted cash deposits	82,373	47,913	85,915	47,913
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.				
<b>20 Cash and cash equivalents</b>				
<b>Cash and cash equivalents consist of:</b>				
Bank balances	194,946	244,893	186,364	240,736
Short-term deposits	35,064	30,932	34,979	30,932
Cash and cash equivalent	230,010	275,825	221,343	271,668
Allowance for expected credit losses	-	(627)	-	(627)
Net cash and cash equivalents	<u>230,010</u>	<u>275,198</u>	<u>221,343</u>	<u>271,041</u>

Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>21 Borrowings</b>				
<b>The maturity of the loans is as follows:</b>				
Payable within one year (included in current liabilities)	236,000	190,599	236,000	190,599
More than one year but not exceeding two years	85,544	87,381	85,544	87,381
More than two years but not exceeding five years	130,440	225,049	130,440	225,049
More than five years	126,355	18,121	126,355	18,121
Amounts included in non-current liabilities	342,339	330,551	342,339	330,551
<b>Total borrowings</b>	<b>578,339</b>	<b>521,150</b>	<b>578,339</b>	<b>521,150</b>
<b>21.1 Borrowings reconciliation</b>				
<b>Opening balance</b>	<b>521,150</b>	<b>412,542</b>	<b>521,150</b>	<b>412,542</b>
Drawdown	254,952	143,682	254,952	143,682
Repayment	(208,998)	(41,748)	(208,998)	(41,748)
Prepaid borrowing cost	(8,027)	354	(8,027)	354
Accrued interest	17,112	2,569	17,112	2,569
Revaluation loss	2,150	3,751	2,150	3,751
<b>Closing balance</b>	<b>578,339</b>	<b>521,150</b>	<b>578,339</b>	<b>521,150</b>

**21.2 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 June 2021
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%.	N163.6 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%. The Group prepaid N75Bn of this facility from the proceeds of fixed rate Bond issuance to reduce exposure to volatility in short term interest rate	N106 billion
Foreign facility H	US\$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 16.99 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 21.8 million
Foreign facility O	US\$95m Syndicated Facility from AFC and RMB was arranged in 2020, with one-year moratorium. The facility is in two tranches (O1 and O2) of US\$15 million and US\$80 million, respectively. Both Tranches have been fully drawn. Facility O principal will be repaid over 5 equal semi-annual installments which will commence in December 2021. It is a floating interest loan linked to the 6Month LIBOR plus a 5.5% margin.	USD 95 million
Commercial Paper	Under the N200 billion Commercial paper Issuance Programme, we have two series issued on March 22, 2021 comprising of: Series III: With a Face value of N19.8bn for 181 days at discount rate of 6.76% Series IV: With a face value of N53.7bn for 269 days at discount rate of 7.55%.	N 73.5 billion
Series 1 Bond	MTNN Issued N110 Billion (Series 1) 7-Year 13.0% Fixed Rate Bonds due in 2028 under the N200 Billion Bond Issuance Programme. Principal repayments will occur twice in May 2027 and 2028 respectively.	N 110.4 billion
Trade Loans	\$394million trade loans for the establishment of Letters of Credit with various local Banks. The loans attract Pre and Post Negotiation charges and are largely cash backed. The sum of \$265m has been utilised in establishing Letters of Credit.	N71.8billion

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>22 Trade and other payables</b>				
Financial instruments				
Trade payables	92,506	67,384	91,527	65,624
Trade payables - related parties	21,977	27,474	22,314	27,811
Other accrued expenses	172,418	170,227	169,353	168,957
Other payables	399	607	399	607
	<u>287,300</u>	<u>265,692</u>	<u>283,593</u>	<u>262,999</u>
Non-financial instruments				
Other non-financial accrued expenses	38,692	15,702	38,692	15,676
Sundry payables	1,197	1,250	1,197	1,191
Other non-financial payables	86,877	21,333	86,845	21,316
	<u>126,766</u>	<u>38,285</u>	<u>126,734</u>	<u>38,183</u>
	<u><b>414,066</b></u>	<u><b>303,977</b></u>	<u><b>410,327</b></u>	<u><b>301,182</b></u>
<b>23 Contract liabilities</b>				
Contract liabilities	66,342	62,301	65,960	61,919
<b>24 Provisions</b>				
At the beginning of period	24,771	25,761	24,771	25,761
Additions	14,090	18,880	14,090	18,880
Unused amount reversed	(9,882)	(6,681)	(9,882)	(6,681)
Utilised	(1,462)	(13,189)	(1,462)	(13,189)
<b>At the end of the period</b>	<u><b>27,517</b></u>	<u><b>24,771</b></u>	<u><b>27,517</b></u>	<u><b>24,771</b></u>
<b>Current</b>	<u><b>27,475</b></u>	<u><b>24,733</b></u>	<u><b>27,475</b></u>	<u><b>24,733</b></u>
<b>Non-current</b>	<u><b>42</b></u>	<u><b>38</b></u>	<u><b>42</b></u>	<u><b>38</b></u>
<b>25 Other current liabilities</b>				
Derivatives	-	194	-	194
<b>Total other current liabilities</b>	<u><b>-</b></u>	<u><b>194</b></u>	<u><b>-</b></u>	<u><b>194</b></u>
<b>26 Deferred tax</b>				
Opening balance	113,130	120,587	108,693	113,040
Charge to profit or loss	(6,300)	(4,347)	(4,652)	(4,347)
Arising on consolidation	-	(3,110)	-	-
	<u><b>106,830</b></u>	<u><b>113,130</b></u>	<u><b>104,041</b></u>	<u><b>108,693</b></u>

