MTN NIGERIA COMMUNICATIONS PLC
RC: 395010

LISTING BY INTRODUCTION

On the Premium Board of

The Nigerian Stock Exchange
of
20,354,513,050 Ordinary Shares of ₦0.02 Each
at
₦90 per Share

Financial Advisers:

Stanbic IBTC Capital
RC No: 1031358

CHAPEL HILL DENHAM
RC No: 1381308

Stockbroker:

Stanbic IBTC Stockbrokers
RC No: 85776

This Listing Memorandum is dated May 15, 2019

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1 IMPORTANT NOTICE

The information contained in this Listing Memorandum (hereinafter referred to as the "Memorandum") has been prepared by or on behalf of MTN Nigeria Communications PLC (hereinafter referred to as "MTN Nigeria" or the "Company"). MTN Nigeria has engaged Banwo & Ighodalo as its solicitors, Stanbic IBTC Capital Limited and Chapel Hill Denham Advisory Limited as its joint financial advisers and Stanbic IBTC Stockbrokers Limited as its Stockbrokers (the solicitors, the stockbroker and the joint financial advisers are collectively referred to as the "Advisers") in connection with the listing of the Company's shares on the Premium Board of The NSE (the "**Listing**").

This Memorandum (references to which and to any information contained herein shall be deemed to include any information, whether or not in writing, supplied in connection herewith or in connection with any further enquiries) is confidential.

The sole purpose of this Memorandum is to support the Company's application to The NSE in connection with the Listing. It is not intended to provide the basis of any investment decision, credit or any other evaluation and is not to be considered as a recommendation by the Advisers or MTN Nigeria or any of their respective subsidiaries, affiliates, directors, partners, officers, employees, representatives, managers, advisers or agents (the "Affiliates") that any person invests in the Company.

This Memorandum does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to purchase, subscribe for, or otherwise acquire, any securities of the Company, its Affiliates and/or any of its joint venture partnerships nor shall it or any part of it nor the fact of its distribution form the basis of or be relied on in connection with any contract or commitment whatsoever. This Memorandum is not a prospectus or an offering document.

None of the Company, the Advisers or their respective Affiliates, accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, directly or indirectly, from the use of this Memorandum or its contents or otherwise arising in connection therewith. The Advisers and their respective Affiliates are acting exclusively for the Company and no one else in connection with the matters referred to in this Memorandum and will not regard any other person (whether or not a recipient of this Memorandum) as their respective clients in relation to such matters or any transaction, arrangement or other matter referred to in this Memorandum and will not be responsible to any other person for providing the protections afforded to their respective clients, or for providing advice in relation to such matters.

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This Memorandum contains "forward-looking statements," which are all statements other than statements of historical facts. Such forward-looking statements include statements regarding the Company's intentions, beliefs, current expectations and projections about future events concerning, among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the markets in which the Company will operate. Such forward-looking statements involve known and unknown risks; and factors beyond the Company's control could cause the actual results, performance or achievements of the Company to be materially different from the projected results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition, prospects, growth, strategies and the development of the markets in which the Company will operate may differ materially from those made in or suggested by the forward-looking statements contained in this Memorandum. Such forward-looking statements speak only as at the date as of which they are made, and none of the Company, the Advisers or their respective Affiliates, undertakes to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Memorandum. Accordingly, any reliance placed on such forward-looking statements will be at the sole risk of such reliant party.

2 DEFINITIONS OF KEY TERMS & ABBREVIATIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them below.

"Board" or "Directors"	The board of directors of the Company, whose names are set out on pages 8-9 of this Listing Memorandum
"CAC"	Corporate Affairs Commission, being the companies' registry in Nigeria pursuant to CAMA
"CAMA"	Companies and Allied Matters Act, Chapter C20, LFN, 2004
"CBN"	Central Bank of Nigeria
"CITA"	Companies Income Tax Act, Chapter C21, LFN, 2004
"Company" or "MTNN" or "MTN Nigeria"	MTN Nigeria Communications PLC, a company registered in the Federal Republic of Nigeria with RC number 395010
"Director"	A director of the Company
"Dollars", "USD", "US$" and/or "$"	United States Dollars or such lawful currency of the United States of America from time to time
"EBITDA"	Earnings Before Interest Tax Depreciation and Amortisation
"Federal Government"	Federal Government of the Federal Republic of Nigeria
"GDP"	Gross Domestic Product
"Group"	The Company and its subsidiaries
"IHS"	IHS (Nigeria) Limited and INT Towers Limited
"ISA"	The Investments and Securities Act No. 29 of 2007
"Listing"	The listing of the entire 20,354,513,050 Ordinary Shares of ₦0.02 each of MTN Nigeria on the Premium board of The NSE
"LFN"	Laws of the Federation of Nigeria
"Listing Memorandum" or "Memorandum"	This listing memorandum dated May 15, 2019
"MTN Group"	MTN Group Limited (registration number 1994/009584/06) and its subsidiaries
"Naira" or "₦"	Naira, or such lawful currency of the Federal Republic of Nigeria from time to time
"NCC"	Nigerian Communications Commission
"NBS"	National Bureau of Statistics
"Nigeria" or the "Nation"	Federal Republic of Nigeria
"OTT"	"Over-the-top" internet-based alternatives to traditional telephony services
"PLC" or "Plc"	Public Limited Liability Company
"SEC"	Securities and Exchange Commission, Nigeria
"The NSE"	The Nigerian Stock Exchange

3 CORPORATE DIRECTORY OF THE COMPANY

Head Office:

MTN Plaza
Falomo, Ikoyi
Lagos

Regional Offices:

4 Aromire Road
Ikoyi
Lagos

4 Madeira Street
Maitama
Abuja

5 Benjamin Opara Street
Off Olu Obasanjo Road
Port Harcourt
Rivers State

Website:
www.mtnonline.com

Contact telephone number and email:

(+234) 0803 902 0186

investorrelations.ng@mtn.com

4 SUMMARY OF THE LISTING APPLICATION

This summary draws attention to information contained elsewhere in this Listing Memorandum. It does not contain all of the information to be considered in approving the Company's application. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Listing Memorandum.

Company:	MTN Nigeria Communications Plc
Joint Financial Advisers:	Stanbic IBTC Capital Limited and Chapel Hill Denham Advisory Limited
Stockbroker	Stanbic IBTC Stockbrokers Limited
Share Capital (As at the date of this Listing Memorandum)	**Authorised:** Ordinary shares: ₦557,000,000 divided into 27,850,000,000 Ordinary Shares of ₦0.02 each. **Issued and Fully Paid:** Ordinary shares: ₦407,090,261 divided into 20,354,513,050 Ordinary Shares of ₦0.02 each.[1] At its meeting held on April 24, 2019, the Board authorised the redemption of the 402,590,261 Convertible Redeemable Cumulative Preference Shares of the Company (the "**Preference Shares**"), subject to the Company obtaining all necessary regulatory approvals. Pursuant to the aforementioned resolution of the Board, the Company has issued to holders of the Preference Shares a redemption notice to redeem all of the Preference Shares on such date(s) and on such other terms and conditions as the Board deems appropriate; in accordance with the Articles of Association of the Company, the terms of the redemption notice and applicable statutory and legal requirements. Upon completion of the process of redemption, there shall be no Preference Shares in issue. However, the nominal value of the Preference Share capital shall continue to form part of the Company's authorized share capital.
Mode of Listing	Listing by Introduction (of all issued and fully paid up Ordinary Shares)
Purpose:	MTN Nigeria Communications Plc is undertaking a Listing by Introduction of its 20,354,513,050 ordinary shares of ₦0.02 each in order to promote better liquidity of its ordinary shares in the secondary market and have access to a platform for raising long-term capital from a wide range of local and international investors if and when required.
Listing price	₦90 per Ordinary Share
Market Capitalisation at Listing:	₦1,831,906,174,500

[1] Historically, the preference shares of the company were US$2,012,951.31 divided into 402,590,261 Convertible Redeemable Cumulative Preference Shares with a nominal value of US$0.005 each.

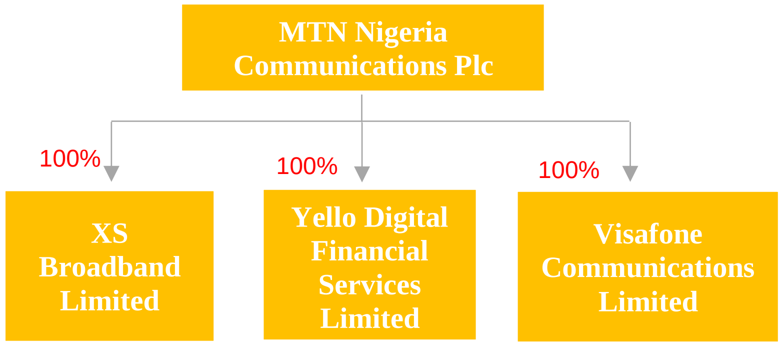
Current operations and principal activities	MTN Nigeria is the leading mobile network operator by number of subscribers in Nigeria, with approximately 67 million subscribers and approximately 39% of mobile subscriber market share (as at December 2018), according to the NCC. According to the NCC, as of December 2018, MTN Nigeria had approximately 45.9 million active subscribers for data (internet) services, the highest number of active subscribers held by a telecoms service provider in Nigeria. MTN Nigeria offers mobile coverage in 3,845 towns in Nigeria, covering all 36 Nigerian states and the Federal Capital Territory, Abuja, and approximately 87% of the Nigerian population. As of 31 December 2018, MTN Nigeria had an ARPU of ₦1,503.30 (US$4.45).
Shareholding Structure	As at the date of this Listing Memorandum, the 20,354,513,050 Ordinary Shares in the share capital of the Company, are beneficially held as follows:

SHAREHOLDER	VALUE OF SHAREHOLDING (₦)	NUMBER OF SHARES HELD	%
MTN International (Mauritius) Limited	**309,710,881**	**15,485,544,050**	**76.08%**
Stanbic IBTC Asset Management Limited.[2]	**39,765,381**	**1,988,269,050**	**9.77%**
Hermitage Overseas Corporation	**16,137,738**	**806,886,900**	**3.96%**
Mobile Telephone Network N.I.C.B.V	**11,194,403**	**559,720,150**	**2.75%**
Government Employees Pension Fund (Represented by Public Investment Corporation SOC Limited)	**7,105,633**	**355,281,650**	**1.75%**
Celtelecom Investment Limited	**6,669,482**	**333,474,100**	**1.64%**
One Africa Investment Limited	**5,301,843**	**265,092,150**	**1.30%**
Universal Communications Ltd	**4,010,528**	**200,526,400**	**0.99%**
N-Cell Limited	**3,269,751**	**163,487,550**	**0.80%**
SASPV Limited	**2,888,580**	**144,429,000**	**0.71%**
NISPV Limited	**1,036,041**	**51,802,050**	**0.25%**
Total	**407,090,261**	**20,354,513,050**	**100**

Indebtedness:	As at **31 December, 2018** the Company had bank facilities in the ordinary course of business amounting to **₦175,314,237,688** (One Hundred and Seventy-Five Billion, Three Hundred and Fourteen Million, Two Hundred and Thirty-Seven Thousand, Six Hundred and Eighty-Eight Naira).

[2] Shareholding prior to termination of Nominee arrangement.

Group Structure:



Consolidated Financial Summary:

Year ended	12 months Ended 31 Dec 2018	12 months Ended 31 Dec 2017	12 months Ended 31 Dec 2016	12 months Ended 31 Dec 2015	12 months Ended 31 Dec 2014
	₦'million	₦'million	₦'million	₦'million	₦'million
Revenue	1,039,118	887,180	793,673	807,449	824,807
Net cash generated from operating activities	244,848	109,828	244,384	312,220	193,805
Profit/(loss) before taxation	221,343	107,890	126,651	(12,335)	290,606
Profit/(Loss) for the year	145,686	81,070	88,800	(80,290)	209,027
Total assets	941,740	969,608	1,022,708*	992,889	977,077
Basic earnings/(loss) per share (Naira)	358	199	218	(197)	513
Diluted earnings/(loss) per share (Naira)	358	199	218	(197)	513

******IFRS 15 adoption effective 1 January, 2018 was applied retrospectively. As a result, the comparative numbers for 1 January, 2017 have been restated for 31st December, 2016 numbers.*

Claims and Litigations:

As at **April 8, 2019**, the aggregate sum claimed against the Company in ongoing cases involving the Company was approximately ₦231,182,638,316.67 (Two Hundred and Thirty-One Billion, One Hundred and Eighty-Two Million, Six Hundred and Thirty-Eight Thousand, Three Hundred and Sixteen Naira and Sixty-Seven Kobo); US$19,721,386.21 (Nineteen Million, Seven Hundred and Twenty-One Thousand, Three Hundred and Eighty-Six United States Dollars and Twenty-One Cents); and GBP40,000 (Forty Thousand Pounds Sterling), excluding interests and costs, which may be awarded by the courts at the conclusion of the cases.

