



MTN Nigeria Communications Plc
Unaudited condensed consolidated and separate financial statements
for the six months period ended 30 June 2022

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Contents

	Page
Financial highlights	2
Condensed consolidated and separate statement of profit or loss	3
Condensed consolidated and separate statement of other comprehensive income	4
Condensed consolidated and separate statement of financial position	5
Condensed consolidated and separate statement of changes in equity	6
Condensed consolidated and separate statement of cash flows	7
Notes to the condensed consolidated and separate financial statements	8 - 38

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Financial highlights

In millions of Nigerian Naira	Notes	6 months ended 30 June 2022	6 months ended 30 June 2021	% Change
Revenue	6	950,086	791,263	20.07
Operating profit		352,312	273,709	28.72
Profit before taxation		268,635	215,116	24.88
Profit for the period		181,629	141,827	28.06
Basic/ diluted earnings per share (N)	35	8.92	6.97	28.06

		As at 30 June 2022	As at 31 Dec. 2021	% Change
Share capital		407	407	-
Total equity		269,535	264,981	1.72
Net assets per share (N)		13.24	13.02	1.72

Stock exchange information

Market price per share as at period end (N)	230.00	164.00	40.24
Market capitalisation as at period end (N'million)	4,681,650	3,338,220	40.24
Number of shares issued and fully paid as at period end (in millions)	20,355	20,355	-

The financial highlights reflect Group numbers only.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Condensed consolidated and separate statement of profit or loss

In millions of Nigerian Naira	Notes	Group				Company			
		6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
Revenue	6	950,086	791,263	479,103	405,947	949,637	790,793	478,947	405,554
Direct network operating costs	11	(215,810)	(192,429)	(108,534)	(98,558)	(215,810)	(192,429)	(108,534)	(98,558)
Value added services		(11,078)	(8,934)	(5,365)	(4,709)	(11,078)	(8,934)	(5,365)	(4,709)
Costs of starter packs, handsets and accessories.		(9,851)	(1,414)	(5,873)	(1,141)	(9,851)	(1,414)	(5,873)	(1,141)
Interconnect costs		(71,131)	(62,206)	(35,592)	(31,030)	(71,131)	(62,206)	(35,592)	(31,030)
Roaming costs		(2,934)	(1,949)	(1,719)	(1,098)	(2,934)	(1,949)	(1,719)	(1,098)
Transmission costs		(3,806)	(4,152)	(1,799)	(2,163)	(3,806)	(4,152)	(1,799)	(2,163)
Discounts and commissions		(44,894)	(38,994)	(23,104)	(20,080)	(43,875)	(38,560)	(22,551)	(19,827)
Advertisements, sponsorships and sales promotions		(14,216)	(8,558)	(8,265)	(4,948)	(11,665)	(7,127)	(5,939)	(3,670)
Employee costs	9	(22,150)	(19,050)	(11,154)	(9,734)	(21,710)	(18,651)	(10,928)	(9,520)
Depreciation of property and equipment	13	(82,913)	(80,863)	(41,932)	(48,636)	(82,913)	(80,863)	(41,932)	(48,636)
Depreciation of right of use assets	14	(49,815)	(41,864)	(25,250)	(21,146)	(49,815)	(41,864)	(25,250)	(21,146)
Amortisation of intangible assets	15	(24,277)	(20,777)	(12,003)	(2,274)	(21,617)	(18,117)	(10,672)	(945)
Other operating expenses	10	(44,899)	(36,364)	(25,529)	(19,826)	(42,329)	(35,328)	(24,154)	(19,003)
Operating profit		352,312	273,709	172,984	140,604	361,103	279,199	178,639	144,108
Finance income	7	7,066	5,677	2,660	4,773	6,957	5,677	2,595	4,773
Finance costs	8	(90,743)	(64,270)	(50,602)	(33,241)	(90,743)	(64,270)	(50,602)	(33,241)
Profit before taxation		268,635	215,116	125,042	112,136	277,317	220,606	130,632	115,640
Taxation	12	(87,006)	(73,289)	(40,237)	(44,048)	(89,478)	(74,937)	(41,780)	(45,101)
Profit for the period		181,629	141,827	84,805	68,088	187,839	145,669	88,852	70,539
Profit attributable to:									
Owners of the parent		181,940	141,827	85,116	68,088	187,839	145,669	88,852	70,539
Non-controlling interest		(311)	-	(311)	-	-	-	-	-
		181,629	141,827	84,805	68,088	187,839	145,669	88,852	70,539
Earnings per share									
Earnings per share-basic/diluted (N)	35	8.92	6.97	4.17	3.35	9.23	7.16	4.37	3.47

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Condensed consolidated and separate statement of other comprehensive income

In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
Profit for the period	181,629	141,827	84,805	68,088	187,839	145,669	88,852	70,539
Items that may be reclassified to profit or loss								
Transfer of fair value reserve of investments designated at FVOCI*	(111)	-	(155)	-	(111)	-	(155)	-
Other comprehensive income for the period net of taxation	(111)	-	(155)	-	(111)	-	(155)	-
Total comprehensive income for the period	181,518	141,827	84,650	68,088	187,728	145,669	88,697	70,539
Attributable to:								
Owners of the parent	181,829	141,827	84,961	68,088	187,728	145,669	88,697	70,539
Non-controlling interest	(311)	-	(311)	-	-	-	-	-
	181,518	141,827	84,650	68,088	187,728	145,669	88,697	70,539

*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 are an integral part of these condensed consolidated financial statements.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Condensed consolidated and separate statement of financial position

In millions of Nigerian Naira	Notes	Group		Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
Assets					
Non-current assets					
Property and equipment	13	890,351	774,113	890,351	774,113
Intangible assets	15	345,419	245,558	321,845	219,324
Right-of-use assets	14	668,353	613,812	668,353	613,812
Investments in subsidiaries	16	-	-	66,728	57,928
Other investments	17	10,698	10,845	10,698	10,845
Other non current assets	19	17,654	17,942	17,654	17,942
		1,932,475	1,662,270	1,975,629	1,693,964
Current assets					
Inventories	20	1,537	5,310	1,537	5,310
Trade and other receivables	21	151,116	127,232	161,436	135,958
Current investments	18	42,232	57,664	42,232	57,664
Restricted cash	22	233,124	146,188	231,805	146,188
Cash and cash equivalents	23	166,651	260,891	149,195	247,025
		594,660	597,285	586,205	592,145
Total assets		2,527,135	2,259,555	2,561,834	2,286,109
Equity and liabilities					
Equity					
Share capital	34.2	407	407	407	407
Share premium	34.3	17,216	17,216	17,216	17,216
Treasury shares	34.5	(4,869)	-	(4,869)	-
Other reserves		774	885	774	885
Retained profit		254,118	246,473	292,033	278,489
		267,646	264,981	305,561	296,997
Equity attributable to parent		267,646	264,981	305,561	296,997
Non-controlling interest		1,889	-	-	-
		269,535	264,981	305,561	296,997
Liabilities					
Non-current liabilities					
Borrowings	24	328,248	340,425	328,248	340,425
Lease liabilities	31	682,128	628,325	682,128	628,325
Deferred tax	29	73,071	104,683	74,607	103,747
Provisions	27	42	41	42	41
Employee benefits	30	5,993	6,549	5,993	6,549
Other non-current liabilities	28	6,766	8,547	6,766	8,547
		1,096,248	1,088,570	1,097,784	1,087,634
Current liabilities					
Trade and other payables	25	452,836	443,895	451,718	440,023
Current tax payable	33	204,588	144,163	204,316	143,891
Borrowings	24	317,862	152,835	317,862	152,835
Lease liabilities	31	75,367	62,531	75,367	62,531
Contract liabilities	26	79,785	72,336	79,403	71,954
Provisions	27	29,319	29,736	29,319	29,736
Deposit held for MoMo customers	32	1,091	-	-	-
Employee benefits	30	277	136	277	136
Derivatives		227	372	227	372
		1,161,352	906,004	1,158,489	901,478
Total liabilities		2,257,600	1,994,574	2,256,273	1,989,112
Total equity and liabilities		2,527,135	2,259,555	2,561,834	2,286,109