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.

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>27 Employee benefits</b>				
Present value of defined benefit obligation	8,261	1,578	8,261	1,578
Current service cost	103	7,062	103	7,062
Benefits paid by the plan	(125)	(379)	(125)	(379)
	<b>8,239</b>	<b>8,261</b>	<b>8,239</b>	<b>8,261</b>
<b>Employment benefits comprise of the present values of :</b>				
Defined Benefit Obligation- retirement benefits	2,803	2,751	2,803	2,751
Long service award	5,436	5,510	5,436	5,510
	<b>8,239</b>	<b>8,261</b>	<b>8,239</b>	<b>8,261</b>
<b>Current to non-current split</b>				
Current	881	-	881	-
Non-current	7,358	8,261	7,358	8,261
As at period/year end	<b>8,239</b>	<b>8,261</b>	<b>8,239</b>	<b>8,261</b>
<b>28 Other non-current liabilities</b>				
Share based payment liability	<b>2,341</b>	<b>2,273</b>	<b>2,341</b>	<b>2,273</b>
<b>29 Lease liabilities</b>				
The statement of financial position shows the following amounts relating to leases:				
Current	62,752	54,798	62,752	54,798
Non-current	626,831	586,992	626,831	586,992
As at period/year end	<b>689,583</b>	<b>641,790</b>	<b>689,583</b>	<b>641,790</b>
<b>Lease liabilities reconciliation</b>				
Opening balance	641,790	492,073	641,790	492,073
Additions	70,493	43,543	70,493	43,543
Modifications	-	132,745	-	132,745
Interest capitalised	43,051	78,544	43,051	78,544
Revaluation loss/(gain)	846	(204)	846	(204)
Payments - principal portion	(30,316)	(26,676)	(30,316)	(26,676)
Payments - interest portion	(36,281)	(78,235)	(36,281)	(78,235)
Closing balance	<b>689,583</b>	<b>641,790</b>	<b>689,583</b>	<b>641,790</b>
<b>30 Current tax payable</b>				
<b>Opening balance</b>	<b>107,310</b>	<b>65,625</b>	<b>107,038</b>	<b>65,325</b>
Provision for the period/year - company income tax	73,789	90,774	73,789	90,772
Provision for the period/year - education tax	5,795	10,324	5,795	10,319
Provision for the period/year - capital gains tax	-	15	-	15
Provision for the year/ period - Nigerian Police Trust Fund	5	4	5	4
Tax paid	(109,931)	(55,912)	(109,931)	(55,877)
Withholding tax credit	-	(1,884)	-	(1,884)
Reclassification	-	(1,636)	-	(1,636)
<b>Closing balance</b>	<b>76,968</b>	<b>107,310</b>	<b>76,696</b>	<b>107,038</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

	Notes	Group for the period ended		Company for the period ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
<i>In millions of Nigerian Naira</i>					
<b>31 Cash generated from operations</b>					
<b>Profit before tax</b>		<b>215,116</b>	<b>139,571</b>	<b>220,606</b>	<b>143,989</b>
<i>Adjustments for non cash items:</i>					
Finance income	5	(5,677)	(7,584)	(5,677)	(7,576)
Finance cost	5	64,270	72,549	64,270	72,549
Depreciation of property, plant and equipment	10	80,863	74,463	80,863	74,463
Depreciation of right of use assets	11	41,864	30,657	41,864	30,657
Amortisation of intangible assets	12	20,777	17,405	18,117	14,746
Impairment of property, plant and equipment	10	59	1,045	59	1,045
(Profit)/loss on disposal of property, plant and equipment	7	(215)	315	(215)	315
Credit loss expense on trade and other receivables	7	453	2,503	453	2,503
Credit loss expense on cash and cash equivalent, treasury bills and bonds	7	170	-	170	-
(Writeback)/impairment of trading inventory	7	(2,299)	2,022	(2,299)	2,022
Provision expense	24	4,208	(6,437)	4,208	(6,437)
Employee benefits costs	27	103	-	103	-
Loss on fair valuation of derivative		-	182	-	182
Share based payment		46	-	46	-
		<b>419,738</b>	<b>326,691</b>	<b>422,568</b>	<b>328,458</b>
<b>Changes in working capital:</b>					
Increase in inventories		(2,562)	(2,930)	(2,562)	(2,930)
Increase in trade and other receivables		(44,926)	(11,415)	(47,780)	(13,049)
Increase in trade and other payables		127,772	16,813	123,286	17,168
Increase/(decrease) in contract liabilities		4,041	(1,401)	4,041	(1,721)
		<b>84,325</b>	<b>1,067</b>	<b>76,985</b>	<b>(532)</b>
<b>Cash generated from operations</b>		<b>504,063</b>	<b>327,758</b>	<b>499,553</b>	<b>327,926</b>

Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

30 June 2021 31 Dec 2020

*In millions of Nigerian Naira*

	30 June 2021	31 Dec 2020
<b>32 Equity</b>		
<b>32.1 Authorised:</b>		
27,850,000,000 ordinary shares of N0.02 each	557	557
	<b>557</b>	<b>557</b>
<b>32.2 Issued and fully paid:</b>		
20,354,513,050 ordinary shares of N0.02 each	407	407
	<b>407</b>	<b>407</b>
<b>32.3 Share premium</b>		
4,500,000 ordinary shares of N 3,779.89 each	17,009	17,009
138,960 ordinary shares of N 1,488.15 each	207	207
	<b>17,216</b>	<b>17,216</b>

**33 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.

	Group		Company	
	For the period ended		For the period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<i>In millions of Nigerian Naira</i>				
Profit attributable to equity holders	141,827	94,879	145,669	97,980
Weighted average number of ordinary shares	20,355	20,355	20,355	20,355
Basic/diluted EPS (N)	<b>6.97</b>	<b>4.66</b>	<b>7.16</b>	<b>4.81</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

**34 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.

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
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):				
MTN International (Mauritius) Ltd	84,512	121,325	84,512	121,325
<b>Subsidiaries:</b>				
<b>Visafone Communications Limited</b>				
Net settlement of liabilities by the subsidiary	-	-	-	(516)
Amounts (due to)/due from related party	-	-	(337)	(337)
<b>Yello Digital Financial Services Limited</b>				
Net settlement of liabilities by the subsidiary	-	-	3,744	1,069
Amounts due from related party	-	-	5,915	2,171
<b>XS Broadband Limited</b>				
Net settlement of liabilities by the subsidiary	-	-	-	25
Amounts due from related party	-	-	638	638



Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

34 Related party transactions (continued)

Related parties under MTN Group

MTN Nigeria transacts with its sister companies under the MTN Group.

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>Amounts due to related parties</b>				
MTN Sudan	14	111	14	111
MTN Uganda	1	2	1	2
MTN Zambia	5	7	5	7
MTN Dubai	532	565	532	565
Global Trading Company	1,621	491	1,621	491
MTN Management Services Co	498	1,517	498	1,517
MTN Benin	625	1,302	625	1,302
MTN Cameroon	276	282	276	282
MTN Congo	6	13	6	13
MTN Cote d'Ivoire	84	80	84	80
MTN Ghana	15	145	15	145
MTN Guinea Bissau	1	1	1	1
MTN Rwanda	-	1	-	1
MTN South Africa	-	14	-	14
Simfy Africa	37	-	37	-
Interserve Overseas Ltd	7,440	6,133	7,440	6,133
MTN Global Connect	1,163	2,482	1,163	2,482
Mobile Telephone Networks (Pty) Ltd	68	-	68	-
MTN International (Mauritius) Limited	9,576	14,328	9,576	14,328
MTN Holdings	15	-	15	-
<b>Total</b>	<b>21,977</b>	<b>27,474</b>	<b>21,977</b>	<b>27,474</b>
<b>Amounts due from related parties</b>				
MTN Sudan	1	96	1	96
MTN Zambia	49	40	49	40
MTN Dubai	7	-	7	-
MTN Group Management Services	2,572	3,232	2,572	3,232
MTN Benin	-	37	-	37
MTN Cameroon	362	489	362	489
MTN Congo	28	39	28	39
MTN Cote d'Ivoire	129	80	129	80
MTN Ghana	-	-	-	-
MTN Guinea Bissau	29	27	29	27
MTN Rwanda	-	-	-	-
MTN South Africa	-	1	-	1
MTN Guinea Conakry	21	17	21	17
MTN Namibia	-	-	-	-
Lonestar Communications Corporations (Liberia)	43	35	43	35
MTN Global Connect	11,065	9,376	11,065	9,376
Mobile Telephone Networks (Pty) Ltd	18	-	18	-
<b>Total</b>	<b>14,324</b>	<b>13,469</b>	<b>14,324</b>	<b>13,469</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 34 Related party transactions (continued)