5 DIRECTORS, COMPANY SECRETARY AND PROFESSIONAL PARTIES TO THE LISTING

BOARD OF DIRECTORS	
CHAIRMAN	Pascal Dozie CON MTN Plaza Falomo, Ikoyi Lagos
VICE CHAIRMAN	Sani Mohammed Bello OON MTN Plaza Falomo, Ikoyi Lagos
CHIEF EXECUTIVE OFFICER	Ferdinand Moolman (South African) MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Robert Shuter (British) MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Ralph Mupita (South African) MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Paul Norman (South African) MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Karl Olutokun Toriola MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Mallam Ahmed Dasuki MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Babatunde Folawiyo MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Victor Odili CON MTN Plaza Falomo, Ikoyi Lagos

NON-EXECUTIVE DIRECTOR	Gbenga Oyebode MFR MTN Plaza Falomo, Ikoyi Lagos
INDEPENDENT NON-EXECUTIVE DIRECTOR	Rhidwaan Gasant (South African) MTN Plaza Falomo, Ikoyi Lagos
NON-EXECUTIVE DIRECTOR	Jens Schulte-Bockum (German) MTN Plaza Falomo, Ikoyi Lagos
INDEPENDENT NON-EXECUTIVE DIRECTOR	Ernest Ndukwe OFR MTN Plaza Falomo, Ikoyi Lagos
COMPANY SECRETARY	Uto Ukpanah MTN Plaza Falomo, Ikoyi Lagos
PROFESSIONAL PARTIES	
FINANCIAL ADVISER	**Stanbic IBTC Capital Limited** I.B.T.C. Place Walter Carrington Crescent Victoria Island Lagos
FINANCIAL ADVISER	**Chapel Hill Denham Advisory Limited** 45 Saka Tinubu Street (1st Floor) Victoria Island Lagos
STOCKBROKER	**Stanbic IBTC Stockbrokers Limited** I.B.T.C. Place Walter Carrington Crescent Victoria Island Lagos
SOLICITORS TO THE LISTING	**Banwo & Ighodalo** 98 Awolowo Road South-West Ikoyi Lagos
REGISTRARS	**United Securities Limited** Plot 9, Amodu Ojikutu Street Off Saka Tinubu Street Victoria Island Lagos

AUDITORS	**PricewaterhouseCoopers Chartered Accountants** Landmark Towers 5B Water Corporation Street Victoria Island Lagos

6 CORPORATE HISTORY OF MTN NIGERIA

MTN Nigeria was incorporated in 2000 and is part of the MTN Group, the leading mobile telecommunications company in Africa. In 2001, MTN Group acquired GSM 900MHz and GSM 1,800MHz licences in Nigeria which allowed MTN Nigeria to begin to provide mobile services in Nigeria. On 16 May 2001, the Company became the first GSM network to make a call following the globally lauded Nigerian GSM auction conducted by the NCC earlier in that year. Thereafter, MTN Nigeria launched full commercial operations beginning with Lagos, Abuja and Port Harcourt. In 2003, MTN Nigeria reached over one million subscribers, increasing to over 10 million subscribers in 2006 and over 50 million subscribers by 2013. MTN Nigeria, as of December 2018, had approximately 67 million subscribers according to the NCC.

In September 2006, MTN Nigeria was granted a Unified Access Service Licence which enabled it to provide a bouquet of telecommunication services including fixed, mobile and international gateway services amongst others. In 2007, MTN Nigeria acquired a 2GHz spectrum licence which enabled it to provide 3G services. MTN Nigeria has been a major contributor to the development of the Nigerian telecommunications infrastructure since 2001, with ₦864 billion in capital expenditure invested in the country in the last five years.

MTN Nigeria's digital microwave transmission backbone, which stretches over 3,400km, was commissioned by President Olusegun Obasanjo in January 2003 and is reputed to be the most extensive digital microwave transmission infrastructure in Africa. MTN Nigeria has also expanded its network capacity to include additional numbering ranges, making it the first GSM network in Nigeria to have adopted additional numbering systems, having exhausted its initial subscriber numbering ranges. After securing the requisite approvals from both the NCC and the SEC in December 2015, MTN Nigeria acquired a 100% equity interest in Visafone Communications Limited ("**Visafone**"), which held an assignment in the 800MHz spectrum band that has enabled MTN offer 4G LTE in Nigeria.

In June 2016, MTN Nigeria submitted a bid for the 2.6GHz band and was subsequently awarded the 2x 30MHz band in the 2.6GHz spectrum after being the sole approved bidder. The Company also now operates one of the largest fibre networks in Africa with over 25,800km of fibre to support the 4G and mobile broadband growth. MTN Nigeria currently offers 4G LTE services in more than 14 (fourteen) cities (including Lagos, Port Harcourt and Abuja) using the 700MHz, 1800MHz and 2600MHz spectrums.

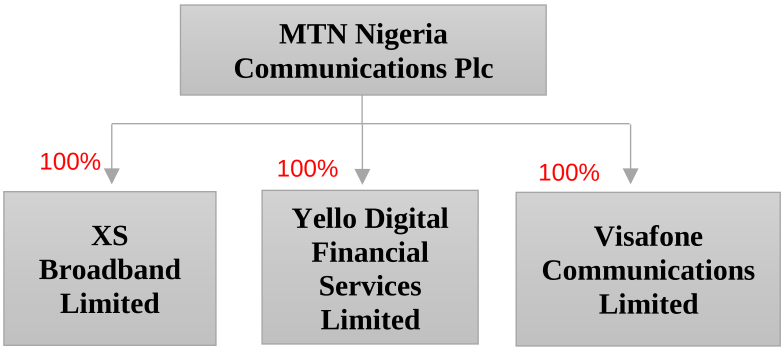
Many villages and communities in Nigeria are being connected to the world of telecommunications for the first time ever through the Company's network. MTN Nigeria aims to be a catalyst for Nigeria's economic growth and development, helping to unleash Nigeria's strong developmental potential through the provision of world-class communications and innovative and sustainable corporate social responsibility initiatives.

7 CORPORATE STRUCTURE OF MTN NIGERIA

MTN Nigeria has 3 (three) subsidiaries, namely: XS Broadband Limited, Yello Digital Financial Services Limited ("**YDFS**") and Visafone Communications Limited. The Company also established the MTN Nigeria Foundation Limited by Guarantee ("**MTNF**") in 2004 for the purpose of undertaking relevant corporate social initiatives aimed at reducing poverty and fostering sustainable development in Nigeria.

The Group's holding company is MTN International (Mauritius) Limited, and its ultimate holding company is MTN Group, a company incorporated in South Africa.

The current corporate structure of the Company is shown below:



8 NIGERIAN TELECOMMUNICATIONS INDUSTRY AND REGULATORY OVERVIEW

The following information relating to Nigeria and the telecommunications industry has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors should read this section in conjunction with the more detailed information contained elsewhere in this Listing Memorandum.

Overview

MTN Nigeria believes there is significant growth potential in Nigeria, driven by a young and rapidly growing population and the significance of the Nigerian economy in Africa. According to the NBS, in the fourth quarter of 2018, Nigeria's GDP grew by 2.38% in real terms (year-on-year) representing an increase of 0.27% points when compared to the fourth quarter of 2017 which recorded a growth rate of 2.11%. For 2018, Nigeria's nominal GDP was recorded at approximately ₦127,762,545.58 million representing a nominal growth rate of 12.36% when compared to ₦113,711,634.61 million recorded in 2017. A further 2.0% per annum real GDP growth in Nigeria is expected until 2020 (source: EIU), with further support expected to be provided to the economy by the recovery of oil prices and the relaxation of exchange controls.

Macroeconomic environment

In 2016, Nigeria experienced a significant fall in the value of the Naira due to consistent decline in the price of crude oil which is the main source of revenue and the Federal Government confirmed that Nigeria had technically entered into a recession, experiencing a 1.2% contraction in GDP in the first six months of 2016. According to the NBS, Nigeria's GDP declined significantly in 2016, with real GDP contracting by 1.5% (compared to GDP growth of 2.8% in 2015). Such declines resulted primarily from delays in passing the national budget, fuel shortages, decline in crude oil prices globally, substantial inflation, and a significant decline in exports and security risks in certain areas of the country. Nigeria's GDP growth in recent years has been supported by growth in non-oil and gas GDP, and such growth played a significant role in the emergence of the economy from recession.

In 2017, the Nigerian economy began to recover following a commodities-related decline. The recovery was driven by non-oil business. Nigeria's GDP returned to positive growth in mid-2017, foreign exchange rates stabilised and the inflation rate steadily reduced. Oil reserves and natural gas reserves continue to be a source of support for the Nigerian economy. According to OPEC's Annual Statistical Bulletin 2018, Nigeria's proven crude oil reserves stood at 37.5 billion barrels in 2017. Proven crude oil reserves include developed and undeveloped volumes that are recoverable at current prices and forecast future prices, respectively.

There has been increased focus on developing the agricultural, mining and services sectors in the country and Nigeria is also expected to remain a regional hub for technology and entertainment entrepreneurs. Despite a generally strong macroeconomic performance over the past decade, poverty remains high in Nigeria, with approximately 62.4% of the population living below the poverty line, according to the NBS.

The Federal Government is pursuing various fiscal reforms to control expenditure and to improve the Nigerian tax system, in particular, as well as cutting public spending by reducing oil-related subsidies and the public payroll. The framework for these economic and fiscal reforms is set forth in Vision 20:2020, the framework economic transformation plan developed in 2009 that outlines key objectives and targets to achieve sustained economic and socio-economic development, and the Economic Recovery and Growth Plan ("**ERGP**"). The ERGP, which was published in March 2017, seeks to implement the objectives of Vision 20:2020 and to further the country's ongoing recovery from economic recession. The achievement of medium-to-long-term objectives for economic and fiscal reforms, such as those set forth in Vision 20:2020 and the ERGP, depends on a number of factors, including political support across the Nigerian society and multiple government administrations, adequate funding, improved security, power sector reform, availability of human capital and significant coordination.

In February and April 2017 respectively, the Federal Government successfully launched a US$1.0 billion Eurobond issue and a US$500 million follow-on bond issue. The Federal Government also successfully completed and launched US$3.0 billion and US$2.5 billion issuances of Eurobonds in the international capital market in November 2017 and February 2018, respectively. In a bid to promote the development of infrastructure in the country, the Federal Government, in September 2017 also launched its first ever Sukuk in the domestic capital market to raise funds for the construction and development of roads.

In March 2018, the Ministry of Budget and National Planning launched the ERGP Focus Labs, a forum for detailed discussion between the private sector and the Government to agree on key projects for investment and job creation and develop plans to implement them. The ERGP Focus Labs aim to stimulate U.S.$22.5 billion of private investment by 2020 across six core sectors of the economy, namely: agriculture, transportation, manufacturing, solid minerals, gas and power.

Infrastructure in Nigeria

The electricity, gas, steam and air conditioning sector contributed 0.41% to real GDP in 2018, compared to 0.39% in 2017. Furthermore, the sector grew by 0.95% in Q4 2018 from 18.27% in Q3 2018 and 16.03% in Q4 2017. From 2005 to 2013, the generation, transmission and distribution of electricity in Nigeria were largely managed by the Power Holding Company of Nigeria ("**PHCN**"), the Government owned power sector utility company. The PHCN and state governments produced approximately 75% of the country's electricity in 2012, while approximately 25% was produced by independent power producers, including joint ventures between NNPC and international oil companies.

There are currently 27 grid-connected generating plants in operation in the Nigerian Electricity Supply Industry. As of December 2017, 18 of the grid-connected generating plants were operating at approximately 30% of the installed capacity, and seven plants were operating at less than 10% of installed capacity. Only about 42.4% of the total installed capacity is distributed to the end-users.

Demand for electricity in Nigeria substantially exceeds supply. The NBS reported that the total energy produced in Nigeria during 2017 was an average of 3,595.4 megawatts per day, with a daily high of 5,222.3 megawatts and a daily low of 3,869.3 megawatts during the period.

The Federal Government has identified the improvement of electricity generation, transmission and distribution infrastructure as a critical element required to enable the country to meet its economic growth and development objectives. The Federal Government has implemented a number of significant policy initiatives including those set forth in the First National Implementation Plan, the Transformation Agenda, the ERGP and the Roadmap for Power Sector Reform. The Roadmap for Power Sector Reform, which was launched by the Federal Government in August 2010, seeks to, among other objectives, remove obstacles to private sector investment in the power sector, continue the privatisation of generation and distribution companies, facilitate the construction of new transmission networks and reform the fuel-to-power sector with the goal of achieving 35,000 MW of electricity generation capacity by 2020.

The Federal Government has also developed a number of generation and distribution assets and has upgraded some of the transmission facilities under the National Integrated Power Project ("**NIPP**"). The generation assets of NIPP are currently being divested by the government through an ongoing sales process. Nigeria has witnessed some improvement in power supply in the recent past. This was primarily due to the recent reforms in the sector, government support for gas infrastructure development, the growing involvement of the private sector in gas processing and transportation facilities and the increase in the number of independent power projects and embedded power generators supplying power on and off the national grid, among other things.

The Nigerian Telecommunications Industry

Nigeria is the largest mobile telecommunications market in Africa. There has been rapid growth in the number of mobile users in Nigeria, partly in response to the shortcomings of the fixed-line network. MTN Nigeria seeks to be the leading telecommunications company in Nigeria with best-in-class distribution capabilities to benefit from these trends. As a result, the telecommunications market is dominated by the mobile segment and rapid growth of the mobile handset segment as the market is switching to smartphones. Smartphone penetration increased from 19% in 2015 to 37% in 2018, according to Ovum, resulting in a significant potential for future data growth. Data is a major contributor to mobile growth, as mobile voice growth is slowing down due to cannibalisation by data and OTT services.

According to NBS, the telecommunications & information services sector (under the information and communication sector) grew by 16.67% in Q4 2018 from 14.97% in Q3 2018 and -3.28% in Q4 2017. The sector, in Q2 2017, contributed 9.5% to the GDP of Nigeria, in contrast to a 9.2% contribution in the first quarter of 2017. The sector contributed 9.85% to Nigeria’s GDP in the fourth quarter of 2018, according to the NCC.

MTN Nigeria recorded a total revenue of approximately ₦1.039 billion in 2018 compared to ₦887 billion in 2017. Furthermore, voice revenue for the year ended 31 December 2018 was approximately ₦784 billion compared to ₦660 billion in the previous year. This reflects an 18.8% increase in voice revenue over the period. Notwithstanding that voice revenue is maturing, MTN Nigeria expects limited growth in the medium-term. Data revenue (3G/4G) contribution in Nigeria is expected to increase from approximately 12% in 2018 to 49% by 2022, while smartphone penetration is expected to increase from approximately 37% to approximately 50% by 2022 (source: Ovum). MTN Nigeria expects operators to push bundle propositions to drive value and flexibility.

The increasing presence of OTT players, data (3G/4G) network expansion and smartphone penetration are expected to continue to drive data usage and revenues. Intense competition is expected to remain in the data space, though data margins will remain a concern. New entrants and smaller players in the telecommunications market are expected to continue to advocate for a data price floor to be imposed on the bigger players to gain further market share. Furthermore, MTN Nigeria expects the telecommunications market to be driven by strategic partnerships among operators.