The unaudited condensed consolidated and separate financial statements were approved by the Board of Directors on the 28 July 2022 and were signed on its behalf by:



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



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

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Condensed consolidated and separate statement of changes in equity

In millions of Nigerian Naira	Share capital	Share premium	Total share capital	Treasury shares	Other reserves	Retained profit	Total equity attributable to parent	Non-controlling interest	Total equity
Group									
Balance at 01 January 2021	407	17,216	17,623	-	239	160,524	178,386	-	178,386
Profit for the period	-	-	-	-	-	141,827	141,827	-	141,827
Dividends	-	-	-	-	-	(120,092)	(120,092)	-	(120,092)
Balance at 30 June 2021	407	17,216	17,623	-	239	182,259	200,121	-	200,121
Balance at 01 January 2022									
Balance at 01 January 2022	407	17,216	17,623	-	885	246,473	264,981	-	264,981
Profit for the period	-	-	-	-	-	181,940	181,940	(311)	181,629
Other comprehensive income	-	-	-	-	(111)	-	(111)	-	(111)
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Acquisition of a subsidiary	-	-	-	-	-	-	-	2,200	2,200
Dividends	-	-	-	-	-	(174,295)	(174,295)	-	(174,295)
Balance at 30 June 2022	407	17,216	17,623	(4,869)	774	254,118	267,646	1,889	269,535
Company									
Balance at 01 January 2021	407	17,216	17,623	-	239	184,370	202,232	-	202,232
Profit for the period	-	-	-	-	-	145,669	145,669	-	145,669
Dividends	-	-	-	-	-	(120,092)	(120,092)	-	(120,092)
Balance at 30 June 2021	407	17,216	17,623	-	239	209,947	227,809	-	227,809
Balance at 01 January 2022									
Balance at 01 January 2022	407	17,216	17,623	-	885	278,489	296,997	-	296,997
Profit for the period	-	-	-	-	-	187,839	187,839	-	187,839
Other comprehensive income	-	-	-	-	(111)	-	(111)	-	(111)
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Dividends	-	-	-	-	-	(174,295)	(174,295)	-	(174,295)
Balance at 30 June 2022	407	17,216	17,623	(4,869)	774	292,033	305,561	-	305,561

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Condensed consolidated and separate statement of cash flows

In millions of Nigerian Naira	Notes	Group		Company	
		6 months ended 30 June 2022	6 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021
Cash flows from operating activities					
Cash generated from operations	36	545,155	508,264	552,445	503,754
Interest paid		(81,114)	(50,950)	(81,114)	(50,950)
Interest received		6,651	1,688	6,542	1,688
Dividends paid		(174,295)	(120,092)	(174,295)	(120,092)
Tax paid	33	(58,193)	(109,931)	(58,193)	(109,931)
Employee benefits payments	30	(446)	(125)	(446)	(125)
Share based payments		(5,646)	(1,837)	(5,646)	(1,837)
Provisions payments	27	(3,112)	(1,462)	(3,112)	(1,462)
Net cash generated from operating activities		229,000	225,555	236,181	221,045
Cash flows from investing activities					
Acquisition of property, plant and equipment		(171,516)	(103,974)	(171,516)	(103,974)
Acquisition of right of use assets		(5,965)	(13,132)	(5,965)	(13,132)
Proceeds from disposal of property, plant and equipment		3,375	317	3,375	317
Purchase of contract acquisition costs		(2,337)	(507)	(2,337)	(507)
Sale of investment in non-current FGN bonds		151	6,708	151	6,708
Acquisition of other intangible assets		(151,017)	(143,803)	(151,017)	(143,803)
Sale of bonds, treasury bills and foreign deposits		16,345	2,198	16,345	2,198
Investment in subsidiary		-	-	(8,800)	-
Movement in restricted cash		(85,846)	(34,460)	(85,617)	(34,460)
Net cash flows used in investing activities		(396,810)	(286,653)	(405,381)	(286,653)
Cash flows from financing activities					
Proceeds from borrowings	24.1	208,692	254,952	208,692	254,952
Repayment of borrowings	24.1	(85,597)	(208,998)	(85,597)	(208,998)
Repayment on lease liabilities	31	(41,056)	(30,316)	(41,056)	(30,316)
Investment by non-controlling interest		2,200	-	-	-
Net cash flows generated in financing activities		84,239	15,638	82,039	15,638
Net decrease in cash and cash equivalents		(83,571)	(45,460)	(87,161)	(49,970)
Cash at the beginning of the period		261,494	275,825	247,628	271,668
Exchange loss on cash and cash equivalents		(11,127)	(355)	(11,127)	(355)
Cash and cash equivalents at the end of the period	23	166,796	230,010	149,340	221,343

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

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 subsidiaries are XS Broadband Limited, Visafone Communications Limited, Yello Digital Financial Services Limited and MoMo Payment Service Bank 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.

During the year, a new subsidiary MoMo Payment Service Bank Limited (MoMo PSB) commenced operations. MoMo PSB is licensed by Central Bank of Nigeria (CBN) to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services in a secured technology-driven environment to further deepen financial inclusion in Nigeria. MoMo PSB currently has authorised share capital of 5 billion ordinary shares issued and fully paid, MTN Nigeria has 80% shareholding while Acxani Capital Limited has 20% holding serving as the non-controlling interest.

2. Basis of preparation

These condensed consolidated and separate financial statements for the six months period ended 30 June 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting.

The 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 2021 which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies and Allied Matters Act of Nigeria (CAMA) 2020.

The condensed consolidated and separate financial statements have been prepared under the historical cost basis except for derivatives measured at fair value and debt instruments measured at fair value through profit or loss and at fair value through other comprehensive income. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated and separate financial statements are presented in Naira and rounded to the nearest millions, except where stated otherwise.

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 2021.

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 2022, but do not have an impact on the condensed consolidated and separate financial statements of the Group.

3 Changes to the accounting policies

3.1 Share based payments

At the beginning of the year, MTN Nigeria commenced a new share scheme for its employees, the Performance Share Plan (PSP) and Employee Share Ownership plan (ESOP). The new scheme is being managed by a Trust. This new plan replaces the Notional Share Option (NSO) scheme.

The Notional Share Option (NSO) scheme will be wound up once all unvested and/or unexercised awards previously made have run their course. It is a cash-settled scheme on which gains are calculated from appreciation in both the MTN Group share price and operational performance measured using EBITDA. The strike price for the NSO schemes are determined by the closing market price of the MTN Group Limited shares on the day prior to the date of allocation. Unexercised options and rights lapse 10 years from the date of grant and are forfeited if the employee leaves the group before they vest.

The Performance Share Plan (PSP) is a conditional share offer to its management employees. PSP awards are conditional rights to receive a certain number of shares by qualifying participants annually. The vesting period for the PSP is three years and the awards vest in full based on set performance targets. Employees are not entitled to receive dividends on the shares during the vesting period. The total number of shares which may be allocated for the purposes of the schemes shall not exceed 0.1% of the total issued ordinary share capital of the company, being 20,354,513,050 shares as approved by the board of directors in 2021.

The Employee Share Ownership Plan (ESOP) is a one-off share offer to its eligible non-management employees at no cost to participants. The plan is not tied to the company performance. The shares will vest as follows:

- 1/3 vesting after 3 years,
- the second 1/3 after 4 years and
- the final 1/3 after 5 years of the grant date.

The fair value of share options granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

3.2 Consolidation

Non-controlling interest

Non-controlling interest is the equity in a subsidiary or entity controlled by the Company, not attributable, directly or indirectly, to the parent company and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

4 New standards and interpretations

4.1 New and amended standards adopted by the Group

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated and separate financial statements of the Group.

1. Onerous Contracts - Costs of fulfilling a contract - Amendments to IAS 37.
2. Reference to the Conceptual Framework - Amendments to IFRS 3.
3. Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16.
4. IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter.
5. IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications during the period.

4.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated and separate financial statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective.

1. IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023.
2. Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023.
3. Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023.
4. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023.
5. Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

5. Segmental reporting

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

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

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

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

Customer 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 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 six months period ended 30 June 2022 and 30 June 2021.

In millions of Nigerian Naira	CBU	EBU	WBU	Total
30 June 2022				
Segment revenue	825,812	99,253	25,021	950,086
Direct costs*	(146,239)	(5,777)	(10,764)	(162,780)
Gross margin	679,573	93,476	14,257	787,306
30 June 2021				
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

*Direct costs include transmission costs, regulatory fees (reported in direct network operating costs), costs of handsets and accessories, value added services costs and commissions costs in discount and commissions

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.

In millions of Nigerian Naira	30 June 2022	30 June 2021
Segment gross margin	787,306	660,868
Less unallocated expenses:		
Operating expenses	(277,989)	(243,655)
Depreciation & amortisation	(157,005)	(143,504)
Finance income	7,066	5,677
Finance expense	(90,743)	(64,270)
Profit before taxation	268,635	215,116

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
6. Revenue								
Revenue from contracts with customers								
Voice	417,279	411,677	200,745	203,982	417,279	411,677	200,745	203,982
Data	348,234	228,531	185,549	122,827	348,234	228,531	185,549	122,827
SMS	29,795	21,678	16,450	11,008	29,795	21,678	16,450	11,008
Interconnect and roaming	93,943	83,138	47,078	42,957	94,690	83,138	47,591	42,957
Handset and accessories	2,236	964	1,072	757	2,236	964	1,072	757
Digital	11,412	8,363	5,777	4,505	10,217	7,893	5,109	4,112
Value added services	39,239	31,167	18,874	16,979	39,238	31,167	18,873	16,979
Other revenues	7,948	5,745	3,558	2,932	7,948	5,745	3,558	2,932
	950,086	791,263	479,103	405,947	949,637	790,793	478,947	405,554

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.

7. Finance income

Interest income on bank deposits*	2,232	591	827	2,882	2,123	591	762	2,882
Interest income on amortised cost investments*	4,197	4,144	1,367	904	4,197	4,144	1,367	904
Net gain on FVTPL investments	637	-	466	-	637	-	466	-
Net gain on FVOCI investments	-	-	-	320	-	-	-	320
Interest income on related party receivables*	-	4	-	2	-	4	-	2
Currency swap gain	-	938	-	665	-	938	-	665
	7,066	5,677	2,660	4,773	6,957	5,677	2,595	4,773

8. Finance costs

Interest expense - banking fees	2,477	1,039	1,902	383	2,477	1,039	1,902	383
Net foreign exchange loss	13,507	2,596	11,715	985	13,507	2,596	11,715	985
Interest expense - leases*	46,623	43,051	23,353	21,462	46,623	43,051	23,353	21,462
Interest expense - borrowings*	28,014	17,112	13,328	10,411	28,014	17,112	13,328	10,411
Net loss on FVTPL investments	-	472	-	-	-	472	-	-
Currency swap loss	122	-	304	-	122	-	304	-
	90,743	64,270	50,602	33,241	90,743	64,270	50,602	33,241

*Finance income and costs calculated using effective interest rate method.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
9. Employee costs								
Salaries and wages	15,873	14,794	9,149	7,639	15,433	14,395	8,923	7,425
Pension - Defined contribution plan	1,034	965	551	485	1,034	965	551	485
Share-based expense	3,865	1,883	800	941	3,865	1,883	800	941
Long service award	31	111	24	(45)	31	111	24	(45)
Other staff costs	1,347	1,297	630	714	1,347	1,297	630	714
	22,150	19,050	11,154	9,734	21,710	18,651	10,928	9,520
Other staff costs comprises of mortgage subsidy, long service award, termination benefits, reward and recognition, Group life insurance, medical expenses. Share-based expense is made up NSO provision of N2.4 billion and PSP provision of N1.465 billion.								
10. Other operating expenses								
Audit fees	191	172	66	134	183	169	60	132
Credit loss expense/ (reversal) on trade and other receivables	699	453	1,055	(125)	699	453	1,055	(125)
Information technology development levy	2,773	-	1,306	-	2,773	-	1,306	-
Professional fees	16,635	14,289	9,059	7,639	14,318	13,345	7,820	6,908
Credit loss (reversal)/ expense on cash and cash equivalent, treasury bills and bonds	(479)	170	24	40	(479)	170	24	40
Covid-19 related expenses	-	6,226	-	4,915	-	6,226	-	4,915
Profit on disposal of property and equipment	(484)	(215)	(66)	(97)	(484)	(215)	(66)	(97)
Impairment of property and equipment	383	59	381	33	383	59	381	33
Rent, rates, utilities and other office running cost	1,330	1,102	847	(129)	1,321	1,102	838	(129)
Directors' emoluments	493	272	348	132	493	272	348	132
Insurance	1,220	959	606	475	1,220	959	606	475
MTN Foundation	1,878	1,345	888	589	1,878	1,345	888	589
Inventory write-down/(reversal of inventory write-down)	1,083	(2,299)	(10)	(2,294)	1,083	(2,299)	(10)	(2,294)
Maintenance costs	12,698	9,928	6,612	5,230	12,698	9,928	6,612	5,230
National Agency for Science and Engineering Infrastructure levy*	693	-	327	-	693	-	327	-
Trainings, travels and entertainment cost	1,603	638	685	423	1,575	638	668	423
Other expenses**	4,183	3,265	3,401	2,861	3,975	3,176	3,297	2,771
	44,899	36,364	25,529	19,826	42,329	35,328	24,154	19,003

*National Agency for Science and Engineering Infrastructure (NASENI) levy is computed and recognised at 0.25% of profit before tax in line with Finance Act, 2021.

**Other expenses includes bank charges, subscriptions, office refreshments, security costs, etc.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
11. Direct network operating costs								
Following the adoption of IFRS 16 leases, BTS lease expense relating to the non-lease components (power and maintenance) of the tower lease contracts are recognised as an expense in profit or loss as they are incurred.								
Regulatory fees	20,266	20,398	9,761	10,438	20,266	20,398	9,761	10,438
Annual Numbering Plan	4,877	3,284	2,281	1,612	4,877	3,284	2,281	1,612
BTS leases	157,594	137,503	79,097	71,645	157,594	137,503	79,097	71,645
Network Maintenance	33,073	31,244	17,395	14,863	33,073	31,244	17,395	14,863
	215,810	192,429	108,534	98,558	215,810	192,429	108,534	98,558
12. Income tax expense								
Current tax								
Company income tax	108,860	73,789	50,214	43,004	108,860	73,789	50,214	43,004
Education tax	9,744	5,795	4,797	3,435	9,744	5,795	4,797	3,435
Nigerian police trust fund	14	5	7	-	14	5	7	-
	118,618	79,589	55,018	46,439	118,618	79,589	55,018	46,439
Deferred								
Deferred tax credit	(31,612)	(6,300)	(14,781)	(2,391)	(29,140)	(4,652)	(13,238)	(1,338)
	87,006	73,289	40,237	44,048	89,478	74,937	41,780	45,101
Tax rate reconciliation								
Profit before tax	268,635	215,116			277,271	220,606		
Tax charge	87,006	73,289			89,478	74,937		
Effective tax rate	32.39 %	34.07 %			32.27 %	33.97 %		
Tax at standard rate	30.00	30.00			30.00	30.00		
Expenses not allowed	0.28	(0.05)			0.24	(0.04)		
Prior year over provision - deferred tax	(0.91)	2.21			(0.88)	2.15		
Investment allowance	(0.49)	(0.52)			(0.48)	(0.51)		
Exempt income	(0.02)	(0.22)			(0.02)	(0.21)		
Education tax	3.52	2.64			3.40	2.57		
Minimum tax/Capital Gain Tax/Police Trust Fund	0.01	0.01			0.01	0.01		
Effective tax rate	32.39	34.07			32.27	33.97		