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>Purchases from related parties</b>				
MTN Sudan	1	27	1	27
MTN Uganda	1	20	1	20
MTN Zambia	-	7	-	7
MTN Dubai	-	3,453	-	3,453
Global Trading Company	1,412	1,029	1,412	1,029
MTN Benin	48	1,758	48	1,758
MTN Cameroon	9	278	9	278
MTN Congo	-	4	-	4
MTN Cote d'Ivoire	3	72	3	72
MTN Ghana	5	739	5	739
MTN Guinea Bissau	-	3	-	3
MTN Rwanda	1	9	1	9
MTN Guinea Conakry	-	1	-	1
Lonestar Communications Corporations (Liberia)	1	3	1	3
MTN Irancell	-	1	-	1
MTN South Sudan	-	3	-	3
MTN Cyprus	1	3	1	3
MTN Global Connect	8,826	1,731	8,826	1,731
Mobile Telephone Networks (Pty) Ltd	1	621	1	621
<b>Sales to related parties</b>				
MTN Sudan	-	1	-	1
MTN Uganda	2	1	2	1
MTN Zambia	6	13	6	13
MTN Benin	89	68	89	68
MTN Cameroon	23	24	23	24
MTN Congo	-	-	-	-
MTN Cote d'Ivoire	8	4	8	4
MTN Ghana	36	36	36	36
MTN Rwanda	1	1	1	1
MTN Guinea Conakry	1	1	1	1
MTN Namibia	1	-	1	-
Lonestar Communications Corporations (Liberia)	2	2	2	2
MTN South Sudan	12	11	12	11
MTN Global Connect	16,440	14,328	16,440	14,328
Mobile Telephone Networks (Pty) Ltd	25	24	25	24

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.

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.

No allowance for expected credit loss on receivables from related parties because MTN Nigeria is in a net payable position.

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 35 Financial risk management and financial instruments

## 35.1 Accounting classes and fair values

Group	Amortised Cost	FVTPL	FVOCI	Total Carrying Amount
<i>In millions of Nigerian Naira</i>				
<b>30 June 2021</b>				
<b>Non-current financial assets</b>				
Other investments	19,139	-	-	19,139
Derivatives	-	4	-	4
	<b>19,139</b>	<b>4</b>	<b>-</b>	<b>19,143</b>
<b>Current financial assets</b>				
Trade and other receivables	49,859	-	-	49,859
Current investments	119,575	25,935	-	145,510
Cash at bank and on hand	230,010	-	-	230,010
Restricted cash	82,373	-	-	82,373
	<b>481,817</b>	<b>25,935</b>	<b>-</b>	<b>507,752</b>
	<b>500,956</b>	<b>25,939</b>	<b>-</b>	<b>526,895</b>
<b>Non-current financial liabilities</b>				
Borrowings	342,339	-	-	342,339
Lease Liabilities	626,831	-	-	626,831
	<b>969,170</b>	<b>-</b>	<b>-</b>	<b>969,170</b>
<b>Current financial liabilities</b>				
Trade and other payables	287,300	-	-	287,300
Borrowings	236,000	-	-	236,000
Lease Liabilities	62,752	-	-	62,752
	<b>586,052</b>	<b>-</b>	<b>-</b>	<b>586,052</b>
	<b>1,555,222</b>	<b>-</b>	<b>-</b>	<b>1,555,222</b>
<b>31 December 2020</b>				
<b>Non-current financial assets</b>				
Other investments	25,847	-	-	25,847
	<b>25,847</b>	<b>-</b>	<b>-</b>	<b>25,847</b>
<b>Current financial assets</b>				
Trade and other receivables	40,014	-	-	40,014
Current investments	121,803	24,980	-	146,783
Cash at bank and on hand	275,198	-	-	275,198
Restricted cash	47,913	-	-	47,913
	<b>484,928</b>	<b>24,980</b>	<b>-</b>	<b>509,908</b>
	<b>510,775</b>	<b>24,980</b>	<b>-</b>	<b>535,755</b>
<b>Non-current financial liabilities</b>				
Borrowings	330,551	-	-	330,551
Lease Liabilities	586,992	-	-	586,992
	<b>917,543</b>	<b>-</b>	<b>-</b>	<b>917,543</b>
<b>Current financial liabilities</b>				
Trade and other payables	265,692	-	-	265,692
Borrowings	236,000	-	-	236,000
Lease Liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	<b>556,490</b>	<b>194</b>	<b>-</b>	<b>556,684</b>
	<b>1,474,033</b>	<b>194</b>	<b>-</b>	<b>1,474,227</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 35 Financial risk management and financial instruments (continued)