Telecommunications regulation in Nigeria

MTN Nigeria is subject to the policy and regulatory supervision of the Federal Ministry of Communications, the NCC, the National Broadcasting Commission and the Central Bank of Nigeria.

Federal Ministry of Communications

The Federal Ministry of Communications is responsible for policy formulation as it pertains to the information and communications technology sector. Its policy direction drives activities and developments within the sector. The Federal Ministry of Communications is mandated to facilitate universal, ubiquitous and cost-effective access to communications infrastructure and to utilise information and communications for job creation, economic growth and transparency in governance.

Nigerian Communications Commission (NCC)

The NCC is the independent national regulatory authority for the telecommunications industry in Nigeria. It is responsible for stimulating investments in the sector and creating an enabling environment for competition among operators in the industry. The NCC is mandated to monitor all significant matters relating to the performance of all licenced telecommunications service providers and publish annual reports. The powers of the NCC range from the issuance of various licences relating to the provision of communications services, equipment and products, to regulating competition, issuing spectrum and numbering resources for the industry.

National Broadcasting Commission

The National Broadcasting Commission ("NBC") is responsible for enabling the emergence of a sustainable broadcasting industry by regulating the broadcasting industry in Nigeria. The NBC is a parastatal of the Federal Government established by the National Broadcasting Commission Act, Chapter N11, Laws of the Federation of Nigeria, 2004 and it advises the Federal Government in connection with the implementation of the National Mass Communication Policy and radio and television services within Nigeria. The NBC is also responsible for undertaking research in the broadcast industry and setting standards with regards to the contents and quality of all broadcast material. The NBC is empowered to receive, process and consider applications for the ownership of radio and television stations including cable television services direct satellite broadcast and any other medium of broadcasting, amongst others.

Central Bank of Nigeria (CBN)

The CBN was established pursuant to the Central Bank Act of 1958. As a result of various amendments to the original act, the CBN was placed under the authority of the Ministry of Finance. Today, the CBN operates pursuant to the Central Bank of Nigeria Act No 7 of 2007 (the "**Central Bank of Nigeria Act**"), which repealed the earlier act and all of its amendments. Pursuant to the Central Bank of Nigeria Act, the CBN is a fully autonomous body in the discharge of its functions under the Central Bank of Nigeria Act and the Banks and Other Financial Institutions Act, Chapter B3, LFN, 2004 (as amended) ("**BOFIA**"), with the objective of ensuring monetary and price stability, the issuance of legal tender currency in Nigeria, the maintenance of external reserves and the promotion of a sound financial system. Pursuant to the BOFIA, the CBN also has the power to withdraw licenses of distressed banks and appoint liquidators of such banks.

9 OVERVIEW OF MTN NIGERIA'S BUSINESS

MTN Nigeria has been offering mobile communications services in Nigeria for about 18 (eighteen) years and has leveraged its relationship with MTN Group to expand its product, service and technology offerings. The Company offers an integrated suite of communications products and services to its customers, including mobile voice, data and digital services, fintech and business solutions with 2G, 3G and 4G LTE technology available in Nigeria. MTN Nigeria is well positioned as the network with the widest voice and data network coverage underpinning its brand tagline "*Everywhere you go*". MTN Nigeria believes that the mobile communications services industry in Nigeria will continue to grow due to a combination of factors, including limited fixed-line coverage and penetration, growing youth population, the relatively high cost of fixed-line infrastructure deployment and currently low mobile (data) penetration, setting the stage for increased mobile penetration in the future. The Company operates a predominantly pre-paid business with approximately 99.2 % of its customers on pre-paid plans as of 31 December 2018.

MTN Nigeria plans to invest and grow its 3G and 4G LTE capacity and coverage to provide data solutions to its subscribers and support growing data traffic, with an increasing focus on high-value customers and youths. MTN Nigeria's spectrum licence holdings create the opportunity for the company to offer 4G services making the Company best placed to provide 5G services in the longer term. MTN Nigeria continues to benefit from the extensive investments the Company has made in its network in Nigeria including improving data network speeds in major cities, which has recently led to better network quality for its customers.

The table below presents certain key financial and operating measures and data of MTN Nigeria:

	Year ended 31 December				
Audited, unless otherwise noted	**2018**	**2017**	**2016**	**2015**	**2014**
(all figures in ₦ billion, unless otherwise indicated)					
Subscribers (million, according to NCC)	67.1[3]	52.3	61.8	61.3	59.9
ARPU (Naira per user)	1,503	1,412	1,071	1,045	1,135
Revenue	1,039	887	794	807	825
Voice revenue	784	660	609	634	652
Data revenue	155	108	58	72	93
Digital revenue	27	60	80	64	40
Fintech revenue	29	22	13	9	4
Other revenue	44	37	34	28	36
EBITDA	453	346	356	434	479
EBITDA margin (% of revenue)	*44%*	*39%*	*45%*	*54%*	*58%*
Capital expenditure	184	225	196	130	129
Capital expenditure margin (% of revenue)	*18%*	*25%*	*25%*	*16%*	*16%*
AFCF	223	143	191	356	384
AFCF margin (% of revenue)	*21.50%*	*16%*	*24%*	*44%*	*47%*

Notes:

- ***"ARPU" means Average revenue per user***
- ***Data revenue includes fixed data***
- ***Other revenue consists of revenue from SMS, leased lines, handsets and accessories purchased by customers***

[3] In June 2017, MTN Nigeria initiated subscriber redefinition to accurately reflect the active customer base and exclude customers whose transactions are limited to incoming SMS messages, incoming calls on its network and airtime refills from the active subscriber definition. As a result, according to the Company's subscriber redefinition metric, MTN Nigeria's active subscribers was **58.2 million** as at December 2018.

- ***EBITDA excludes the impact of ₦19.2 billion CBN resolution (2018); ₦20.4 billion writeback from remeasurement of financial liability (2016) and ₦275.1 billion NCC fine (2015)***
- ***AFCF excludes non-cash transactions***

As of 31 December 2018, MTN Nigeria employed 1,698 people. The Company recognises the importance of skilled and talented employees. As such, it has implemented several strategic recruitment and retention initiatives to ensure that it attracts and retains talent, including:

- the design and implementation of a robust Employee Value Proposition ("**EVP**"), aimed at optimising the "MTN" brand within the labour market. The Company's EVP encapsulates its brand strength and leadership, the investments in staff, diversity and inclusion and total reward. Consistent focus has been given to ensure that the Company's EVP is constantly refreshed with attractive initiatives that make MTN Nigeria a "Great Place to Work";

- the implementation of a digital hiring process, which enables the Company to reach and attract candidates in dispersed geographical locations, thus enhancing its ability to engage talent in Nigeria and across the globe to meet its recruitment needs; and

- a continuous focus on the enhancement of people management practices and standards, which has enabled the Company achieve a gold-level accreditation from "Investors in People" a UK-based organisation which recognises the strength of the Company's people management practices.

With the objective of energising its workforce, in 2017 MTN Nigeria instituted a voluntary severance program aimed at refreshing the organisation with new skills and competencies to drive innovation and achieve business objectives. 259 staff voluntarily participated in the program.

Employee share scheme

The Company also offers participation in the MTN Nigeria Notional Share Options Incentive Scheme (the "NSO Scheme") to certain qualifying employees. The NSO Scheme is a notional share incentive scheme established in December 2004. It is a long-term incentive scheme which rewards tenure, loyalty, dedication and contribution to business success and growth. The NSO Scheme is divided into two categories: (i) the Locally Aligned Notional Share Scheme (the "LAN NSO") and the Group Aligned Notional Share Scheme (the "GAN NSO").

The price at which a LAN NSO notional share is offered to a participant is determined by taking cognizance of the increase in value of the operation over the previous three years as well as the current year's EBITDA and the number of notional share options issued. The price at which a GAN NSO notional share will be offered to a participant is the closing share price of the MTN Group on the day preceding the allocation date of Group shares as traded on the Johannesburg Stock Exchange and converted to Naira.

(a) **<u>Current trading and future plans</u>**

The Company expects price stability in voice service in the medium term as current voice rates are already close to the voice floor price. In the near term, MTN Nigeria expects voice growth to be limited whilst same remaining a key contributor to the Company's revenue. In the long term, voice revenue, which for the period ended 31 December 2018 accounted for 75.4% of the Company's overall revenue, is expected to decline as more customers adopt data services, including OTT and voice-over-IP services.

The strong demand for data is expected to accelerate as operators move to expand network bandwidth and 3G/4G coverage. Given the relatively low data penetration in Nigeria, the Company believes there is a window of opportunity to significantly increase data uptake and drive usage over the medium term. The Company aims to leverage its 4G network to provide reliable and high-speed internet services and opportunity for market differentiation via improved customer experience in the data and digital segments. The Company is also engaged in ongoing efforts to provide affordable smartphones via strategic partnerships with OEMs, including Samsung, Apple and Transsion. In March 2019, MTN Nigeria launched the new Smart feature phone initiative to bridge the gap between basic and expensive smartphones. From a corporate social responsibility perspective, the Company has a strong focus on consumer education to drive home the benefits of internet access to all Nigerians.

Products and services

The Company operates across 6 main business service lines or growth curves, namely: voice, data, digital, financial technology services, wholesale and enterprise business.

Voice

The Company's comprehensive voice offerings target the full spectrum of subscribers, from high value to mass market and youth segment. MTN Nigeria's voice services include local, national and international calls made within Nigeria and internationally. The Company provides clearly defined tariff plans tailored to the needs of the 3 key segments: High value, Youth and Mass segment. Apart from person to person voice call service, MTN Nigeria also provides the following additional voice-based services:

- Call forwarding;
- Closed user group (CUG);
- Call me back
- voicemail; and
- conference call

Service Plans

Pre-paid services require the prepayment of a fee (that includes connection charges and a charge for a SIM card). Pre-paid customers pay in advance for a fixed amount of airtime and services and recharge their account when they run out of airtime. There are various methods through which customers can purchase airtime, including physical distribution (e.g. through the purchase of vouchers that provide a PIN that the customer enters into his or her phone in order to purchase airtime), and digital distribution (e.g. through his or her MTN account, bank channels and debit cards).

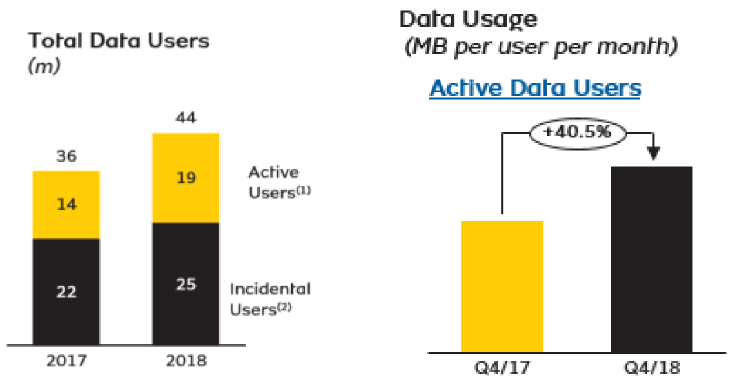
The Company also regularly offers both SIM card and airtime promotions to its customers. For the Company's post-paid services the customer is billed on a monthly basis (including a monthly subscription charge which is dependent upon the plan to which the customer subscribes). The company provides different incentives and offers to drive smartphone adoption and penetration including but not limited to data bonus for new smartphones users and device financing schemes, but no subsidies.

Data

The Company's data services include all data communication services using 2G, 3G and 4G LTE technologies, and other value-added services for mobile subscribers. MTN Nigeria's mobile data service offerings focus on mobile broadband offerings over its 3G and 4G networks, which may be bundled with its voice service offerings. The customer can use mobile broadband either on a pre-paid basis or under a mobile data post-paid subscription package. Data services are an increasingly important contributor to the Company's mobile business, as digitisation accelerates rapidly in Nigeria, driven by video and social media (34.1% of the Company's data traffic), messaging (15.9% of the Company's data traffic) and other data usage (50% of the Company's data traffic).

The Company's data strategy is designed to increase value for existing users while encouraging non-data customers to become data customers. The Company focuses on maximising utility for existing data users, growing usage for incidental data users and converting non-data users into first-time data users. The Company does this through offering lifestyle bundles, affordable smart feature phones, campaigns to trigger conversions (such as free data, discounted bundles, etc.) and awareness campaigns and consumer education. MTN Nigeria also offers targeted, apps-specific bundles (e.g. bundles which allow a customer to use discounted data for a specific app such as YouTube).

The chart below shows the Company's total data users in 2017 as compared to 2018 and data usage for active and incidental data.



Source: Company data

Notes:

(1) Data subscribers with usage of less than 5MB per month.

(2) Incidental users comprise data subscribers with usage between 0MB and 5MB per month. Dormant users comprise data subscribers with no usage in the last 90 days.

As of 31 December 2018, active user data ARPU was approximately 40 (forty) times higher than incidental data user ARPU, creating a large revenue opportunity as only 32% of MTN Nigeria's subscribers were active data users in the same period. The Company's strategy is to increase value for its active data users while converting its incidental and dormant data users to active data users.

Digital

Digital and VAS

The Company provides its customers with a variety of entertainment, information and lifestyle digital content solutions. The Company's digital portfolio comprises of 4 key categories, namely: Music, Video, Gaming and Infotainment and lifestyle based services.

The music service enables customers to download and stream music from their mobile devices for a fixed subscription fee. Music offering is typically bundled with mobile data to guarantee a seamless customer music experience. Customers are able to select and listen from a wide range of musical genres including international and local music contents.

The MTN Video service allows customers to stream and download a wide range of local and international movies and video content on their mobile devices. Through partnership with relevant content owners and aggregators, the service offers rich video contents covering entertainment, documentary, drama and information. The service is supported by the extensive 3G and 4G data network to provide exciting and wholesome entertainment to our customers.

In partnership with our ecosystem partners, MTN Nigeria's gaming services provides a rich array of basic and premium rated games. The Company offers regular promotions and application development contests to drive adoption and penetration.

The Company's infotainment and lifestyles services include caller tunes, Mobile News, Sport betting and lottery services. These services are delivered through access channels such as USSD, SMS, IVR and the myMTN app.