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

13. Property and equipment

Group and Company

In millions of Nigerian Naira	Land & Buildings	Leasehold property	Information systems, furniture and office equipment	Motor vehicles	Network Infrastructure	Capital - work in progress	Total
At 31 December 2021							
Cost	34,566	23,624	67,184	9,729	1,108,265	143,968	1,387,336
Accumulated depreciation and impairment	(20,403)	(9,685)	(38,812)	(2,727)	(541,596)	-	(613,223)
Carrying amount	14,163	13,939	28,372	7,002	566,669	143,968	774,113
Cost							
At 01 January 2022	34,566	23,624	67,184	9,729	1,108,265	143,968	1,387,336
Additions	18,142	82	5,001	415	86,519	62,643	172,802
Reclassification*	(43)	43	-	-	-	26,880	26,880
Disposals	(7)	(153)	(10,725)	(111)	(82,947)	-	(93,943)
At 30 June 2022	52,658	23,596	61,460	10,033	1,111,837	233,491	1,493,075
Depreciation and impairment							
At 01 January 2022	(20,403)	(9,685)	(38,812)	(2,727)	(541,596)	-	(613,223)
Depreciation	(451)	(799)	(7,454)	(868)	(73,341)	-	(82,913)
Disposals	5	153	10,694	12	82,931	-	93,795
Impairment	-	-	-	-	(383)	-	(383)
At 30 June 2022	(20,849)	(10,331)	(35,572)	(3,583)	(532,389)	-	(602,724)
Carrying amount							
At 31 December 2021	14,163	13,939	28,372	7,002	566,669	143,968	774,113
At 30 June 2022	31,809	13,265	25,888	6,450	579,448	233,491	890,351

*Reclassification amount of N26.88 billion relates to items reclassified from intangible assets to property, plant and equipment.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

14. Right of use assets

Group and Company

In millions of Nigerian Naira	Base station land	Buildings	Motor vehicles	Office equipment	Network infrastructure	Total
At 31 December 2021						
Cost	10,535	5,820	9,332	398	795,091	821,176
Accumulated depreciation and impairment	(5,570)	(3,670)	(2,316)	(398)	(195,410)	(207,364)
Carrying amount	4,965	2,150	7,016	-	599,681	613,812
Cost						
At 1 January 2022	10,535	5,820	9,332	398	795,091	821,176
Additions	4,592	32	-	-	102,478	107,102
Retirement	(5,535)	(33)	-	(398)	-	(5,966)
At 30 June 2022	9,592	5,819	9,332	-	897,569	922,312
Depreciation and impairment						
At 1 January 2022	(5,570)	(3,670)	(2,316)	(398)	(195,410)	(207,364)
Depreciation	(1,363)	(708)	(936)	-	(46,808)	(49,815)
Retirement	2,789	33	-	398	-	3,220
At 30 June 2022	(4,144)	(4,345)	(3,252)	-	(242,218)	(253,959)
Carrying amount						
At 31 December 2021	4,965	2,150	7,016	-	599,681	613,812
At 30 June 2022	5,448	1,474	6,080	-	655,351	668,353

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

15. Intangible assets

In millions of Nigerian Naira	Goodwill	Licenses	Computer software	Capital work-in-progress	Total
Group					
At 31 December 2021					
Cost	10,016	212,537	118,499	30,253	371,305
Accumulated amortisation and impairment	-	(57,844)	(67,903)	-	(125,747)
Carrying amount	10,016	154,693	50,596	30,253	245,558
Cost					
At 1 January 2022	10,016	212,537	118,499	30,253	371,305
Additions	-	119,277	10,991	20,750	151,018
Reclassification	-	-	-	(26,880)	(26,880)
Disposals	-	-	(10,534)	-	(10,534)
At 30 June 2022	10,016	331,814	118,956	24,123	484,909
Amortisation and impairment					
At 1 January 2022	-	(57,844)	(67,903)	-	(125,747)
Amortisation	-	(9,733)	(14,544)	-	(24,277)
Disposals	-	-	10,534	-	10,534
At 30 June 2022	-	(67,577)	(71,913)	-	(139,490)
Carrying amount					
At 31 December 2021	10,016	154,693	50,596	30,253	245,558
At 30 June 2022	10,016	264,237	47,043	24,123	345,419
Company					
At 31 December 2021					
Cost		212,537	70,679	30,253	313,469
Accumulated amortisation and impairment		(57,844)	(36,301)	-	(94,145)
Carrying amount		154,693	34,378	30,253	219,324
Cost					
At 1 January 2022		212,537	70,679	30,253	313,469
Additions		119,277	10,991	20,750	151,018
Reclassification		-	-	(26,880)	(26,880)
Disposals		-	(10,534)	-	(10,534)
At 30 June 2022		331,814	71,136	24,123	427,073
Amortisation and impairment					
At 1 January 2022		(57,844)	(36,301)	-	(94,145)
Amortisation		(9,733)	(11,884)	-	(21,617)
Disposals		-	10,534	-	10,534
At 30 June 2022		(67,577)	(37,651)	-	(105,228)
Carrying amount					
At 31 December 2021		154,693	34,378	30,253	219,324
At 30 June 2022		264,237	33,485	24,123	321,845

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

Goodwill relates to the acquisition of Visafone Communications Limited.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021

16. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Visafone Communications Limited	-	-	43,778	43,778
XS Broadband Limited	-	-	500	500
Yello Digital Financial Services Limited	-	-	14,150	14,150
MoMo Payment Service Bank Limited	-	-	8,800	-
	-	-	23,450	14,650
Impairment (XS Broadband Ltd)	-	-	(500)	(500)
	-	-	66,728	57,928

The MoMo Payment Service Bank Limited (MoMo PSB) is licensed by Central Bank of Nigeria (CBN) to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services in a secured technology-driven environment to further deepen financial inclusion in Nigeria. MoMo PSB commenced operations during the year and the Company holds 80% of the shares and the non-controlling interest of 20% are held by Acxani Capital Limited.

17. Other investments

Treasury bonds at amortised cost	7,519	7,710	7,519	7,710
NGN deposits at amortised cost	3,382	3,340	3,382	3,340
Allowance for expected credit losses	(203)	(205)	(203)	(205)
	10,698	10,845	10,698	10,845

18. Current investments

US Dollar deposits held at amortised cost	10,783	15,526	10,783	15,526
NGN deposits at amortised cost	600	26,530	600	26,530
Treasury bills held at amortised cost	4,932	9,529	4,932	9,529
Allowance for expected credit losses	(122)	(141)	(122)	(141)
Net current investments at amortised cost	16,193	51,444	16,193	51,444
Treasury bills and bonds held at FVOCI	12,367	-	12,367	-
Treasury bills and bonds held at FVTPL	13,672	6,220	13,672	6,220
	42,232	57,664	42,232	57,664

19. Other non current assets

Contract acquisition costs

Opening balance	5,602	7,990	5,602	7,990
Additions	2,337	1,795	2,337	1,795
Amortised in the year	(1,764)	(4,183)	(1,764)	(4,183)
	6,175	5,602	6,175	5,602

Non current prepayment

11,479 12,340 11,479 12,340

Total non-current assets

17,654 17,942 17,654 17,942

20. Inventories

Handsets and accessories	2,225	2,506	2,225	2,506
Starter packs	1,068	3,477	1,068	3,477
	3,293	5,983	3,293	5,983
Inventories (write-downs)	(1,756)	(673)	(1,756)	(673)
	1,537	5,310	1,537	5,310

During the period, there was an additional inventory write-down of N1.08 billion for starter pack, handsets and accessories. This is recognised in the cost of starter pack, handsets and accessories in the statement of profit or loss.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
21. Trade and other receivables				
Financial instruments:				
Trade receivables	55,664	43,425	55,390	42,467
Trade receivables - related parties	37 12,666	12,277	38,824	21,467
Allowance for expected credit losses	(9,776)	(9,077)	(9,358)	(8,659)
	58,554	46,625	84,856	55,275
Other receivables	13,086	12,194	12,535	12,201
	71,640	58,819	97,391	67,476
Non-financial instruments:				
Sundry receivables and advances	290	132	290	177
Other non-financial receivables*	45,365	26,681	29,937	26,708
Current prepayments	33,821	41,600	33,818	41,597
	79,476	68,413	64,045	68,482
	151,116	127,232	161,436	135,958

*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.