## 35.1 Accounting classes and fair values (continued)

Company	Amortised Cost	FVTPL	FVOCI	Total Carrying Amount
<i>In millions of Nigerian Naira</i>				
<b>30 June 2021</b>				
<b>Non-current financial assets</b>				
Other investments	19,139	-	-	19,139
Derivatives	-	4	-	4
	<b>19,139</b>	<b>4</b>	<b>-</b>	<b>19,143</b>
<b>Current financial assets</b>				
Trade and other receivables	55,070	-	-	55,070
Current investments	119,575	25,935	-	145,510
Cash at bank and on hand	221,343	-	-	221,343
Restricted cash	85,915	-	-	85,915
	<b>481,903</b>	<b>25,935</b>	<b>-</b>	<b>507,838</b>
	<b>501,042</b>	<b>25,939</b>	<b>-</b>	<b>526,981</b>
<b>Non-current financial liabilities</b>				
Borrowings	342,339	-	-	342,339
Lease Liabilities	626,831	-	-	626,831
	<b>969,170</b>	<b>-</b>	<b>-</b>	<b>969,170</b>
<b>Current financial liabilities</b>				
Trade and other payables	283,593	-	-	283,593
Borrowings	236,000	-	-	236,000
Lease Liabilities	62,752	-	-	62,752
Derivatives	-	-	-	-
	<b>582,345</b>	<b>-</b>	<b>-</b>	<b>582,345</b>
	<b>1,551,515</b>	<b>-</b>	<b>-</b>	<b>1,551,515</b>
<b>31 December 2020</b>				
<b>Non-current financial assets</b>				
Other investments	25,847	-	-	25,847
	<b>25,847</b>	<b>-</b>	<b>-</b>	<b>25,847</b>
<b>Current financial assets</b>				
Trade and other receivables	42,370	-	-	42,370
Current investments	121,803	24,980	-	146,783
Cash at bank and on hand	271,041	-	-	271,041
Restricted cash	47,913	-	-	47,913
	<b>483,127</b>	<b>24,980</b>	<b>-</b>	<b>508,107</b>
	<b>508,974</b>	<b>24,980</b>	<b>-</b>	<b>533,954</b>
<b>Non-current financial liabilities</b>				
Borrowings	330,551	-	-	330,551
Lease Liabilities	586,992	-	-	586,992
	<b>917,543</b>	<b>-</b>	<b>-</b>	<b>917,543</b>
<b>Current financial liabilities</b>				
Trade and other payables	262,999	-	-	262,999
Borrowings	190,599	-	-	190,599
Lease Liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	<b>508,396</b>	<b>194</b>	<b>-</b>	<b>508,590</b>
	<b>1,425,939</b>	<b>194</b>	<b>-</b>	<b>1,426,133</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 35 Financial risk management and financial instruments (continued)

## 35.2 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
<i>In millions of Nigerian Naira</i>				
<b>30 June 2021</b>				
<b>Assets</b>				
Treasury bills at FVTPL	25,935	-	-	25,935
Derivatives	-	4	-	4
	<b>25,935</b>	<b>4</b>	<b>-</b>	<b>25,939</b>
<b>31 December 2020</b>				
<b>Assets</b>				
Treasury bills at FVTPL	24,980	-	-	24,980
	<b>24,980</b>	<b>-</b>	<b>-</b>	<b>24,980</b>
<b>Liabilities</b>				
Derivatives	-	194	-	194
	<b>-</b>	<b>194</b>	<b>-</b>	<b>194</b>

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 unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 35 Financial Instruments and risk management (continued)

## 35.3 Credit risk

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

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

**The following instruments give rise to credit risk***In millions of Nigerian Naira*

	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Other investments	19,139	25,847	19,139	25,847
Cash and cash equivalents	230,010	275,198	221,343	271,041
Trade receivables	49,859	40,014	55,070	42,370
Restricted cash	82,373	47,913	85,915	47,913
Current investments	119,575	121,803	119,575	121,803
	<b>500,956</b>	<b>510,775</b>	<b>501,042</b>	<b>508,974</b>

**Cash and cash equivalents and restricted cash**

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

The National Long Term credit ratings of the counterparty financial institutions where we have bank deposits and restricted cash range from AAA to BBB-

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. In determining the cash flows that the Group expects to receive, the Group apply the probability of default (default rate) based on rating by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agosto and Co.

Total estimated credit loss as at 30 June 2021 stood at Nil (31 December 2020: N627million) while credit loss expense for the period is Nil (June 2020 Nil).