The Company has partnerships with independent developers including but not limited to a key partnership with Jumia, one of Africa's leading e-commerce platforms with over 40,000 active merchants and 1.2 billion consumers in Africa. The Company's partnership with Jumia allows for direct launches and distribution of

MTN devices through the Jumia platform, as well as cross-selling and cross-marketing exposure. The Company has had over 1 billion views of MTN brand products on the Jumia platform, as well as over 300,000 SIM cards distributed with Jumia smartphones. Furthermore, the Company has sold over 10,000 MTN devices and over ₦75 million worth of MTN airtime through Jumia.

The Company also has a partnership with Rocket Internet, one of the world's largest e-commerce-focused venture capital firms and offers various services for efficient processing of customer service requests (such as balance enquiries or call-me-back requests). Additionally, the Lumos Mobile Electricity service in partnership with MTN Nigeria provides solar powered electricity and enables payments to be made via mobile phone. This service had approximately 97,345 subscribers as of December 31, 2018. The Company also offers the following services to its customers:

- *Information and Communications Technology ("ICT") and infrastructure services:* The Company is a provider of ICT enterprise services to corporate and government customers in Nigeria; and

- *Roaming and devices:* The Company's other business line also includes revenue generated from providing roaming services to other telecommunications providers and generated from bundled device sales.

Fintech

In December 2018, MTN Nigeria's subsidiary, YDFS, received an approval-in-principle from the CBN to operate as a Super-Agent. The said approval allows MTN Nigeria, through YDF, build and manage an agent network that can offer financial service products to unbanked customers, on behalf of partner banks and other financial institutions.

The Company, in collaboration with several Nigerian banks, currently offers customers an array of digital financial services. In 2014, MTN Nigeria partnered with Diamond Bank Plc (now merged with Access Bank Plc) to launch a unique savings proposition, the Diamond Y'ello Account, primarily targeted at financially excluded persons and the product has received a number of awards both locally and internationally. Diamond Y'ello Account holders can access financial services from their mobile phones and a network of agents.

Following the release of the Payment Service Bank ("**PSB**") guidelines by the CBN, YDFS applied for a PSB licence which will allow it undertake certain banking operations, in accordance with the relevant CBN guidelines.

Enterprise and Wholesale Services

The Company is a provider of mobile and fixed connectivity information and communication technology solutions and services to corporate, wholesale, SME and government entities in Nigeria, delivering end-to-end solutions and serving as the single point of contact for all their telecommunication needs. The Company offers a full suite of enterprise services, including corporate data solutions, connectivity, infrastructure, networking, unified communications, system security, internet of things and cloud computing. The Company leverages its mobile network operations, which offer a state-of-the-art national and international long-distance network infrastructure, including submarine cables, fibre and microwave infrastructure, to provide connectivity services to its business customers within Nigeria and internationally. In the markets the Company serves, it strives to be more than a solution provider but a partner for growth through market and/or geographical expansion.

The Company's enterprise offerings bring together technology, solutions development, business intelligence and customer management functions to enable it achieve its customers' business objectives. The Company's unique positioning as the only network operator which provides services across the information and communication technology value chain allows it to be its customers' preferred end-to-end communications solutions provider.

MTN Nigeria's offerings for its enterprise and wholesale customers include:

- *Enterprise and wholesale plans and bundles*: post-paid tariff plans and bundle offerings customised to the needs of the customer;

- *Add-on services*: including tariffs, data plans and smart devices strengthen the Company's offerings and cater to the voice and data needs of its customers;

- *Fixed connectivity solutions*: including VPN, IP/MPLS, dedicated internet, LAN/WAN, WiFi and E1-PRI;

- *Cloud and Data Hosting Services*: including cloud-based infrastructure, platforms and databases; and

- *Mobile Advertising*: The Company's mobile advertising service offers certain MTN communications channels (SMS, USSD and notifications, as well as other digital channels), as an advertising medium for enterprises to serve and reach their customers. This is achieved through strategic (user) analytics. These channels have also been integrated into a self-service platform for easy access and flexible campaign management by SMEs, corporates and media agencies.

Further, MTN Nigeria's dedicated business solutions unit works closely with key enterprise customers across its operations and acts as a communications consultant for its corporate and SME clients. With MTN Nigeria's services designed to deepen market access, improve productivity, drive operational efficiencies and deliver consistent quality of experience to its business customers, its goal is to remain the partner of choice in the delivery of bespoke technology solutions to the enterprise market.

Operations

Pricing and customers

The Company believes that it offers the best value proposition in the Nigerian telecommunications market. The core principles of the Company's pricing are simplicity, freedom, flexibility and ease of communication. The Company's operational philosophy is centred on providing its subscribers with higher network functionality as compared to its competitors, including network quality, coverage and capacity. The Company services high value, mid-market & youth and mass-market as well as corporate and SME customers. The Company's pricing strategy varies for each customer segment.

- High-value customers include the top 20% of subscribers. For high-value customers, the Company's focus is on convenience, service quality, personalised offers and bundles to increase aggregate spend (including international roaming). These customers tend to be less price-sensitive and place emphasis on the quality of the service that the Company provides them. Customers under this segment also include corporate organisations and government entities.

- For MTN Nigeria's mid-market & youth customers, it offers competitive, value-based offers with strong consumer engagement. The Company also focuses on data as an "anchor" product, with lifestyle and digital service bundles increasing in importance.

- The mass-market captures all the Company's other customers. Mass-market customers tend to be more price sensitive than the Company's other customer segments and are also more receptive to bonus and promotional campaigns. For mass-market customers, the focus is generally on voice with bonus-led offerings.

The Company's customer acquisition strategy focuses on compliance with regulatory requirements, incentivised pricing and robust systems, all supported by a well-trained team and appropriate governance. Additionally, the Company's customer relationship platform enables comprehensive and efficient customer management through big data systems. The Company partners with leading data analytics providers to develop highly targeted, personalised offers.

Marketing

MTN Nigeria runs innovative marketing and promotion campaigns (such as bonuses and bundle options) across the Nigerian population. The Company continually reviews and refreshes promotional offers to engage subscribers and prompt them to purchase airtime, data or additional services. The Company tailors its marketing approach to the following customer and demographic segments: high-value, mid-market & youth and the mass market, advertising certain services to specific demographics, for example, music and video services to the mid-market & youth segment.

The Company believes it can meaningfully connect with its customers through engaging and thematic marketing content which aims to build deep, emotional connections by focusing on the relevant themes of family, female empowerment, religion and football. The Company also engages with consumers through its campaign of giving back to the community via the MTN Foundation and its Season of Surprises giveaways to citizens across Nigeria (including, for example, giveaways of free toll gate access, bus and train tickets and supermarket vouchers).

The Company's marketing campaigns are transmitted via TV, radio, print, outdoor signage, digital and social media advertising, flyers, word of mouth and sponsorship. MTN Nigeria regionally differentiates its marketing (by ethnicity, language and relevant local themes) to maximise brand appeal and impact. Additionally, the Company employs strategic marketing, particularly in respect of the mass market which requires a targeted approach. The Company believes its marketing and customer service initiatives have resulted in a positive and continuously improving market perception.

Voice and data technology

MTN Nigeria's mobile network utilises 2G, 3G and 4G LTE technologies. MTN Nigeria's 2G Technology has enabled it to offer users voice services, SMS, multimedia services ("MMS"), VAS and data services. The Company deploys general packet radio service ("GPRS"), enhanced data rates for GSM evolution ("EDGE") and EDGE Evolution.

MTN Nigeria's 3G Technology has enabled it to offer its users a wide range of advanced services, including data services, such as wireless broadband, while achieving greater network capacity through improved spectral efficiency. 3G enables MTN Nigeria to offer new services to its users like video calls, mobile broadband data and a full internet experience with richer mobile content. The Company's 3G networks also give it more capacity to provide data and voice services than its 2G networks using its current spectrum. MTN Nigeria's 3G networks are normally co-located with existing 2G infrastructure allowing faster and cost-effective network deployment. MTN Nigeria has also expanded its 3G networks using high-speed uplink packet access ("**HSUPA**"), high-speed downlink packet access ("**HSDPA**") and evolved high-speed packet access ("**HSPA+**") technologies with speeds of up to 42Mbps. Additionally, MTN Nigeria has fibre networks in Africa with over 25,800km of fibre supporting its network and further support provided through third party partnerships. The Company's network equipment is supplied by leading telecommunication manufacturers.

The Company has implemented a cost-efficient radio access network which minimises the impact of network infrastructure on the environment by utilising extended cell features that require fewer base stations per cell, as well as technologies that conserve energy by shutting down hardware during periods of low mobile traffic. In addition, the Company aims to reduce its dependency on diesel, which is generally used to power the network when grid power is unavailable, by introducing hybrid power solutions to replace generators and connecting rural base stations to the national power grid.

MTN Nigeria's 4G Technology has allowed it to offer faster upload and download speeds as compared to its 3G Technology. 4G enables MTN Nigeria to offer its users fast access to high definition video streaming, video conferencing, multiple chatting, instant uploading of photos and other data-intensive applications. The

Company believes that, with additional availability of 4G LTE enabled handsets in the market, the roll-out of 4G will support a “data revolution” in Nigeria, driving fundamental changes in lifestyles, business and society and will also support economic growth in rural areas by enhancing the reach of e-governance, e-health and e-education services, and will be a significant source of revenue in the longer term.

Network infrastructure

MTN Nigeria has the leading 3G and 4G LTE download speeds in Nigeria (including in Lagos and other major cities), according to a 2018 independent audit carried out by a third-party professional company. The Company continues to focus on its operational assurance as well as its ongoing 3G densification and 4G LTE rollout.

The table below sets out MTN Nigeria’s key areas of network investment from 2015 to 2018:

	2015	**2016**	**2017**	**2018**
2G and 3G	• 2G and 3G coverage expansions	• 2G and 3G coverage expansions	• 2G and 3G coverage expansions • Add sectors for existing 3G sites	• 2G and 3G coverage expansions • Focus on U900 • Additional 3G sectorisation • Capacity enhancement • Network modernisation
4G	• Trials for L800 in Nigeria	• 4G rollout in 800MHz	• Trial for L2600 and Roll out for L800 bands	• 4G coverage expansion and Spectrum refarming
Spectrum	• Purchase of 800MHz spectrum • Renewal of 900MHz and 1,800MHz spectrum	• Purchase of2600MhH spectrum		
Fibre network	• Added 522km of fibre • Connected 585 sites to fibre	• Added 3,064km of fibre • Connected 32 sites to fibre	• Added 3,404km of fibre • Connected 440 sites to fibre	• Added 493km of fibre • Connected 490 sites to fibre
Other	• Acquired Visafone 800MHz spectrum for 4G rollout	• Lagos: Switch facility deployment • Abuja: Network elements • Port Harcourt: Facility infrastructure	• Lagos: Facility infrastructure and network elements deployment • Abuja: Network elements • Port Harcourt: Facility infrastructure	• Lagos: Facility infrastructure and network elements deployment • Abuja: Network elements • Port Harcourt: Facility infrastructure

Rural Telephony Initiative

MTN Nigeria launched the Rural Telephony project in the fourth quarter of 2018 in order to provide coverage to over 2,000 villages using revenue sharing model with third-party partners. The top 100 villages will be covered using innovative low-cost coverage solution which operates and is powered by solar energy. This initiative will provide services to Nigerians who have no access to any of the mobile networks in Nigeria.

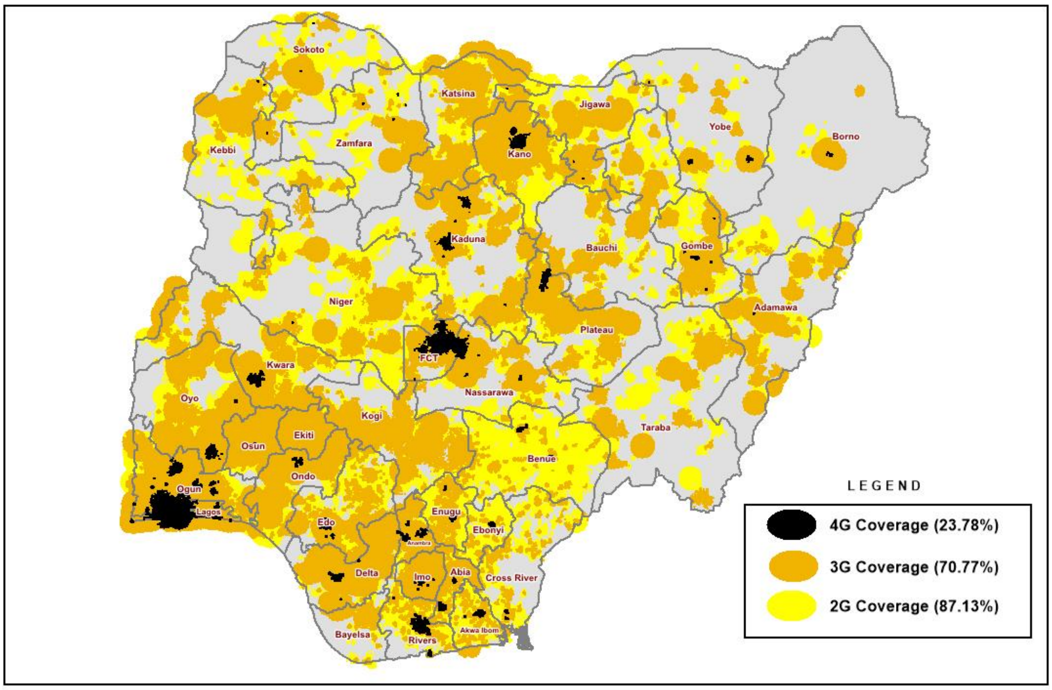
Mobile network

MTN Nigeria’s mobile infrastructure is designed using standardised technologies specifically tailored to be upgradable along an evolutionary path towards developing technologies such as 4G LTE and LTE-Advanced. The Company has implemented the latest high-performance mobile data technologies including HSDPA, HSUPA, HSPA+, and Dual Carrier HSPA+ on its 3G network, and GPRS and EDGE on its 2G network and has also launched LTE in major cities. MTN Nigeria has designed sustainable cost-efficient radio access networks, which aim to minimise adverse impact on the environment by utilising extended cell features that require fewer base stations per cell, as well as technologies that conserve energy by operating at ambient temperatures without the need for air conditioning. Further cost saving is achieved by the automatic shutting down of hardware during periods of low mobile traffic.