22. Restricted cash

Restricted cash deposits	232,033	146,188	231,805	146,188
Cash held for MoMo customers	1,091	-	-	-
	233,124	146,188	231,805	146,188

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.

Cash held for MoMo customers relates to MoMo customers deposit liability for the period (see note 32).

23. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	97,811	123,149	85,646	109,374
Short-term deposits	68,985	138,345	63,694	138,254
	166,796	261,494	149,340	247,628
Allowance for expected credit losses	(145)	(603)	(145)	(603)
	166,651	260,891	149,195	247,025

24. Borrowings

The maturity of the loans is as follows:

Payable within one year (included in current liabilities)	317,862	152,835	317,862	152,835
More than one year but not exceeding two years	85,544	85,544	85,544	85,544
More than two years but not exceeding five years	224,348	236,525	224,348	236,525
More than five years	18,356	18,356	18,356	18,356
Amounts included in non-current liabilities	328,248	340,425	328,248	340,425
Total borrowings	646,110	493,260	646,110	493,260

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021

24. Borrowings (continued)

24.1. Borrowings reconciliation

Opening balance	493,260	521,150	493,260	521,150
Drawdown	208,692	417,926	208,692	417,926
Repayment	(85,597)	(502,212)	(85,597)	(502,212)
Accrued interest	28,014	49,249	28,014	49,249
Revaluation loss	1,741	7,147	1,741	7,147
Closing balance	646,110	493,260	646,110	493,260

24.2 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 2022
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%.	N109 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 N75 billion of this facility from the proceeds of fixed rate bond issuance to reduce exposure to volatility in short term interest rate.	N40 billion
Commercial paper	Under the N150 billion commercial paper issuance programme, two series were issued on 12 April 2022 comprising of: -Series I: With Face value of N51 billion for 184 days at discount rate of 7.2268% with maturity on October 2022 -Series II: With Face value of N76 billion for 254 days at a discount rate of 8.0253% with maturity December 2022	N121 billion
Foreign EIB facility	EUR100 million financing from European Investment bank (EIB) was arranged in 2021, with 3- year moratorium. It was drawn in April 2022, with principal to be repaid over 13 equal semi-annual installments which will commence in April 2025. It is a floating interest loan linked to the 6 month LIBOR plus a 2.204% margin.	US\$ 38.4 million
Foreign facility O	US\$100 million 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 6 month LIBOR plus a 5.5% margin.	US\$57 million
Local bonds	The local bonds are two series bond issuance programmes comprising of: - Series I: N110.001 billion 7 Year 13% Bonds due 2028. - Series II: N89.999 billion 10 year 12.75% Bonds due 2031. Series I principal repayments will occur twice in May 2027 and 2028 respectively. Series II principal repayments will also occur twice, 2030 and 2031 respectively	N200 billion
Trade Loans	A total of US\$444 million trade loans for the establishment of Letters of Credit with various local banks. The loans attract Pre and Post Negotiation charges and the facility are largely cash backed. The sum of US\$292 million was due and unpaid as at June 2022 as trade loans for Letters of Credit.	N123 billion

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
25. Trade and other payables				
Financial instruments:				
Trade payables	104,046	63,829	104,032	63,814
Trade payables - related parties	37 24,461	32,839	25,801	33,176
Other accrued expenses*	218,558	208,239	216,199	206,953
Other payables**	457	527	457	527
	347,522	305,434	346,489	304,470
Non-financial instruments				
Other non-financial accrued expenses***	76,898	107,059	76,898	107,059
Sundry payables	2,493	3,971	2,478	1,085
Other non-financial payables****	25,923	27,431	25,853	27,409
	105,314	138,461	105,229	135,553
	452,836	443,895	451,718	440,023

*Other accrued expenses include BTS lease accruals.

**Other payables include unclaimed dividend returned and retention fee on purchase of Visafone.

***Other non-financial accrued expenses include CAPEX accruals, inventory accruals and other regulatory fees.

****Other non-financial payables include withholding and value added tax liabilities.

26. Contract liabilities

Opening balance	72,336	62,301	71,954	61,919
Payments received in advance of delivery of performance obligations	1,147,126	449,829	1,147,126	449,829
Revenue recognised in delivery of goods/services	(1,139,677)	(439,794)	(1,139,677)	(439,794)
Closing balance	79,785	72,336	79,403	71,954

Contract liability relates to payments received in advance from sales of recharge cards and on Subscriber Identification Module (SIM) cards. Contract liabilities are recognised as revenue when the subscribers use the airtime for network services such as voice, SMS, data and digital services and when the SIM cards are activated on the network.

27. Provisions

At beginning of period	29,777	24,771	29,777	24,771
Additions	9,917	29,132	9,917	29,132
Unused amounts reversed	(7,221)	(12,659)	(7,221)	(12,659)
Utilised	(3,112)	(11,467)	(3,112)	(11,467)
At end of period	29,361	29,777	29,361	29,777

Split between non-current and current portions

Non-current liabilities	42	41	42	41
Current liabilities	29,319	29,736	29,319	29,736
	29,361	29,777	29,361	29,777

28. Other non-current liabilities

Share based payment liability

Opening balance	8,547	2,273	8,547	2,273
Share based expense	3,865	8,689	3,865	8,689
Share based payments	(5,646)	(2,415)	(5,646)	(2,415)
Closing balance	6,766	8,547	6,766	8,547

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021

29. Deferred tax

Opening balance	104,683	113,130	103,747	108,693
Writeback to profit or loss	(30,814)	(4,946)	(29,140)	(4,946)
Arising on consolidation	(798)	(3,501)	-	-
Closing balance	73,071	104,683	74,607	103,747

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

30. Employee benefits

Present value of defined benefit obligation	6,685	8,261	6,685	8,261
Current service cost	31	772	31	772
Interest cost	-	771	-	771
Curtailment cost	-	(788)	-	(788)
Actuarial gains	-	(950)	-	(950)
Current year gain	-	(902)	-	(902)
Benefits paid by the plan	(446)	(479)	(446)	(479)
	6,270	6,685	6,270	6,685

Employment benefits comprise of the present values of :

Defined Benefit Obligation- retirement benefits	1,994	1,994	1,994	1,994
Long Service Awards	4,276	4,691	4,276	4,691
	6,270	6,685	6,270	6,685

Current to non-current split

Current	277	136	277	136
Non-current	5,993	6,549	5,993	6,549
	6,270	6,685	6,270	6,685

31. Lease liabilities

The statement of financial position shows the following amounts relating to leases:

Non-current liabilities	682,128	628,325	682,128	628,325
Current liabilities	75,367	62,531	75,367	62,531
	757,495	690,856	757,495	690,856

Lease liabilities reconciliation

Opening balance	690,856	641,790	690,856	641,790
Additions	97,352	103,172	97,352	103,172
Interest capitalised	46,623	86,373	46,623	86,373
Revaluations	3,217	3,172	3,217	3,172
Payments - principal portion	(41,056)	(57,977)	(41,056)	(57,977)
Payments - interest portion	(39,497)	(85,674)	(39,497)	(85,674)
	757,495	690,856	757,495	690,856

32. Deposits held for MoMo customers

Deposits held for MoMo customers	1,091	-	-	-
----------------------------------	-------	---	---	---

The deposits held for MoMo customers are measured at their carrying amounts considering that these are either due or demandable at short notice. The corresponding assets are held as restricted cash (note 22).