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

**Trade receivables**

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group holds collateral as security for trade receivables relating to trade partners. These are bank guarantees held with bank with credit ratings of B- to B. A total of N3.99 billion was held as collateral for same value of receivables as at 30 June 2021 (Dec 2020: N4.67 billion). Trade partners are to pay within seven days of credit advanced. In the event of default, the bank guarantee is recalled immediately to offset the credit.

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

## 35 Financial Instruments and risk management (continued)

## 35.3 Credit risk (continued)

**Current and other investments**

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

The National Long Term credit ratings of the counterparty financial institutions where we have current investments range from AAA to BBB-.

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. In determining the cash flows that the Group expects to receive, the Group apply the probability of default (default rate) based on rating by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agosto and Co.

Total estimated credit loss as at 30 June 2021 stood at N1.09 billion (31 December 2020: N292million) while credit loss expense for the period is N1.38 billion (June 2020: Nil).

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

**Reconciliation of gross carrying amount and related ECL**

<i>In millions of Nigerian Naira</i>	Cash and cash equivalent	Current investments	Other investments	Total ECL
<b>Group</b>				
<b>Balance as at 1 January 2020</b>	<b>116,278</b>	<b>45,057</b>	-	-
Net movement during the year	158,823	76,815	26,070	-
Exchange gain/(loss)	724	-	-	-
Allowance for expected credit losses	(627)	(69)	(223)	(919)
<b>Balance as at 31 December 2020</b>	<b>275,198</b>	<b>121,803</b>	<b>25,847</b>	<b>(919)</b>
Net movement during the year	(44,833)	(1,226)	(6,621)	-
Exchange gain/(loss)	(355)	-	-	-
Allowance for expected credit losses	-	(1,002)	(87)	(1,089)
<b>Balance as at 30 June 2021</b>	<b>230,010</b>	<b>119,575</b>	<b>19,139</b>	<b>(2,008)</b>
<b>Company</b>				
<b>Balance as at 1 January 2020</b>	<b>114,301</b>	<b>45,057</b>	-	-
Net movement during the year	156,643	76,815	26,070	-
Exchange gain/(loss)	724	-	-	-
Allowance for expected credit losses	(627)	(69)	(223)	(919)
<b>Balance as at 31 December 2020</b>	<b>271,041</b>	<b>121,803</b>	<b>25,847</b>	<b>(919)</b>
Net movement during the year	(49,343)	(1,226)	(6,621)	-
Exchange gain/(loss)	(355)	-	-	-
Allowance for expected credit losses	-	(1,002)	(87)	(1,089)
<b>Balance as at 30 June 2021</b>	<b>221,343</b>	<b>119,575</b>	<b>19,139</b>	<b>(2,008)</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months period ended 30 June 2021

## 35 Financial instruments and risk management

## 35.4 Interest rate risk

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

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

The Group's interest rate risk arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist. The Group manages its debt on an optimal mix of local and foreign borrowings and fixed and floating interest rates.

**Profile**

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

Group	30 June 2021			31 December 2020		
	Fixed rate instruments	Variable rate instruments	Non interest bearing	Fixed rate instruments	Variable rate instruments	Non interest bearing
<i>In millions of Nigerian Naira</i>						
<b>Financial assets</b>						
Other investments	19,139	-	-	25,847	-	-
Cash and cash equivalents	230,010	-	-	275,198	-	-
Current investments	145,510	-	-	146,783	-	-
Restricted cash	-	-	82,373	-	-	47,913
Trade and other receivables	-	-	49,859	-	-	40,014
	<b>394,659</b>	<b>-</b>	<b>132,232</b>	<b>447,828</b>	<b>-</b>	<b>87,927</b>
<b>Financial liabilities</b>						
Trade payables	-	-	92,506	-	-	67,384
Other accrued expenses	-	-	172,418	-	-	170,227
Other payables	-	-	399	-	-	607
Amounts due to related parties	-	21,977	-	-	27,811	-
Current borrowings	-	236,000	-	-	190,599	-
Non-current borrowings	-	342,339	-	-	330,551	-
	<b>-</b>	<b>600,316</b>	<b>265,323</b>	<b>-</b>	<b>548,961</b>	<b>238,218</b>
<b>Company</b>						
<b>Financial assets</b>						
Other investments	19,139	-	-	25,847	-	-
Cash and cash equivalents	221,343	-	-	271,041	-	-
Current investments	145,510	-	-	146,783	-	-
Restricted cash	-	-	85,915	-	-	47,913
Trade and other receivables	-	-	55,070	-	-	42,370
	<b>385,992</b>	<b>-</b>	<b>140,985</b>	<b>443,671</b>	<b>-</b>	<b>90,283</b>
<b>Financial liabilities</b>						
Trade payables	-	-	91,527	-	-	65,624
Other accrued expenses	-	-	169,353	-	-	168,957
Other payables	-	-	399	-	-	607
Amounts due to related parties	-	22,314	-	-	27,811	-
Current borrowings	-	236,000	-	-	190,599	-
Non-current borrowings	-	342,339	-	-	330,551	-
	<b>-</b>	<b>600,653</b>	<b>261,279</b>	<b>-</b>	<b>548,961</b>	<b>235,188</b>