MTN Nigeria uses common hardware technology platforms and has deployed over 45,000 radio base stations (in addition to 12 switch sites and 1 landing stations) of which a high percentage is software definable in terms of its assortment of 2G, 3G and 4G LTE capabilities, thereby minimising disruptions to subscribers during network upgrades. Co-locating radio base stations for 2G, 3G and 4G LTE capability reduces capital expenditure and operating expenditure, as well as power consumption and the physical impact on the environment.

The map below shows the Company's 2G, 3G and 4G LTE coverage by population across Nigeria as March 31, 2019:

MTNN LTE COVERAGE



Additionally, the table below shows the Company's network population coverage across Nigeria as of December 2018:

KPI	Dec-15	Dec-16	Dec-17	Dec-18
	Closing Bal.	Closing Bal.	Closing Bal.	Closing Bal.
#2G Sites	13,111	13,331	13,439	13,906
#3G Sites:	8,998	10,788	12,185	14,484
#U900	N/A	N/A	30	1,666
#4G Sites	N/A	1,830	2,360	3,691
#FTTS	1,259	1,291	1,731	2,271
Fibre Long-haul KM	18,090	21,154	24,558	25,114
#Physical Sites	13,111	13,331	15,389	16,228
2G POP Cov	91.54%	87.79%	89.66%	90.11%
3G POP Cov	66.55%	62.05%	68.82%	70.00%
4G POP Cov	0%	10.99%	13.41%	15.00%

4G Advantage

4G LTE deployment is a priority for MTN Nigeria as it will improve overall data network performance and will drive data volume growth. The Company's 4G LTE services launched in 2016 using its 2600MHz spectrum advantage and LTE1800 was launched in 2019 by refarming 2 x 5MHz of the existing 1800MHz spectrum. Following the approval of the transfer of Visafone's 2 x 10MHz in the 800MHz spectrum band, MTN Nigeria commenced offering of 4G LTE services on the said band. MTN Nigeria currently has about 1.1 million 4G users, representing 45% of the overall market. MTN Nigeria expects to further benefit from its 800MHz spectrum holding in the future.

Fixed-line and internet networks

In order to ensure fast connectivity between the Company's base stations and the rest of the network, the Company operates on one of the largest fibre networks in Africa. There are multiple long-distance fibre connections between cities in various operations.

The Company also leases approximately 3,000km of fibre to other telecommunications operators. As MTN Nigeria utilises less than 40% of its current fibre capacity, the Company is able to monetise and sell excess capacity to other telecommunications operators. Through MTN Nigeria's ICT enterprise business, last mile fibre installations are built to connect corporations, business campuses and office parks. The chart below shows the size of the Company's fibre network as compared to that of its competitors.

Satellite connectivity

MTN Nigeria's satellite capacity is procured through MTN Group's Global Carrier Services capability based in Dubai and directly from Intelsat, which provides mainly C-band capacity. Satellite capacity is used for connectivity to remote locations.

Backbone network and supporting infrastructure

MTN Nigeria has deployed a state-of-the-art next generation multiprotocol label switching ("MPLS") network that ensures improved quality of service, high reliability and simplified operation, and most importantly, provides low latency scalable networks. MTN Nigeria's MPLS network delivers dynamic, secured and future-ready services with both centralised and de-centralised network applications, both locally and internationally.

MTN Nigeria utilises its 12 (twelve) switching centres across Nigeria, as well as 3 (three) data centres in Ojota, Ikoyi and Owo.

Other network partners

MTN Nigeria generally outsources the management and operation of its infrastructure to the OEM or technology provider, who is contractually obligated to meet specified performance targets and to scale their operations within defined parameters to meet its strategy. The management service contracts with MTN Nigeria's OEMs and technology providers are typically for durations of three to five years, and MTN Nigeria has the ability to terminate if certain criteria are not met.

Equipment and technology partners

MTN Nigeria has forged long-term strategic partnerships with other businesses in its sector, including equipment and technology, with companies at the forefront of technologies that are critical to its business. The Company believes that its strategy of engagement has enabled it to partner with global leaders who share its objective of co-creating innovative and tailor-made solutions for Nigeria. MTN Nigeria has maintained strategic partnerships with several organisations for its business and enterprise IT system needs, including Ericsson, Huawei and Microsoft, amongst others.

Customer care partners

MTN Nigeria's customer care partners help it provide an excellent customer experience. Its customer care partners include ISON BPO International, Technotree and Nokia, amongst others. ISON BPO is the Company's call centre strategic partner, managing three multilingual call centres across the country to support the Company's customers. Technotree provides MTN Nigeria with an innovative convergent billing and customer management platform that is able to fully service convergent products and services. Nokia provides customer experience management solutions to help the Company and support customer experiences with great detail. MTN also has a network of franchised customer care/retail centres operated by local franchise partners.

Content and VAS partners

MTN Nigeria works with leading organisations such as Huawei, IMIMobile, Rembrandt, OnMobile and Twinpine, providing each of its customers with a unique experience in VAS such as caller ring back tone, music on demand, email services and other applications. The Company has revenue-sharing agreements in place with most of these content partners. MTN Nigeria also has partnerships with independent developers including a key partnership with Jumia, one of the world's largest e-commerce-focused venture capital firms. MTN Nigeria believes these relationships will be valuable as it continues to increase its presence in the digital space.

Licences

The table below sets forth details of the spectrum licences held by the Company as at the date of the Listing Memorandum:

Frequency Band / Bandwidth	Spectrum Acquisition	Current / Future Usage	Comment
3,500MHz / 30MHz	In 2007, MTN Nigeria obtained WiMAX 3.5GHz Spectrum which is renewable annually	Fixed Broadband Services (LTE/WiMAX)	Required to be renewed 31 December each year.
2600MHz / 30MHz (Jul 2026)	In June 2016, through official auction, NCC declared MTN Nigeria as the winner of the 2.6GHz Spectrum auction	Mobile LTE – broadband services	Current deployment utilises 20MHz Required to be renewed by 31 July 2026.
2,100MHz / 10MHz (Apr 2022)	In 2007, 3G licence awarded to MTN Nigeria and renewed in 2015	MBB services, WCDMA	This is the main 3G spectrum used by MTN Nigeria Required to be renewed by 30 April 2022.
1,800MHz / 15MHz (Sep 2021)	In 2014, NCC renewed MTN Nigeria's 1,800 MHz frequency bands	Voice and GSM services and potentially MBB, WCDMA, Mobile LTE broadband services	Approval obtained to refarm 5MHz of the spectrum for LTE nationwide. Licence required to be renewed by 31 August 2021.
900MHz / 5Mhz (Sep 2021)	In 2014, MTN continued to operate 900 MHz frequency bands by gaining a further renewal by NCC	Voice and GSM services and potentially MBB and WCDMA services	Required to be renewed by 31 August 2021.
800MHz / 10MHz (Dec 2025)	In 2016, MTN Nigeria acquired LTE-suitable frequencies in the 800MHz via the takeover of CDMA network operator Visafone Communications Limited	Mobile and, potentially, Fixed LTE broadband services	Approval recently obtained to transfer the spectrum licence to MTN Nigeria. Licence required to be renewed by 31 December 2025.
700MHz / 10MHz	In September 2015, NBC awarded spectrum in the 700MHz band to MTN Nigeria	Mobile LTE broadband services, Digital TV Broadcast, Video on Demand service	Licence regularised for use to provide telecommunication services. Licence tenor communicated by the NBC was 5 years in the first instance and automatic renewal for another 5 years.

In 2015, the NBC issued to MTN Nigeria a DTT in consideration for a ₦34.1 billion licence fee. In May 2016, the Company launched and transmitted a broadcasting service which jointly operated on the broadband network and a terrestrial broadcast network. MTN Nigeria believes that it can generate revenue from targeting data subscribers as well as television subscribers through video offerings on this spectrum.

Information technology

The Company has invested substantially in its state-of-the-art IT infrastructure over the last three years; as such, the network is both scalable and adaptable to its commercial strategy and new business activities. MTN Nigeria's IT systems are comparable to those typically used by other telecommunications service providers, and comprise of operational support systems (which support its telecommunications network and includes processes such as maintaining network inventory, provisioning services, configuring network components and managing faults) and business support systems (which support processes related to the Company's customers, such as taking orders, processing bills, collecting payments and customer relationship management).

MTN Nigeria also maintains disaster recovery systems in order to ensure the recovery and continuation of its technology infrastructure following potential disruptive events, such as power outages, natural disasters or terrorism. The Company also has procedures in place to either back-up critical data on-site and automatically copy this backed-up data to off-site storage, or to back-up and replicate critical data directly to off-site storage.

A number of key programmes are in progress and planned as part of the Company's investment in digital transformation, focusing on delivering on a scalable IT architecture through a set of defined objectives to improve the customer experience and customer interactions with MTN Nigeria. These include the transformation to a digital service provider with specific focus on customer management, product lifecycle management, order management and billing lifecycle management, adoption of a cloud-first storage plan and the implementation of an open source big data platform to deliver on real-time analytics in support of the Company's BRIGHT strategy.

Insurance

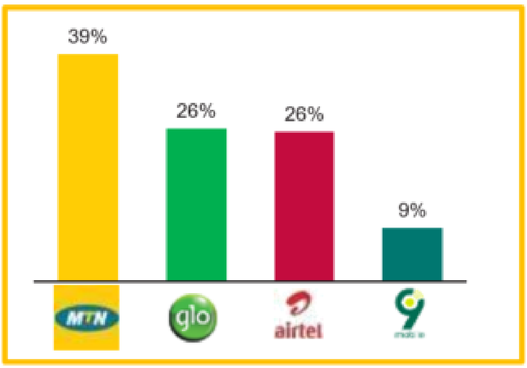
MTN Nigeria's operations are subject to a wide variety of operational and other risks, including accidents, fire and weather-related hazards. In mitigating these risks, the Company maintains various types of insurance policies customary to the industry in which it operates, to protect against financial impact arising from unexpected events when the amount of the potential loss would be significant enough to prevent normal business operations.

MTN Nigeria believes that its existing insurance is sufficient in light of identified risks and is consistent with industry standards based on the scope of its operations.

Competition

MTN Nigeria and Airtel were the first two operators to launch GSM services in 2001. Over the years, the number of telecom operators has increased to 4 key mobile GSM/3G operators, as well as several small players offering a range of services including voice, data, digital and enterprise services.

The chart below shows the market share of MTN Nigeria and its competitors as of December 2018:



Source: NCC

Due to price competition, pricing levels have generally declined over the last five years as operators employ pricing levers in a bid to gain market share. Looking ahead, the Company does not expect further price cuts on voice as the current voice rates are already close to the price floor. Given the decline of data prices, the Company expects that data pricing will remain stable over the near term and MTN Nigeria is currently leading the industry effort to drive sustainable data pricing.

Property

The property, plant and equipment that MTN Nigeria owns include administrative and commercial office buildings, business centres and technical properties, such as switching centres, data centres, international exchanges, transmission equipment, mobile base stations, cabling and other technical equipment. Other properties include retail stores, warehouses and technical workshops.

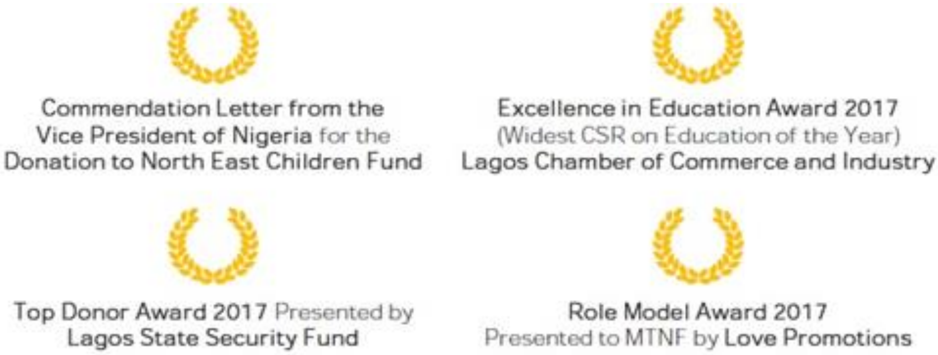
The properties the Company considers material to its business are its 12 switching centres in Nigeria including the three data centres in Ojota, Ikoyi and Owo. MTN Nigeria also has a disaster recovery centre in Owo to ensure business continuity in the event of network outages.

Corporate Social Responsibility

In 2004, MTN Nigeria established the MTN Nigeria Foundation Limited by Guarantee ("**MTNF**") for the purpose of focusing its corporate social investment initiatives aimed at contributing to the reduction of poverty and fostering sustainable development in Nigeria. Prior to starting the MTNF, MTN Nigeria consulted with a group of stakeholders across Nigeria. This process enabled the development of a focused strategy under the following areas: education, health and economic empowerment.

Together with local and international partner organisations, MTN Nigeria is devoted to implementing projects and initiatives that positively impact the lives of communities while creating economic value. MTNF, as of 31 December 2018, had committed approximately ₦20 billion donated from MTN Nigeria to fund various initiatives across Nigeria. These projects which have benefited over 900 communities across the country range from provision of electricity, water supply, maternity wards, school equipment, medical supplies/support for hospitals and outreach, to sponsorships of various cultural shows under its Arts and Culture cause.

MTNF has been recognised for its contributions to society, as evidenced in the numerous awards it has received over the years such as:



Environmental matters

MTN Nigeria has not been subject to any material fines or regulatory action involving non-compliance with environmental regulations. The Company is not aware of any non-compliance in any material respect with the applicable environmental regulations.