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
33. Current tax payable				
Opening balance	144,163	107,310	143,891	107,038
Provision for the period/year - company income tax	108,860	128,653	108,860	128,653
Provision for the period/year - education tax	9,744	13,343	9,744	13,343
Provision for the year/ period - Nigerian Police Trust Fund	14	22	14	22
Tax paid	(58,193)	(109,931)	(58,193)	(109,931)
Prior year under provision	-	4,766	-	4,766
Closing balance	204,588	144,163	204,316	143,891
34. Equity				
34.1 Share capital				
Authorised:				
27,850,000,000 ordinary shares of N0.02 each	557	557	557	557
34.2 Share capital				
Issued and fully paid:				
20,354,513,050 ordinary shares of N0.02 each	407	407	407	407
34.3 Share premium				
4,500,000 ordinary shares of N 3,779.89 each	17,009	17,009	17,009	17,009
138,960 ordinary shares of N 1,488.15 each	207	207	207	207
	17,216	17,216	17,216	17,216
34.4 Dividends				
Final dividend for 2021: N8.57 kobo per share (2020: N5.90 kobo per share)	174,295	120,092	174,295	120,092
Interim dividend for 2021: N4.55 kobo per share	-	92,613	-	92,613
	174,295	212,705	174,295	212,705
34.5 Treasury shares				
Treasury shares	4,869	-	4,869	-
Treasury shares represent 28,809,789 ordinary shares of MTN Nigeria acquired and held in trust by Veriva Trustee Limited for the purpose of employee share scheme implementation (2021: Nil).				
35. Earnings per share				
Profit attributable to equity holders	181,629	141,827	187,839	145,669
Weighted average number of ordinary shares (million)	20,355	20,355	20,355	20,355
Basic/diluted EPS (N)	8.92	6.97	9.23	7.16

Earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares held as treasury shares (30 June 2022: 28,809,789; 30 June 2021: Nil)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Notes	Group		Company	
		6 months ended 30 June 2022	6 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021
36. Cash generated from operations					
Profit before taxation		268,635	215,116	277,317	220,606
Adjustments for non cash items:					
Finance income	7	(7,066)	(5,677)	(6,957)	(5,677)
Finance costs	8	90,743	64,270	90,743	64,270
Depreciation of property and equipment		82,913	80,863	82,913	80,863
Depreciation of right of use assets		49,815	41,864	49,815	41,864
Amortisation of intangible assets		24,277	20,777	21,617	18,117
Amortisation of contract cost		1,764	2,364	1,764	2,364
Profit on disposals of property and equipment	10	(484)	(215)	(484)	(215)
Impairment of property and equipment	10	383	59	383	59
Credit loss (reversal)/expense on cash and cash equivalent, treasury bills and bonds	10	(479)	170	(479)	170
Credit loss expense on trade and other receivables	10	699	453	699	453
Impairment/(reversal of impairment charge) on trading inventory		1,083	(2,299)	1,083	(2,299)
Post employment benefit plan cost		31	103	31	103
Provision expense		2,696	4,208	2,696	4,208
Share based expense	9	3,865	1,883	3,865	1,883
		518,875	423,939	525,006	426,769
Changes in working capital:					
Decrease/(increase) in inventories		694	(2,562)	694	(2,562)
Decrease in trade and other receivables		(33,844)	(44,926)	(35,438)	(47,780)
Increase in trade and other payables		51,982	127,772	54,731	123,286
Increase in contract liabilities		7,448	4,041	7,452	4,041
		26,280	84,325	27,439	76,985
		545,155	508,264	552,445	503,754

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021

37. 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, Visafone Communications Limited and MoMo Payment Service Bank. Their principal activities are the provision of broadband fixed wireless access service, mobile financial services and high quality telecommunication service respectively.

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

Parent Company: MTN International (Mauritius) Limited

Dividends paid (excluding withholding tax):

MTN International (Mauritius) Ltd	131,841	149,687	131,841	149,687
-----------------------------------	---------	---------	---------	---------

Subsidiaries:

Visafone Communications Limited				
Amounts (due to)/due from related party	-	-	(337)	(337)
Yello Digital Financial Services Limited				
Net settlement of liabilities by the subsidiary	-	-	1,723	6,202
Amounts due from related party	-	-	13,949	8,552
Amounts due to related party	-	-	(1,003)	-
XS Broadband Limited				
Amounts due from related party	-	-	638	638
MoMo Payment Service Bank Limited				
Net settlement of liabilities by the subsidiary	-	-	11,571	-
Amounts due from related party	-	-	11,571	-

Amounts due to related parties

MTN Sudan	14	-	14	-
MTN Uganda	1	1	1	1
MTN Zambia	5	5	5	5
MTN Dubai	2,388	183	2,388	183
Global Trading Company	2,442	1,367	2,442	1,367
MTN Management Services Co	724	726	724	726
MTN Cameroon	283	285	283	285
MTN Congo	6	6	6	6
MTN Cote d'Ivoire	86	87	86	87
MTN Ghana	16	14	16	14
MTN Guinea Bissau	1	1	1	1
Interserve Overseas Ltd)	11,442	9,997	11,442	9,997
Simply Africa	37	37	37	37
Progressive Tech Holdings	1	-	1	-
MTN Global Connect	1,792	850	1,792	850
Mobile Telephone Networks (Pty) Ltd	256	71	256	71
MTN International (Mauritius) Limited	4,953	19,195	4,953	19,195
MTN Holdings	14	14	14	14
	24,461	32,839	24,461	32,839

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
37. Related party transactions (continued)				
Amounts due from related parties				
MTN Uganda	-	-	-	-
MTN Zambia	69	61	69	61
MTN Dubai	7	7	7	7
MTN Group Management Services Co	3,655	3,229	3,655	3,229
MTN Cameroon	374	377	374	377
MTN Kenya	2	-	2	-
MTN Congo	29	29	29	29
MTN Cote d'Ivoire	155	146	155	146
MTN Guinea Bissau	32	32	32	32
MTN Guinea Conakry	30	26	30	26
Lonestar Communications Corporations (Liberia)	63	53	63	53
MTN Global Connect	8,233	8,300	8,233	8,300
Mobile Telephone Networks (Pty) Ltd	17	17	17	17
	12,666	12,277	12,666	12,277

Summary of amounts due to and due from related parties:

Amount due to related parties				
Related parties	24,461	32,839	24,461	32,839
Subsidiaries	-	-	1,340	337
	24,461	32,839	25,801	33,176
25				
Amount due from related parties				
Related parties	12,666	12,277	12,666	12,277
Subsidiaries	-	-	26,158	9,190
	12,666	12,277	38,824	21,467
21				

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
37. Related party transactions (continued)				
Purchases from related parties				
MTN Sudan	9	4	9	4
MTN Syria	-	1	-	1
MTN Uganda	2	3	2	3
MTN Zambia	1	1	1	1
MTN Swaziland	-	1	-	1
Global Trading Company	1	500	1	500
MTN Benin	163	176	163	176
MTN Cameroon	19	26	19	26
MTN Congo	3	1	3	1
MTN Cote d'Ivoire	7	10	7	10
MTN Ghana	49	70	49	70
MTN Guinea Bissau	1	1	1	1
MTN Rwanda	5	5	5	5
MTN Irancell	1	-	1	-
MTN Guinea Conakry	1	-	1	-
Lonestar Communications Corporations (Liberia)	3	4	3	4
MTN Namibia	6	1	6	1
MTN South Sudan	1	2	1	2
MTN Cyprus	1	2	1	2
MTN Global Connect	9,378	18,347	9,378	18,347
Mobile Telephone Networks (Pty) Ltd	19	21	19	21
Sales to related parties				
MTN Uganda	1	3	1	3
MTN Zambia	5	9	5	9
MTN Benin	75	139	75	139
MTN Cameroon	64	43	64	43
MTN Cote d'Ivoire	9	14	9	14
MTN Ghana	47	76	47	76
MTN Rwanda	1	2	1	2
MTN Guinea Conakry	-	1	-	1
MTN Namibia	-	1	-	1
Lonestar Communications Corporations (Liberia)	1	4	1	4
MTN South Sudan	9	25	9	25
MTN Global Connect	16,128	33,594	16,128	33,594
Mobile Telephone Networks (Pty) Ltd	17	42	17	42