**Interest rate sensitivity**

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

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



Notes to the unaudited condensed consolidated and separate financial statements

For the six months period ended 30 June 2021

35 Financial Instruments and risk management

35.4 Interest rate risk (continued)

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

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

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

Group and Company	30 June 2021			31 Dec 2020		
	Increase/(decrease) in profit before tax			Increase/(decrease) in profit before tax		
	Change in interest rate	Upward change in interest rate	Downward change in interest rate	Change in interest rate	Upward change in interest rate	Downward change in interest rate
	%	N'million	N'million	%	N'million	N'million
LIBOR	1	(376)	376	1	(292)	292
NIBOR	1	(3,151)	3,151	1	(3,217)	3,217

Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The Group manages foreign currency risk on major foreign denominated purchase orders through the use of Letters of Credit. The Group has also entered into a currency swap arrangement to enhance dollar liquidity to address critical operational requirements.

Sensitivity analysis

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

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

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

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

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

Group and Company	30 June 2021		31 December 2020	
	Increase/(decrease) in profit before tax		Increase/(decrease) in profit before tax	
	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax
<i>In millions of Nigerian Naira</i>				
Denominated:				
Functional				
US\$:NGN	(9,439)	4,720	(10,164)	5,082

35.5 Liquidity risk

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

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

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

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months period ended 30 June 2021

## 35 Financial risk management and financial instruments (continued)

## 35.5 Liquidity risk (continued)

The following are the liquid resources:

<i>In millions of Nigerian Naira</i>	Carrying Amount			
	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Cash at bank and on hand	230,010	275,198	221,343	271,041
Trade and other receivables	49,859	40,014	55,070	42,370
Current investments	145,510	146,783	145,510	146,783
	<b>425,379</b>	<b>461,995</b>	<b>421,923</b>	<b>460,194</b>

The following are the contractual maturities of financial liabilities

Group	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
<i>In millions of Nigerian Naira</i>								
<b>30 June 2021</b>								
Trade payables and other payables	287,300	133,087	154,256	-	-	-	-	287,343
Current borrowings	236,000	-	46,956	212,682	-	-	-	259,638
Current lease liability	62,752	-	34,823	98,862	-	-	-	133,685
Non-current borrowings	342,339	-	-	-	83,003	190,322	110,000	383,325
Non-current lease liability	626,831	-	-	-	133,392	391,716	443,761	968,869
	<b>1,555,222</b>	<b>133,087</b>	<b>236,035</b>	<b>311,544</b>	<b>216,395</b>	<b>582,038</b>	<b>553,761</b>	<b>2,032,860</b>
<b>31 December 2020</b>								
Trade payables and other payables	265,692	192,515	73,177	-	-	-	-	265,692
Derivatives	194	-	-	194	-	-	-	194
Current borrowings	190,599	18,070	88,522	87,650	-	-	-	194,242
Current lease liability	54,798	-	31,785	89,651	-	-	-	121,436
Non-current borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liability	586,992	-	-	-	120,881	357,299	459,303	937,483
	<b>1,428,826</b>	<b>210,585</b>	<b>193,484</b>	<b>177,495</b>	<b>230,819</b>	<b>622,299</b>	<b>478,585</b>	<b>1,913,267</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months period ended 30 June 2021

## 35 Financial risk management and financial instruments (continued)

## 35.5 Liquidity risk (continued)

Company	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
<i>In millions of Nigerian Naira</i>								
<b>30 June 2021</b>								
Trade payables and other payables	283,593	131,385	152,283	-	-	-	-	283,668
Current borrowings	236,000	-	46,956	212,682	-	-	-	259,638
Current lease liability	62,752	-	34,823	98,862	-	-	-	133,685
Non-current borrowings	342,339	-	-	-	83,003	190,322	110,000	383,325
Non-current lease liability	626,831	-	-	-	133,392	391,716	443,761	968,869
	<b>1,551,515</b>	<b>131,385</b>	<b>234,062</b>	<b>311,544</b>	<b>216,395</b>	<b>582,038</b>	<b>553,761</b>	<b>2,029,185</b>
<b>31 December 2020</b>								
Trade payables and other payables	262,999	190,895	72,104	-	-	-	-	262,999
Derivatives	194	-	-	194	-	-	-	194
Current borrowings	190,599	18,070	88,522	87,650	-	-	-	194,242
Current lease liability	54,798	-	31,785	89,651	-	-	-	121,436
Non-current borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liability	586,992	-	-	-	120,881	357,299	459,303	937,483
	<b>1,426,133</b>	<b>208,965</b>	<b>192,411</b>	<b>177,495</b>	<b>230,819</b>	<b>622,299</b>	<b>478,585</b>	<b>1,910,574</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months period ended 30 June 2021