10 COMPETITIVE STRENGTHS

Below are what MTN Nigeria believes are its key competitive strengths:

10.1 STRONG POSITION IN AN ATTRACTIVE MARKET

10.1.1 Largest African economy and telecommunications market

As of July 2018, Nigeria's population was approximately 203.5 million (source: CIA Factbook) making Nigeria the most populated country in Africa and the 7th most populous country in the world. This figure is expected to increase by approximately 5 million people per annum until 2022 (source: EIU). According to the NBS, in the fourth quarter of 2018, Nigeria's GDP grew by 2.38% year-on-year in real terms representing an increase of 0.27% points when compared to the fourth quarter of 2017 which recorded a growth rate of 2.11%. For 2018, Nigeria's nominal GDP was recorded at approximately ₦127,762,545.58 million representing a nominal growth rate of 12.36% when compared to ₦113,711,634.61 million recorded in 2017.

Nigeria is the largest mobile telecommunications market in Africa, with total mobile subscribers estimated at approximately 172.5 million as of December 2018 according to the NCC. As of December 2018, Nigeria recorded a mobile penetration rate of 88.1%.

10.1.2 Market leadership in Nigeria

MTN Nigeria is associated with high quality, availability, competitive pricing, customer service and innovation. The Company has, over the years, introduced effective, affordable and reliable products and service offerings tailored to the Nigerian market. MTN Nigeria is the largest commercially-owned telecommunications service provider in Nigeria by number of customers, with approximately 66.7 million subscribers in Nigeria and 39% of market share as of December 2018, as reported by the NCC.

The Company's size and market share offer significant benefits and allow it to leverage economies of scale through various means, including without limitation, centralisation of procurement functions and standardisation of technology stack and back-office functions, without increasing costs and therefore reducing margins.

10.2 EXCITING DEMOGRAPHIC OPPORTUNITY

10.2.1 Young population and mobile penetration upside

Nigeria is at a relatively early stage of telecommunications usage with a young population and low mobile penetration versus African peers and beginning to shift from a voice-centric to data-centric market, which provides the Company with an excellent base for further growth. In Nigeria, data usage is shifting towards global trends in which data traffic is dominated by content such as video, music and other digital content. Nigeria has one of the youngest populations in Africa (with a median age of 18.4 according to the EIU), supported by growing population density and urbanisation, with significant potential for customer and revenue growth and the rapid adoption of mobile and digital services. This population growth may result in up to 45 million new mobile subscribers (an increase of approximately 32%) becoming active by 2022 in Nigeria (source: GlobalData).

10.2.2 Penetration growth driven by rural expansion

Given that approximately 50% of the Nigerian population live in rural areas, such areas are currently significantly underpenetrated by mobile voice and data access, creating opportunities for significant future expansion into these areas (source: World Bank). Currently, 75% of the Company's mobile subscribers and 76% of its data subscribers are located in urban areas, with the remainder of its customer base located in rural areas.

10.2.3 Growth from smartphone and mobile data

MTN Nigeria had approximately 44 million data users (including active, incidental and dormant data users[4]) and 21.6 million smartphone users in 2018. The Company expects further increases in mobile data penetration, data usage per user and increasing smartphone adoption in the near future and also expects a compound annual growth rate of approximately 25% in data users and 16% in data usage per user in Nigeria between 2017 and 2022. There is limited fixed broadband penetration in Nigeria, which provides MTN Nigeria an opportunity to use mobile to expand more rapidly than fixed-line infrastructure.

10.2.4 Fintech and digital present a key opportunity for MTN Nigeria

The Company is positioned to benefit from the significant growth expected in mobile data and information and communications technology opportunities in Nigeria. For example, approximately 40% of the Nigerian population do not have a bank account, but mobile phone penetration is 75% (source: GlobalData). The Company's fintech offerings, including but not limited to Mobile Money, Diamond Y'ello, MCash and OnDemand, provide customers with convenient access to fintech services via their mobile phone and allow the Company to capture potential growth opportunities. As of December 31, 2018, MTN Nigeria, though its partnership with Diamond Bank Plc (now Access Bank Plc) had 694,561 active fintech customers.

10.3 WELL-POSITIONED FOR THE LONG TERM

10.3.1 Loyal, high-value customer base

MTN Nigeria's focus on high-value customers has driven high returns per customer, with an ARPU of ₦1,412 as of 31 December 2017 and an ARPU of ₦1,503.30 as of 31 December 2018. The ARPU growth is driven by increased data penetration and usage, improvement in MTN share of wallet as well as customer value management. As of 31 December 2018, MTN Nigeria had 21.6 million smartphone users. The Company's 2G data users provide a significant customer segment to whom the Company can provide 3G and faster data services in the future.

10.3.2 Commercial fundamentals in place for future growth

The Company emulates an optimised consumer proposition enabling it to benefit from future industry growth. Accessibility through an extensive distribution network aids MTN Nigeria in ensuring customer retention, innovation and growth in the pre-paid mobile market. The Company has a wide distribution network, with majority of its airtime sold through physical locations, including approximately 350 stores, 20,000 activation points and more than 1,000,000 (one million) retail touchpoints.

Additionally, the Company distributes its products through digital distribution networks, including the myMTN app, point-of-sale terminals and ATMs. The shift to digital distribution benefits customers through ease of use, convenience and reduced top-up times. About 70% of product distribution is done through the Company's 45 trade partners, operating in 68 territories. These trade partners have extensive distribution footprints and service over 500,000 retailers nationwide. In addition to sale of airtime and data products, the trade partners are also involved in customer acquisition, data and device activation, mobile electricity and agency banking services. Most of such services are done through the New Dawn Shops – a service/data experience shop owned by each of the trade partners.

Spearheading the electronic revolution are 40 convenience channel partners who offer direct to consumer sales using the banking channels, USSD, web, POS Terminals and apps. They contribute about 80% of electronic airtime sales. Furthermore, the Company has 200 data trade partners who are seasoned and experienced resellers of data devices. In partnership with MTN Nigeria, these data trade partners are responsible for device activation on the network. The Company has about 40 sim registration agencies spread over Nigeria who are responsible for over 80% of new customer acquisition.

[4] Incidental data users are those who use 5Mb of data or less per month. Dormant users are those users who have not used data services in the past 90 days.

Below are some of MTN Nigeria's brand awards:

No. 1 Most Admired and Most Valuable African Brand (2017, 2016) Brand Africa	4G / LTE Provider of the year 2017 Nigeria Tech Innovation and Telecom Awards	Award for Marketing Excellence, West Africa (2017) Advertisers Association of Nigeria (ADVAN)	Telco Partner of the year award 2018/2019 CBN & NIBSS	Technology Excellence Award 2019 Presented by MTN Group

Furthermore, below is a table of the awards received by MTN Nigeria from 2016 to 2018:

CAMPAIGN/PRODUCT	DESCREPTION OF AWARD	CATEGORY	LOCATION
Digital Content	Digital Content Service of the Year, 2016 Glotel Awards	N/A	London, United Kingdom
Titanic (it's better to stay on MTN)	Africannes Awards	Bronze	Durban, South Africa
Together in Love	Best use of music in radio, LAIF Awards	Gold	Lagos, Nigeria
Together in Love	Best use of music in TVC, LAIF Awards	Gold	Lagos, Nigeria
Titanic (it's better to stay on MTN)	Best Digital & Mobile Telecoms Advertising, LAIF Awards	Silver	Lagos, Nigeria
Blind Faith	Best Use of Animation, LAIF Awards	Silver	Lagos, Nigeria
MTN Recruitment Ad (Ninja)	Digital Corporate Image, LAIF Awards	Bronze	Lagos, Nigeria
MTN On Demand (904) Jingle	Best Use of Music, LAIF Awards	Bronze	Lagos, Nigeria
MTN Corporate Website	Best website in the telco, Web Jurist Awards	N/A	Lagos, Nigeria
Mobile Operator of the Year	Nigerian Tech Innovation and Telecom (NTITA) Awards 2017	N/A	Lagos, Nigeria
LTE/4G Provider of the Year	Nigerian Tech Innovation and Telecom (NTITA) Awards 2017	N/A	Lagos, Nigeria
Customer Experience	Nigerian Tech Innovation and Telecom (NTITA) Awards 2017	N/A	Lagos, Nigeria
Innovative Project of the Year	Nigerian Tech Innovation and Telecom (NTITA) Awards 2017	N/A	Lagos, Nigeria
Best Innovation	ADVAN Awards for Marketing Excellence (ADVAN), 2017	Gold	Lagos, Nigeria
Corporate Social Responsibility	ADVAN Awards for Marketing Excellence (ADVAN), 2017	Silver	Lagos, Nigeria
Corporate Social Responsibility	ADVAN Awards for Marketing Excellence (ADVAN), 2018	Silver	Lagos, Nigeria

MTN Nigeria's operations are fully automated using telecommunications industry specific platforms for both billing and charging. The billing of post-paid voice and data services is performed using a single application, which is completely integrated into the charging platform. The Company also offers customer support through social media platforms, where it engages with approximately 6 (six) million followers.

10.3.3 Wide coverage and high quality network

MTN Nigeria's network was ranked #1 in net promoter score, among its peers in 2018 (source: Company data) reaching approximately 87% of the population across 223 cities and towns in Nigeria and providing the best data experience(source: Company data). The Company provides 3G coverage to approximately 70% of the population and has a 4G LTE spectrum advantage over its peers, being the only operator with 2600MHz and 700MHz spectrum licences. This has allowed the Company to roll out a competitive range of 4G LTE services in more than 14 (fourteen) major cities in Nigeria. The Company's infrastructure and access to the 3.5GHz spectrum also gives it a competitive edge as a Nigerian mobile operator to provide 5G services in the long term. MTN Nigeria has one of the largest fibre networks in Africa with over 25,800km of its fibre supporting its network and further support from third party partnerships.

MTN Nigeria's competitive position is continuously enhanced through its on-going investment in infrastructure. The Company's capital expenditure programme seeks to improve network quality, coverage and capacity further, and support higher voice and data traffic which helps ensure that it remains competitive and produces data solutions and digital services beyond traditional voice offerings.

10.3.4 Strong management team

MTN Nigeria has a seasoned management team comprising personnel with extensive telecommunications industry experience and a track-record of operational excellence in developing markets. The management team of the Company has over the years helped drive its robust transformation. The Company is of the belief that its management team's composition and organisation places MTN Nigeria in a strong position to successfully implement its growth strategy and focus on improving the operating performance of the Company while retaining appropriate levels of oversight of the Company's operations.

MTN Nigeria also benefits from the strong support and expertise of the MTN Group, the leading commercially owned mobile operator in Africa and the Middle East. MTN Group is a leading emerging markets telecommunications operator in 21 (twenty-one) countries across Africa and the Middle East, with approximately 233 million subscribers worldwide. MTN Nigeria benefits from MTN Group's scale, technological innovation, efficient procurement and talent management, among other benefits. MTN Nigeria remains a core focus of the MTN Group.

10.4 ATTRACTIVE FINANCIAL PROFILE, WELL POSITIONED TO DELIVER CASH FLOW GROWTH

MTN Nigeria is well-positioned to deliver cash flow growth, benefiting from increasing net customer addition and strong growth in voice revenue. The Company increased its customer additions base by 5.9 million in 2018. MTN Nigeria aims to continue to invest strongly in its capital expenditures to support its operations. In each of the years ended 31 December 2015, 2016, 2017 and 2018, the Company's capital expenditures were ₦130 billion, ₦196 billion, ₦225 billion and ₦184 billion, respectively. In 2018, MTN Nigeria continued with the positive momentum of 2017, increasing service revenue by 17.2% year-on-year, led by a 43.3% increase in data revenue and 18.8% growth in voice revenue.

Data revenue growth was supported by an increase in active data subscribers as well as more smartphone users on the Company's network. This was largely a result of various original equipment manufacturer (OEM) and other partnership initiatives. Although digital revenue declined following the optimisation of the Company's value-added services ("VAS") business, MTN Nigeria has redesigned its VAS subscription model to improve overall customer satisfaction.

The Company's EBITDA margin reached 42% (44% excluding CBN payment) as of 31 December 2018 compared to 39% recorded for the year ended 31 December 2017. This was largely driven by strong growth in revenue and cost optimisation efforts. Overall, MTN Nigeria has demonstrated strong operational execution and is on the path to sustainable growth.

11 MTN NIGERIA'S BUSINESS STRATEGY

MTN Nigeria's BRIGHT strategy is aimed to wholly express the Company's mission to make the lives of its customers a whole lot brighter. Its core emphasis is a customer-centric business model where the entire enterprise is aligned to exceed customers' expectation across all the value delivery chains. The MTN BRIGHT strategy is strongly hinged on execution excellence, with an inspiring philosophy that is clearly situated within the daily operations of the business in ways that drive measurable impact on revenue, cost and efficiency. The operationalisation of this strategic thrust is geared to deliver value to customers with a focus on quality, deliver the best-in-class customer experience and ignite commercial performance, in each case underpinned by a market-leading network and strong team.

This will further strengthen the Company's positioning while maintaining profitability by investing in and improving its current assets and offerings. The BRIGHT strategy is further simplified into an experiential essence of what it means to the customer at the last mile through the concept of "EPIC" customer proposition: easy, personalised, in-control and connected. The Company's focus is to entrench a pro-consumer approach across all functions of MTN Nigeria in order to ensure a holistic customer experience at all touch points. Given the fact that there are commonalities in the industry in technology and suppliers, MTN Nigeria intends to enhance brand differentiation and efficiency for its customers.

The Company aims to be the best in network coverage and quality, innovation, value offerings, superior customer experiences and winning the hearts and minds of customers and end-users of its products and service offerings. MTN Nigeria's strategy is to create distinctive customer advantages in these categories by ensuring it provides tailored offerings that give value for money, innovative product designs that are simple to use as well as digitising its entire customer journeys for increased customer satisfaction and convenience. MTN Nigeria aims to continuously provide an intuitive and appealing customer experience through easy access to products and services via its numerous points of sale, direct sales channels and most importantly the convenience of accessing the Company's range of affordable pre-paid and post-paid offerings. Invariably, accessibility through an extensive distribution network coupled with process improvements are key to customer retention, innovation and growth in a predominantly pre-paid mobile market.