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

38. Accounting classes and fair values

Group	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
30 June 2022				
Non-current financial assets				
Other Investments	10,698	-	-	10,698
	10,698	-	-	10,698
Current financial assets				
Trade and other receivables	71,640	-	-	71,640
Current investment	16,193	13,672	12,367	42,232
Cash and cash equivalents	166,651	-	-	166,651
Restricted cash	233,124	-	-	233,124
	487,608	13,672	12,367	513,647
	498,306	13,672	12,367	524,345
Non-current financial liabilities				
Borrowings	328,248	-	-	328,248
Lease liabilities	682,128	-	-	682,128
	1,010,376	-	-	1,010,376
Current financial liabilities				
Trade and other payables	347,522	-	-	347,522
Borrowings	317,862	-	-	317,862
Lease liabilities	75,367	-	-	75,367
Cash for MoMo customers	1,091	-	-	1,091
Derivatives	-	227	-	227
	741,842	227	-	742,069
	1,752,218	227	-	1,752,445
31 December 2021				
Non-current financial assets				
Other Investments	10,845	-	-	10,845
	10,845	-	-	10,845
Current financial assets				
Trade and other receivables	58,819	-	-	58,819
Current investment	51,444	6,220	-	57,664
Cash and cash equivalents	261,714	-	-	261,714
Restricted cash	146,188	-	-	146,188
	518,165	6,220	-	524,385
	529,010	6,220	-	535,230
Non-current financial liabilities				
Borrowings	340,425	-	-	340,425
Lease liabilities	628,325	-	-	628,325
	968,750	-	-	968,750
Current financial liabilities				
Trade and other payables	305,434	-	-	305,434
Borrowings	152,835	-	-	152,835
Lease liabilities	62,531	-	-	62,531
Derivatives	-	372	-	372
	520,800	372	-	215,738
	1,489,550	372	-	1,184,488

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

38. Accounting classes and fair values (continued)

Company	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
30 June 2022				
Non-current financial assets				
Other Investments	10,698	-	-	10,698
	10,698	-	-	10,698
Current financial assets				
Trade and other receivables	97,391	-	-	97,391
Current investment	16,193	13,672	12,367	42,232
Cash and cash equivalents	149,195	-	-	149,195
Restricted cash	231,805	-	-	231,805
	494,584	13,672	12,367	520,623
	505,282	13,672	12,367	531,321
Non-current financial liabilities				
Borrowings	328,248	-	-	328,248
Lease liabilities	682,128	-	-	682,128
	1,010,376	-	-	1,010,376
Current financial liabilities				
Trade and other payables	346,489	-	-	346,489
Borrowings	317,862	-	-	317,862
Lease liabilities	75,367	-	-	75,367
Derivatives	-	227	-	227
	739,718	227	-	739,945
	1,750,094	227	-	1,750,321
31 December 2021				
Non-current financial assets				
Other Investments	10,845	-	-	10,845
	10,845	-	-	10,845
Current financial assets				
Trade and other receivables	67,476	-	-	67,476
Current investment	51,444	6,220	-	57,664
Cash and cash equivalents	247,848	-	-	247,848
Restricted cash	146,188	-	-	146,188
	512,956	6,220	-	519,176
	523,801	6,220	-	530,021
Non-current financial liabilities				
Borrowings	340,425	-	-	340,425
Lease liabilities	628,325	-	-	628,325
	968,750	-	-	968,750
Current financial liabilities				
Trade and other payables	304,470	-	-	304,470
Borrowings	152,835	-	-	152,835
Lease liabilities	62,531	-	-	62,531
Derivatives	-	372	-	372
	519,836	372	-	520,208
	1,488,586	372	-	1,488,958

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

39. 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 financial instruments measured at fair value are presented below.

Group and Company

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total
30 June 2022				
Financial assets				
Treasury bills at FVTPL	13,672	-	-	13,672
Treasury bills at FVOCI	12,367	-	-	12,367
	26,039	-	-	26,039
Financial liabilities				
Derivatives	-	227	-	227
	-	227	-	227
31 December 2021				
Financial assets				
Treasury bills at FVTPL	6,220	-	-	6,220
	6,220	-	-	6,220
Financial liabilities				
Derivatives	-	372	-	372
	-	372	-	372

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

40. Financial instruments and risk management

40.1 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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

In millions of Nigerian Naira		Group		Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
Revenue	6	950,086	1,654,299	949,637	1,346,288
Operating expenses excluding depreciation and amortisation		(440,769)	(887,071)	(434,189)	(566,488)
EBITDA		509,317	767,228	515,448	779,800
Gross debt	24	646,110	493,260	646,110	493,260
Cash and cash equivalents	23	(166,651)	(261,715)	(149,195)	(247,848)
Net debt		479,459	231,545	496,915	245,412
Gross debt	24	646,110	493,260	646,110	493,260
Equity		269,535	264,981	305,561	296,997
Total funding		915,645	758,241	951,671	790,257
Gross debt: Total funding		71 %	65 %	68 %	62 %
Net debt: Total funding		52 %	31 %	52 %	31 %
Net debt: EBITDA		94 %	30 %	96 %	31 %

40.2 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 2022	31 December 2021	30 June 2022	31 December 2021
Other investments	10,698	10,845	10,698	10,845
Cash and cash equivalents	166,651	260,891	149,195	247,848
Trade and other receivables	71,640	58,819	97,391	67,476
Restricted cash	233,124	146,188	231,805	146,188
Current investments	16,193	51,444	16,193	51,444
	498,306	528,187	505,282	523,801

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 20% 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, Moody's and Fitch as well as local ratings by Agosto and Co.

Total estimated credit loss as at 30 June 2022 stood at N145 million (31 December 2021: N603 million) while reversal of credit loss to income statement for the period is N458 million (30 June 2021: Nil).

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

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.

Group: ECL for gross trade receivables of N55.66 billion (2021: N43.43 billion) was N9.78 billion (2021: N9.08 billion);
Company: ECL for gross trade receivables of N55.39 billion (2021: N42.47 billion) was N9.36 billion (2021: N8.66 billion).

The Group holds collateral as security for trade receivables relating to trade partners. These are bank guarantees held with bank with credit ratings of B- to B. A total of N4.035 billion was held as collateral for same value of receivables as at 30 June 2022 (December 2021: N3.95 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.

Current and other investments

Current and other 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, Moody's and Fitch as well as local ratings by Augusto and Co.

Total estimated credit expense reversal as at 30 June 2022 stood at N122 million (31 December 2021: N141 million) while reversal of credit loss expense for the period stood at N19 million (30 June 2021: credit loss expense of N933 million).

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

Reconciliation of gross carrying amount and related ECL

In millions of Nigerian Naira	Cash and cash equivalent	Current investments	Other investments	Total ECL
Group				
Balance as at 1 January 2021	275,198	121,803	25,847	(919)
Net movement during the year	(9,059)	-	-	-
Purchase	-	41,754	3,340	-
Sale	-	(112,041)	(18,360)	-
Exchange loss	(5,272)	-	-	-
Allowance for expected credit losses	24	(72)	18	(30)
Balance as at 31 December 2021	260,891	51,444	10,845	(949)
Net movement during the year	(83,571)	-	-	-
Purchase	-	18,500	42	-
Sale	-	(53,770)	(191)	-
Exchange loss	(11,127)	-	-	-
Allowance for expected credit losses	458	19	2	479
Balance as at 30 June 2022	166,651	16,193	10,698	(470)
Company				
Balance as at 1 January 2021	271,041	121,803	25,847	(919)
Net movement during the year	(18,768)	-	-	-
Purchase	-	41,754	3,340	-
Sale	-	(112,041)	(18,360)	-
Exchange loss	(5,272)	-	-	-
Allowance for expected credit losses	24	(72)	18	(30)
Balance as at 31 December 2021	247,025	51,444	10,845	(949)
Net movement during the year	(87,161)	-	-	-
Purchase	-	18,500	42	-
Sale	-	(53,770)	(191)	-
Exchange loss	(11,127)	-	-	-
Allowance for expected credit losses	458	19	2	479
Balance as at 30 June 2022	149,195	16,193	10,698	(470)

40.3 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.