## 35 Financial risk management and financial instruments (continued)

## 35.6 Capital risk management

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

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

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

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

<i>In millions of Nigerian Naira</i>	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Revenue	791,263	1,346,390	790,793	1,346,288
Operating expenses excluding depreciation and amortisation	(374,050)	(685,740)	(370,750)	(690,806)
EBITDA	417,213	660,650	420,043	655,482
Gross debt	578,339	521,150	578,339	521,150
Cash and cash equivalents	(230,010)	(275,198)	(221,343)	(271,041)
Net debt	348,329	245,952	356,996	250,109
Gross debt	578,339	521,150	578,339	521,150
Equity	200,121	178,386	227,809	202,232
Total funding	778,460	699,536	806,148	723,382
Gross debt : Total funding	74%	74%	72%	72%
Net debt: Total funding	45%	35%	44%	35%
Net debt : EBITDA	83%	37%	85%	38%

## 36 Commitments for the acquisition of property, plant, equipment and software

<i>In millions of Nigerian Naira</i>	Group		Company	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Commitments for the acquisition of property, plant, equipment and software				
Contracted	50,000	232,154	50,000	232,154
Approved but not contracted	61,627	82,261	61,627	82,261
Total commitments for property, plant, equipment and software	111,627	314,415	111,627	314,415

## 37 Going concern assessment

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

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

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

- There are no fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment. We are currently complying with all loan agreements and no loans have been renegotiated.
- There are currently no changes in legislation or government policy expected to adversely affect MTN Nigeria Communications PLC.

## Notes to the unaudited condensed consolidated and separate financial statements

For the six months ended 30 June 2021

### 37 Going concern assessment (continued)

- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows, however **there's** been a major impact of forex deterioration on the business due to the increase in the NAFEX rate from N387 to around N410.66 to \$1. There is an ongoing effort to re-denominate some categories of foreign denominated expenditure to local currency to reduce exposure to exchange rate volatility.
- There are no plans to restructure the business of MTN Nigeria, dispose major assets or business.
- An assessment of forecast cash flows and projections has been performed, including potential impact of external/internal variations, uncertainties and sensitivity of expenditure plans. We are satisfied that the business continuity is not hindered in any way or manner.

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

### 38 Securitles 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.

### 39 Shareholders and their interest

Share Range	Number of Shareholders	% of Shareholder	Number of holdings	% Shareholding
1 - 10,000	6,430	76.8955	9,846,942	0.05
10,001 - 50,000	921	11.0141	23,747,379	0.12
50,001 - 100,000	161	1.9254	15,289,023	0.08
100,001 - 500,000	489	5.8479	114,820,710	0.56
500,001 - 1,000,000	114	1.3633	84,245,720	0.41
1,000,001 - 5,000,000	152	1.8177	350,032,640	1.72
5,000,001 - 10,000,000	34	0.4066	234,946,170	1.15
10,000,001 - 50,000,000	48	0.5740	942,933,589	4.63
50,000,001 - 100,000,000	3	0.0359	187,997,182	0.92
100,000,001 - 500,000,000	7	0.0837	1,538,502,595	7.56
500,000,001 - 1,000,000,000	2	0.0239	1,366,607,050	6.71
1,000,000,001 - Above	1	0.0120	15,485,544,050	76.08
<b>Total</b>	<b>8,362</b>	<b>100</b>	<b>20,354,513,050</b>	<b>100</b>

As at 30 June 2021, MTN International (Mauritius) Limited with total interest of 76.08% held more than 5% of the issued share capital of the Company.

### 40 Free float information

MTN Nigeria Communications Plc with a free float value of N437,410,718,264.00 as at June 2021 (June 2020: N290,872,181,305.00) is compliant with The Exchange's requirements for free float for companies listed on the Premium Board.

### 41 Contingent liabilities

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

The Group has N2.7 billion (December 2020: N2.6 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. These matters are currently being considered by various courts and the timing of the judgements are unknown. In the opinion of the directors, which is based on advice from the legal counsels, no material loss is expected to arise from these claims and litigations.

### 42 Events after the reporting period

On 29 July 2021, the Board approved interim dividend of N4.55 kobo per share for the period ended 30 June 2021.