- ***Best customer experience***

The Company has tailored the BRIGHT strategy to provide a distinct and differentiated experience for its customers. MTN Nigeria intends to strengthen its market position further while maintaining profitability by investing in and improving its current offerings with a view to digitising the customer experience for increasing customer convenience and satisfaction. The Company aims to continue providing an intuitive, value oriented and appealing customer experience through easy access to its products via its numerous points of sale, increasing its direct sales channels as well as its range of affordable pre-paid and post-paid offerings and retaining and continuously improving its simple activation processes.

- ***Returns and efficiency focus***

BRIGHT supports sustainable value creation by providing levers of operational efficiency and optimal return for the Company's stakeholders, including investors and employees. By ensuring that its operations are managed cost-effectively and efficiently in terms of operating costs, cash flow financing costs and capital expenditures, the Company aims to generate sustainable returns for its stakeholders within a prudent capital structure. MTN Nigeria also expects to further focus on developing new digital and fintech offerings for its customers and continue to improve its customer service performance.

- ***Ignite commercial performance***

The BRIGHT strategy is a value-maximizing business model that is geared towards accelerated business growth and market leadership hinged on innovation, customer personalization and customized experience. The Company intends to continue driving sustainable growth through new product offerings, revision of its cost structures, new data and digital services offerings and by further utilising real-time predictive analytics to strengthen the customer experience. MTN Nigeria plans to support its infrastructure by investing in network improvements in high-value urban areas first, as well as expanding its fibre-optic networks.

In recent years, the Company has made progress on cost optimisation across the business. A number of initiatives recently implemented have already resulted in cost benefits. For example, the realignment of the Company's airtime distributor commission structure .

- ***Growth through data and digital services***

MTN Nigeria's customer-centric strategy drives a proactive integration of data, digital and fintech offerings to meet and exceed the lifestyle needs of its customers across all demographic segments. The Company aims to increase the number of customers using data services, as well as the speed of its data services and the amount of data consumption per customer. MTN Nigeria believes that the market and demographic dynamics in Nigeria support this growth. Nigeria is at a relatively early stage of telecommunications usage with low mobile penetration versus African peers and beginning to shift from a voice-centric to data-centric market, which provides the Company with an excellent base for further growth.

- ***Hearts and minds***

At the core of strategy are MTN Nigeria's skilled employees who are motivated by their work and driven by MTN's objective to lead the delivery of the new bold digital world. The Company therefore strives to be an employer of choice to attract candidates and retain key staff and skilled personnel. MTN Nigeria aims to foster an inclusive and dynamic working environment to enhance productivity in the workforce. The Company recognises that the diversity of its people is a constant source of inspiration, creativity, learning and innovation, and believes that the health, knowledge, skills, experience, drive and inventiveness of its employees are key to its success. MTN Nigeria's employees are offered competitive pay and compensation benefits.

In addition, the Company believes that governance and control are critical to maintaining profitability and business continuity, and therefore strives to maintain and enhance sound governance practices that reflect prevailing international governance trends and the evolving legislative landscape. These practices are founded on values of responsibility, accountability, fairness and transparency. The Company is fully committed to implementing best practice and corporate governance standards.

- ***Technology excellence***

MTN Nigeria's BRIGHT strategy is enabled and facilitated by world-class, cutting edge and humane technologies that delight the customers with ease, speed and simplicity. The Company aims to provide its customers with the most technologically advanced telecommunication services appropriate to the Nigerian market by investing in and upgrading its infrastructure. In this regard, MTN Nigeria seeks to improve the quality, coverage and reliability of its services and provide customers with reliable data access, additional digital and financial services and complementary products and services based on the Nigerian market's maturity and need.

MTN Nigeria believes that its innovative digital services and its customer-focused solutions underpin its strong market position. The Company aims to leverage its experience to anticipate the needs of its customers and to develop innovative products and services tailored to Nigeria.

12 PROFILE OF BOARD OF DIRECTORS

MTN Nigeria's Board has broad experience across geographies and sectors, and is well-placed to provide guidance and oversight to the Company. MTN Group representation on the MTN Nigeria Board signals a commitment to MTN Nigeria and reflects the importance of MTN Nigeria to the MTN Group. Recent changes to the Board (including reconstitution of subcommittees) have sought to improve overall corporate governance and oversight. The Directors have undergone relevant corporate governance training.

The Board is currently comprised of 13 (thirteen) Non-Executive Directors and 1 (one) Executive Director. Pursuant to the Company's Articles of Association, the Directors retire by rotation in accordance with the provisions of CAMA.

- ***Pascal Dozie, CON (Chairman)***

  Mr. Dozie has been the Chairman of the Board of Directors since 2001. He is the founder of Diamond Bank PLC and served as its Chief Executive Officer from 1991 to 2006. He is also a founding partner of African Capital Alliance Limited, a founding member of the Advisory Board of the Lagos Business School and a member of the Council of the Pan African University, Lagos. Mr. Dozie previously served as the president of The NSE, a director of the Central Bank of Nigeria, the founding chairman of The Nigerian Economic Summit Group, the co-chairman of the Commonwealth Business Council and the co-chairman of the Nigeria Business Coalition against HIV/AIDS. In recognition of his contributions to the development of the Nigerian economy, he has received several awards from government authorities and organised institutions. In 2000, he was honoured with a national award of the Order of the Niger and in 2011 with the Commander of the Order of the Niger respectively by the President of the Federal Republic of Nigeria. Mr. Dozie holds a Master's degree in Business Administration from City University, London (1968) and a Bachelor's degree in Economics from the London School of Economics (1963).

- ***Sani Mohammed Bello OON, (Vice Chairman)***

  Col. Bello OON (Rtd) is the Vice Chairman of the Board of Directors. Col. Bello is a co-founder of AMNI Petroleum, an indigenous oil and gas exploration company. He also has interests in several other companies. Col. Bello was Aide-De-Camp to the Head of State of the Federal Republic of Nigeria in 1966 and later served as the Military Governor of Kano State. Col. Bello retired from the Nigerian Army in 1979 after an illustrious career, and was conferred an Officer of the Order of the Niger in recognition of his service to the country. He was subsequently appointed as the Nigerian High Commissioner to Zimbabwe. Col. Bello attended the Nigerian Military Training College (1962) and the Royal Military Academy, Sandhurst, England (1965). He joined the Board in March 2001.

- ***Ferdinand Moolman (Chief Executive Officer) (South African)***

  Mr. Moolman was appointed to the Board in July 2014 and has been MTN Nigeria's Chief Executive Officer since December 2015. He has served in various executive roles within the MTN Group, including as Chief Financial Officer of MTN Nigeria and Chief Operating Officer of MTN Irancell until 2014, where he was responsible for overseeing the Network Group, Information Systems (IS), Capital Programme Group (CPG) and Consumer Relations (CR) functions. Earlier in his career, Mr. Moolman was a senior manager at PricewaterhouseCoopers, an internal audit manager at Momentum Life and an assistant auditor at the office of the Auditor General, South Africa. Mr. Moolman holds a Bachelor's degree in Commerce from the University of Pretoria (1987), a Bachelor's degree in Accounting Science and a diploma in Accounting Theory from the University of South Africa (1990). He is a certified member of the South African Institute of Chartered Accountants.

- ***Robert Shuter (British)***

Mr. Shuter has been Chief Executive Officer, Group President and Executive Director of the MTN Group since March 2017. He has served in a number of senior positions with leading telecommunications and financial services companies, including as chief executive officer of Vodafone Libertel B.V., Chief Executive Officer of Netherlands and Europe Cluster at Vodafone Group PLC, Chief Financial Officer and Executive Director of Vodacom Group (Pty) Ltd. and Director of Group Strategy and Corporate Affairs of Nedbank Group Limited. Mr. Shuter served as a non-executive director of Imperial Bank Limited and IBL Asset Finance and Services Limited. Mr. Shuter is a qualified accountant and holds a Bachelor's degree in Accounting from the University of Cape Town (1988). He joined the Board in April 2017 .

- ***Ralph Mupita (South African)***

Mr. Mupita has been Group Chief Financial Officer and Executive Director of the MTN Group since April 2017. He is a former Chief Executive Officer of Old Mutual Emerging Markets (2012 to 2017) and has extensive experience in financial services operations in Africa, Asia and Latin America markets. Mr. Mupita currently serves on the board of several of MTN Group's Subsidiaries and is an independent non-executive director of Rand Merchant Investment Holdings Limited and Rand Merchant Bank Holdings Limited. He previously served on the boards of various Old Mutual entities and joint ventures, as well as industry bodies such as Business Leadership South Africa, Association of Savings and Investments South Africa and UCT Graduate School of Business. Mr. Mupita holds a Bachelor's Degree in Engineering (Hons) and Masters in Business Administration, both from the University of Cape Town (1996 and 2000, respectively). He is an alumnus of executive programs at London Business School, INSEAD and Harvard Business School (2007). He joined the Board in April 2017.

- ***Paul Norman (South African)***

Mr. Norman has been Group Chief Human Resources and Corporate Affairs Officer of the MTN Group since 1997. He has more than 20 years of experience in the field of human resources, with extensive experience in the transport and telecommunications industries. Mr. Norman serves as Trustee of Chartered Accountants Medical Aid Fund (CAMAF)) and has been awarded several accolades for his service, including HR Practitioner of the Year in 2003 by the Institute for People Management. Mr. Norman holds a Master's degree in psychology from Rhodes University, South Africa and an Executive Masters in Business Administration degree in Business Administration and Management from the IMD Business School, Switzerland. He is a registered psychologist and has completed various executive development programmes at Wits Business School and IMD in Switzerland (2013). He initially served on the Board of MTN Nigeria from May 2005 to April 2015. He was re-appointed to the Board of the Company in February 2016.

- ***Karl Olutokun Toriola***

Mr. Toriola served as Chief Executive Officer of MTN Cameroon from December 2011 to March 2015. Prior to joining MTN Group, Mr. Toriola was the chief operations and regional officer for Vmobile Nigeria (now Airtel Nigeria) from April 2004 to July 2006. In this role, he was responsible for operations which included network rollout, network planning and optimisation, maintenance, site acquisition and property development. Mr. Toriola holds a Bachelor's degree in Electronic and Electrical Engineering from the University of Ife, Ile-Ife in 1994 and a Master's degree in Communication Systems from the University of Wales, Swansea (1996). He is an alumnus of the London Business School (2009), the Harvard Business School (2008), and the Institute of Management Development in Switzerland (2006). He joined the Board in January 2016.

- ***Mallam Ahmed Dasuki***

Mr. Dasuki has been a member of the Board of Directors since March 2001. He is the founder of Quaditect Consultants. He is also the Chairman of Drill Masters Africa, the largest indigenous exploration drilling company in Ghana, the Chairman and Chief Executive Officer of XEX Limited Nigeria and the Chairman of Interglobal Limited, a leading IT company in Nigeria. He serves as a Director at Phillips Project Centre Ltd. and was previously a member of the board of directors of Stanbic IBTC Bank PLC. Mr. Dasuki holds a Bachelor's degree and a Master's degree in Architecture from Ahmadu Bello University Zaria (1981).

- ***Babatunde Folawiyo***

  Mr. Folawiyo is the Chairman and Chief Executive Officer of the Yinka Folawiyo Group (2006 to present), a conglomerate with interests in energy, agriculture, shipping and real estate. He is the Chairman of Yinka Folawiyo Power Limited (2006 to present). Mr. Folawiyo also serves as the Chairman of Coronation Merchant Bank; Temple Management Company; T1 Marine Services Limited and was a director at Abacan Resource Corporation. Previously, Mr. Folawiyo served as a non-Executive Director at Access Bank PLC (2006 to 2014) and Ecobank Mali (2000 to 2005). Mr. Folawiyo holds a Bachelor's degree in Economics from the London School of Economics (1984) as well as LL.B. and LL.M. degrees from the University College London (1985). He is a Barrister of the Inner Temple of England and Wales and is admitted to the Nigerian Bar (1986). He joined the Board in March 2001.

- ***Victor Odili, CON***

  Chief Odili has been a member of the Board of Directors since March 2001. He is currently the Chairman of Aeromaritime Group of companies, a group that specialises in the shipping, stevedoring and oil and gas sectors across Nigeria, and sits on the boards of several companies in including Baco Line, Germany. He holds a Bachelor of Science degree in Economics from the London School of Economics and Political Science (1970).

- ***Gbenga Oyebode, MFR***

  Mr. Oyebode is a founding partner of Aluko & Oyebode, a leading law firm in Nigeria. He is also the chairman of CFAO Nigeria PLC, Teach for Nigeria and a director at Nestle Nigeria PLC, Socfinaf SA, Crusader Nigeria PLC, Teach for All and African Philanthropy Forum. Mr. Oyebode is a member of the Global Advisory Council of the Africa Leadership Academy and sits on the Africa Advisory Committee of the Johannesburg Stock Exchange. He was previously chairman of Okomu Oil Palm PLC, CFAO Nigeria PLC and a non-Executive Director and former Chairman of Access Bank Plc. Mr. Oyebode holds a Master's degree in Law (LL.M.) from the University of Pennsylvania (1982) and is a Barrister and Solicitor of the Supreme Court of Nigeria and an Attorney-at-law of the Supreme Court of New York State. He is a Fellow of the Chartered Institute of Arbitrators (UK) and the Nigerian Leadership Initiative. He joined the Board of MTN Nigeria in March 2001.

- ***Rhidwaan Gasant (Independent) (South African)***

  Mr. Gasant is a director of Rapid African Energy Holdings, a start-up oil and gas exploration company focused on Africa. Prior to that, he was the Managing Director and Chief Executive Officer of Energy Africa Limited, an oil and gas exploration and production group. Mr. Gasant also served as Finance Director of Engen Limited. He currently serves on the boards of a number of companies within the MTN Group, as well as on the board of AngloGold Ashanti Limited and Edcon Limited. Mr. Gasant is a chartered accountant in South Africa and a chartered management accountant in the United Kingdom. He completed the Executive Development Program at the University of the Witwatersrand in 1980. He was appointed to the Board of MTN Nigeria in April 2015.