The following are the liquid resources:

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Cash and cash equivalents	166,651	261,715	149,195	247,848
Trade and other receivables	71,640	58,819	97,391	67,476
Current investments	42,232	57,664	42,232	57,664
	280,523	378,198	288,818	372,988

The following are the contractual maturities of financial liabilities:

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

Group

In millions of Nigerian Naira	Notes	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
30 June 2022									
Trade and other payables	25	347,522	60,430	170,625	116,467	-	-	-	347,522
Cash from MoMo customers	32	1,091	1,091	-	-	-	-	-	1,091
Derivatives		227	-	-	227	-	-	-	227
Current borrowings	24	317,862	4,995	17,172	335,776	-	-	-	357,943
Current lease liability	31	75,367	41,175	70	117,436	-	-	-	158,681
Non current borrowings	24	328,248	-	-	-	91,965	162,215	270,093	524,273
Non current lease liability	31	682,128	-	-	-	158,265	457,515	376,022	991,802
		1,752,445	107,691	187,867	569,906	250,230	619,730	646,115	2,381,539
31 December 2021									
Trade and other payables	25	305,434	117,357	188,077	-	-	-	-	305,434
Derivatives		372	-	-	372	-	-	-	372
Current borrowings	24	152,835	15,464	7,812	170,395	-	-	-	193,671
Current lease liability	31	62,531	36,393	33,670	69,855	-	-	-	139,918
Non current borrowings	24	487,275	-	-	-	99,059	186,753	275,626	561,438
Non current lease liability	31	628,325	-	-	-	139,554	406,709	398,481	944,744
		1,636,772	169,214	229,559	240,622	238,613	593,462	674,107	2,145,577

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

Company

In millions of Nigerian Naira	Notes	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
30 June 2022									
Trade and other payables	25	346,489	60,254	170,129	116,106	-	-	-	346,489
Derivatives		227	-	-	227	-	-	-	227
Current borrowings	24	317,862	4,995	17,172	335,776	-	-	-	357,943
Current lease liability	31	75,367	41,175	70	117,436	-	-	-	158,681
Non current borrowings	24	328,248	-	-	-	91,965	162,215	270,093	524,273
Non current lease liability	31	682,128	-	-	-	158,265	457,515	376,022	991,802
		1,750,321	106,424	187,371	569,545	250,230	619,730	646,115	2,379,415
31 December 2021									
Trade and other payables	25	304,470	115,854	188,616	-	-	-	-	304,470
Derivatives		372	-	-	372	-	-	-	372
Current borrowings	24	152,835	15,464	7,812	170,395	-	-	-	193,671
Current lease liability	31	62,531	-	33,670	69,855	-	-	-	103,525
Non current borrowings	24	340,425	-	-	-	99,059	186,753	275,626	561,438
Non current lease liability	31	628,325	-	-	-	139,554	406,709	398,481	944,744
		1,488,958	131,318	230,098	240,622	238,613	593,462	674,107	2,108,220

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

40.4 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:

In millions of Nigerian Naira	30 June 2022			31 December 2021		
	Fixed rate instruments	Variable rate instruments	Non interest bearing	Fixed rate instruments	Variable rate instruments	Non interest bearing
Group						
Financial assets						
Cash and cash equivalents	166,651	-	-	260,891	-	-
Current investments	42,232	-	-	57,664	-	-
Restricted cash	-	-	233,124	-	-	146,188
Trade and other receivables	-	-	71,640	-	-	58,819
Other investments	10,698	-	-	10,845	-	-
	219,581	-	304,764	329,400	-	205,007
Financial liabilities						
Trade payables	-	-	104,046	-	-	63,829
Other accrued expenses	-	-	218,558	-	-	208,239
Other payables	-	-	457	-	-	527
Amounts due to related parties	-	24,461	-	-	32,839	-
Deposit held for MoMo customers	-	-	1,091	-	-	-
Current borrowings	294,243	23,619	-	6,182	146,653	-
Non-current borrowings	304,161	24,087	-	194,516	145,909	-
	598,404	72,167	324,152	200,698	325,401	272,595
Company						
Financial assets						
Cash and cash equivalents	149,195	-	-	247,848	-	-
Current investments	42,232	-	-	57,664	-	-
Restricted cash	-	-	231,805	-	-	146,188
Trade and other receivables	-	-	97,391	-	-	67,476
Other investments	10,698	-	-	10,845	-	-
	202,125	-	329,196	316,357	-	213,664
Financial liabilities						
Trade payables	-	-	104,032	-	-	63,814
Other accrued expenses	-	-	216,199	-	-	206,953
Other payables	-	-	457	-	-	527
Amounts due to related parties	-	25,801	-	-	33,176	-
Current borrowings	294,243	23,619	-	6,182	146,653	-
Non-current borrowings	304,161	24,087	-	194,516	145,909	-
	598,404	73,507	320,688	200,698	325,738	271,294

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

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 as at the end of period/year, for each class of financial instrument with all other variables remaining constant.

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

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

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

Group and Company	30 June 2022			31 December 2021		
	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	(278)	278	1	(243)	243
NIBOR	1	(3,305)	3,305	1	(2,588)	2,588

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 as at period/year end, 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 Group.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

40. Financial instruments and risk management (continued)

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

Group and Company	30 June 2022		31 December 2021	
	Increase/(decrease) in profit before tax		Increase/(decrease) in profit before tax	
	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax
In millions of Nigerian Naira				
Denominated: Functional				
USD:NGN	(26,424)	13,212	(19,567)	9,784

41. Commitments for the acquisition of property, equipment and software

In millions of Nigerian Naira	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Contracted for	58,918	164,656	58,918	164,656
Approved but not contracted for	1,232	273,640	1,232	273,640
Total commitments for property, equipment and software	60,150	438,296	60,150	438,296

This committed expenditure relates to acquisition of property, equipment and software

42. Going concern

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.
- MTNN has no realistic alternative but to liquidate or cease operations.

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

- There are no fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment. We are currently complying with all loan agreements and no loans have been renegotiated.
- There are currently no changes in legislation or government policy expected to adversely affect MTN Communications Nigeria Plc.
- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows, however there's been a major impact of forex deterioration on the business due to the increase in the NAFEX rate from N387 to around N421.26 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.

43. Securities trading policy

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

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 2022

Notes to the unaudited condensed consolidated and separate financial statements

44. Shareholders and their interest

Share range	Number of shareholders	% of shareholder	Number of holdings	% shareholding
1 - 10,000	133,834	95.7462	93,254,336	0.46
10,001 - 50,000	3,860	2.7615	88,096,462	0.43
50,001 - 100,000	789	0.5645	59,134,236	0.29
100,001 - 500,000	840	0.6009	190,486,112	0.94
500,001 - 1,000,000	153	0.1095	114,257,318	0.56
1,000,001 - 5,000,000	195	0.1395	439,489,614	2.16
5,000,001 - 10,000,000	40	0.0286	276,002,874	1.36
10,000,001 - 50,000,000	55	0.0393	1,081,497,577	5.31
50,000,001 - 100,000,000	3	0.0021	200,990,303	0.99
100,000,001 - 500,000,000	8	0.0057	1,620,403,118	7.96
500,000,001 - 1,000,000,000	2	0.0014	1,366,607,050	6.71
1,000,000,001 - Above	1	0.0007	14,824,294,050	72.83
	139,780	100	20,354,513,050	100

As at 30 June 2022, MTN International (Mauritius) Limited with total interest of 72.83% held more than 5% of the issued share capital of the Company.

45. Free Float information

MTN Nigeria Communications Plc with a free float value of N630,936,025,990 as at 30 June 2022 (30 June 2021: N345,601,325,584) is compliant with the Exchange's requirements for free float for companies listed on the Premium Board.

46. 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 N1.496 billion (December 2021: N12.10 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. During the quarter, the facts and evidence before the court regarding those cases were reassessed and based on the best estimates, the value of possible obligation from those cases amounted to N1.496 billion. 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.

47. Events after the reporting period

On 28 July 2022, the Board approved interim dividend of N5.60 kobo per share for the period ended 30 June 2022.