- ***Jens Schulte-Bockum (German)***

  Mr. Schulte-Bockum has extensive experience in the consumer business, as well as the area of large scale transformation in a convergent operation. He held various executive roles at Vodafone, including Chief Executive Officer of Vodafone GmbH, Germany, Chief Executive Officer of Netherlands at Vodafone Libertel BV and Chief Operating Officer of Vodafone Germany. Before joining Vodafone, Mr. Schulte-Bockum was a partner at McKinsey & Company and served as the office manager of its Hamburg office. He is a member of the advisory board of Delta Comfort BV, a regional Dutch cable and multi-utility provider held by EQT Partners, a Trustee of the Bankinter Foundation of Innovation, Madrid, and a member of the advisory board to the School of Business and Economics at Maastricht University, The Netherlands. Mr. Schulte-Bockum holds a Master's degree in Economics from The University of Chicago (1993), a Diplom-Volkswirt in Economics from Christian Albrechts Universität Kiel (1992) and studied Liberal Arts at Emory University (1987). He was appointed to the Board of MTN Nigeria in April 2017.

- ***Ernest Ndukwe, OFR (Independent)***

  Dr. Ndukwe is the Chairman of Openmedia Group as well as a part-time Faculty at the Lagos Business School, where he heads the Centre for Infrastructure Policy, Regulation and Advancement. He is a Fellow of the Nigerian Society of Engineers; Nigerian Institute of Management and Nigerian Academy of Engineers. Dr. Ndukwe serves on several boards including Access Bank Plc and Systemspecs Limited, and served as Executive Vice Chairman and Chief Executive Officer of the Nigerian Communications Commission (2000 to 2010). He obtained a Bachelor of Science (B.Sc) degree in Electronic/Electrical Engineering from Obafemi Awolowo University, Ile Ife in 1975; Certificate in Satellite Communication (1975) and an Advanced Certificate in Satellite Communication (1977) from Harris Corporation Training School, Melbourne, Florida; Chief Executive Programme (CEP) at Lagos Business School (1994). He began his professional career with Radio Communications Nigeria (RCN) Limited in 1976 where he rose to the position of a maintenance supervisor in 1978 and later assistant engineering manager in 1979. He later joined GEC Telecommunications as Engineering Manager in 1980 and quickly rose to become the Commercial Director of the company in 1988 and Managing Director in 1989. He subsequently served as President of the Association of Telecommunications Companies of Nigeria (ATCON). Dr. Ndukwe has received various awards from several local and global organisations including the International Telecommunications Union (ITU) for his contributions to the communications industry. He joined the Board in June 2018.

  Currently, Robert Shuter, Ralph Mupita, Jens Schulte-Bockum, Ferdinand Moolman, Paul Norman and Karl Olutokun Toriola serve as representatives of MTN Group on the Board of Directors.

13 PROFILE OF MANAGEMENT AND KEY STAFF OF MTN NIGERIA

All members of the Company's senior management team and management team have substantial breadth and depth of experience in various areas including stakeholder management, internal consulting, corporate financial management, analytics and digital. Together, they have a combined experience of over 180 years, with 82 years within MTN Group.

SENIOR MANAGEMENT

In addition to its Chief Executive Officer, Ferdi Moolman, MTN Nigeria is supported by the following senior management team. The senior management team reports directly to the Chief Executive Officer:

- ***Mazen Mroue (Chief Operating Officer)***

  Mr. Mroue was appointed Chief Operating Officer of MTN Nigeria effective August 2018. He joined MTN Ghana in 1998 as Business Support Manager and rose to the position of IT Director and subsequently Chief Information Officer & Head of Enterprise Business. Mr. Mroue was appointed CEO of MTN Liberia in 2011 and CEO of MTN Uganda from 2012 to 2014. He served as COO MTN Irancell from July 2014 to July 2018 and also served concurrently as a Non-Executive Director of MTN Cyprus from 2015 to July 2018. He began his career in 1996 as a Systems Engineer with Network Computer Systems Lebanon. In 1996 Mr. Mroue obtained a Master's Degree in Engineering, Intellectual Systems and Networks from the National Aviation University, and is certified in Leadership Development and Finance from Harvard Business School and INSEAD respectively. In September 2018, Mr. Mroue was appointed as a member of the board of the MTN Nigeria Foundation Limited by Guarantee.

- ***Adekunle Awobodu (Chief Financial Officer)***

  Mr. Awobodu has been Chief Finance Officer of MTN Nigeria since June 2016. He joined the Company in 2002 as Network Asset Controller in the Finance Division and rose to the position of SM Financial Reporting in 2004. He moved to MTN Irancell in 2006 as GM Financial Operations and later became the CFO in 2009. He began his career in 1994 with P&G Nigeria and held various positions including Group Manager (Financial Analysis & Treasury). Mr. Awobodu holds a Bachelor's degree in Finance and Banking from the University of Lagos and a Master's degree in Finance from the University of Leicester obtained in 2011. In addition, he holds several professional certifications including ACCA UK, Certified Internal Auditor (US), Certified Management Accountant (US), Chartered Institute of Bankers (Nigeria), amongst others.

- ***Uto Ukpanah (Company Secretary)***

  Ms. Ukpanah was appointed as Company Secretary for MTN Nigeria in July 2005. Prior to that, she was Assistant Company Secretary for United Bank for Africa Plc, a company she worked for from 1998 to June 2005. She was a Senior Associate at Paul Usoro & Co, a law firm in Nigeria, from1997 to 1998. She is a Fellow and Member of the Council of the Chartered Institute of Secretaries and Administrators of Nigeria (2014 to date). Ms. Ukpanah served as a member of the Committee that drafted the Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011. She was a member of the Technical Committee on the Nigerian Code of Corporate Governance set up by the Financial Reporting Council of Nigeria (2018). In 1989 Ms. Ukpanah obtained a Bachelor of Laws degree from the University of Cross River State (now University of Uyo) and was called to the Nigerian Bar in 1990.

- ***Tobechukwu Okigbo (Corporate Relations Executive)***

  Mr. Okigbo was appointed as Corporate Relations Executive for MTN Nigeria in 2017. Previously, he was the Chief Corporate Services Officer for Smile Communications (2015 to 2017). Prior to that he was GM of Government and Environmental Affairs of Airtel Nigeria (2010 to 2014). He also held various leadership positions from 2003 to 2010 at Zain and worked with North Negotiation & Conflict Management Group as a certified dispute resolution professional. Mr. Okigbo obtained an LLB from the University of Maiduguri in 1989 and was admitted to the Nigerian Bar in 1990.

- ***Esther Akinnukawe (Human Resources Executive)***

  Ms. Akinnukawe was appointed Human Resources Executive in December 2017. She joined MTN Nigeria in 2012 as General Manager Business Partnering and Services. Prior to that, she was the Head of HR Services at First City Monument Bank Plc from 2010 to 2012, a Lecturer at Lagos Business School (Pan African University) (2003 to 2009) and Head of Human Capital Management at Trust Bank for Africa from 2001 to 2003. She began her career in 1993 with Andersen Consulting (now Accenture). Ms. Akinnukawe obtained a B.Sc in International Relations from Obafemi Awolowo University, Ile-Ife, Osun State in 1991.

- ***Cyril Ilok (Risk and Compliance Executive)***

  Mr. Ilok was appointed as Executive, Risk and Compliance on 3 December 2018. Prior to that, he was General Manager, Business Risk Management from 2014 to November 2018. He joined MTN Nigeria in 2002 as Senior Internal Auditor and rose through the ranks to the position of Senior Manager, Process Audit (2007 to 2013) and Senior Manager, Enterprise Risk Management at MTN Nigeria (2013 to 2014). Prior to joining MTN Nigeria in 2001, Mr. Ilok worked with Standard Trust Bank Ltd (now UBA Plc) between 1999 and October 2002, where he served as Regional Manager, Internal Control for the Western Region. Mr. Ilok obtained a B.Sc in Accounting from the University of Calabar in 1992 and an MBA from University of Benin in 2002. Mr. Ilok is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Taxation of Nigeria (CITN). He is also a Certified Member of the Institute of Risk Management (UK), a Certified Compliance Officer (GAFM) (USA) and a Certified Ethics Officer of the Ethics Institute, South Africa.

MANAGEMENT

MTN Nigeria is supported by the following management team who report to the Chief Operating Officer.

- ***Olubayo Adekanmbi (Executive, Transformation Office)***

  Mr. Adekanmbi was appointed as Executive, Transformation for MTN Nigeria in January 2017. He joined MTN Nigeria in April 2011 as Senior Manager Customer Insight & Information Management. He also served the Company as the General Manager, Business Intelligence and Chief Marketing Officer, MTN Nigeria (2014 to 2016). Prior to joining MTN Nigeria, he was the Global Marketing Strategist with the MTN Group. He began his career in 1999 as a DNA/Biomolecular Research Statistician and Perl Programmer at Union Beverages. He is a Chartered Marketer of South Africa (CMSA). In 2013 Mr. Adekanmbi obtained an MBA from the University of Reading in the United Kingdom.

- ***Adekunle Adebiyi (Sales and Distribution Executive)***

  Mr. Adebiyi was appointed Sales and Distribution Executive for MTN Nigeria in March 2018. He joined MTN Nigeria in 2012 as General Manager Sales in the Sales & Distribution Division. Since then, he has served as the GM, Regional Operations, Northern Region and GM, Enterprise Sales in the Enterprise Business Unit. Prior to his career with MTN, he was the Sales Director Visafone Communications Limited (2007 to 2012) and Head of Commercial in Econet Wireless up until 2007. He started his career at Pfizer Products Plc from 1993 to 2001. In 1991 Mr. Adebiyi obtained a bachelor’s degree in agriculture from Obafemi Awolowo, Ile-Ife.

- ***Mohammed Rufai (Chief Technical Officer)***

  Mr. Rufai was appointed Chief Technical Officer of MTN Nigeria in April 2019. He has over 18 years' professional experience in Information and Communication Technology, of which 12 years were at senior management roles in MTN Group including network planning, services and operations. He joined MTN Nigeria in 2002 as a RF/BTS Support Engineer where he was responsible for operating and maintaining all transmission (PDH and SDH) and BTS (Ericsson and RBS and Huawei BTS) equipment in the Kano region. He progressed through several career roles over an 18-year period rising to become General Manager Technology, South East Africa and Ghana (SEAGHA) with MTN Group in 2018. Mr. Rufai obtained a B.Sc (Hons) Degree in Computer Science from Abubakar Tafawa Balewa University and has undertaken several leadership development programmes from institutions including DUKE CE, Cranfield University, UK and the Lagos Business School. In 2017 and 2018 he was adjudged CTO of the Year at the Ghana IT and Telecoms awards.

- ***Srinivas Rao (Chief Digital Officer)***

  Mr. Rao was appointed Chief Digital Officer of MTN Nigeria in April 2019 and has over 20 years' experience in Information Technology, 17 years of which have been in the Telecoms Sector. He has served as the Chief Information Officer (ITS Division) and Innovation & Development Director with MTN Irancell and also as General Manager, Infrastructure Operations, MTN Ghana. Mr. Rao graduated from Delhi University, Delhi, India with B. Com (H) Degree in Commerce in 1999 and also obtained a Diploma from the National Institute of Information Technology (NIIT), Delhi, India. In 2013 he obtained an ACCA Advanced Diploma in Accounting and Business. He is a certified Project Manager, Oracle Certified Professional, Microsoft Certified Engineer and also a Cisco Certified Network Associate.

- ***Lynda Saint-Nwafor (Chief Enterprise Business Officer)***

  Ms. Saint-Nwafor was appointed Chief Enterprise Business Officer of MTN Nigeria in June 2016. Prior to that, she was the Chief Technical Officer from December 2011 to May 2016. She joined MTN Nigeria in 2002 as Systems Planning Engineer in Networks Division. Prior to her career with MTN Nigeria, in 2001, she was Head of Department Engineering, Development & Project Management at EMIS Telecoms Nigeria. She also worked at Data Sciences, UNDP as Systems Engineer 1994 to 1997. She began her career in 1994 as a Trainee System Analyst with DATA Sciences Nigeria Limited. In 1996 Ms. Saint-Nwafor obtained a bachelor of engineering degree from Enugu State University.

- ***Rahul De (Chief Marketing Officer)***

  Mr. De was appointed Chief Marketing Executive for MTN Nigeria in August 2015. Before this appointment, he was the CMO MTN Ghana from June 2011 to July 2015. Prior to his MTN Nigeria career, he was the Marketing Head at Reliance Communications in India from March 2010 to 2011. Prior to that he held leadership positions in India such as Head Retail at Airtel Limited from November 2008 to March 2010, Head Prepaid & Retail Marketing at MAXIS Communications Berhad, 2006 to 2008 and Head Marketing at Airtel Limited from September 2004 to September 2006. He began his career with Berger Paints Limited India as an Area Sales Manager in July 1996. In 1996 Mr. De obtained a Masters Degree in international business from the Symbiosis Institute of Foreign Trade in India.

- ***Randy Bikraj (Chief Information Officer)***

  Mr. Bikraj was appointed Chief Information Officer in MTN Nigeria in February 2016. Prior to that, he was the CIO of MTN IT Shared Services from July 2011 to January 2016 and CIO MTN Irancell from July 2008 to July 2011. Before then, he served as GM IS Services and GM IS Infrastructure MTN Nigeria from April 2002 to July 2008. Prior to his MTN career, he worked at Telkom Ltd SA as Systems Manager and Specialist. He began his career at AUTOS British Technician in 1988. In 1997 Mr. Bikraj obtained a national diploma in datametrics from University of South Africa.

- ***Ugonwa Nwoye (Customer Services Executive)***

  Ms. Nwoye was appointed Customer Services Executive of MTN Nigeria in February 2014. She joined MTN Nigeria as Product & Services Manager in 2003 and rose to the level of General Manager Products & Services MTN Nigeria in 2008. Prior to that, she worked at Bain & Company Inc. SA as a Strategy Consultant. Ms. Nwoye also worked at Harvard Kennedy School of Government in the United States as Researcher and Associate at Mercer Management Consulting in San Francisco, California in the summers of 2000 and 2001 respectively. In her early career, she worked as a Senior Field Engineer at Schlumberger (Gabon, Nigeria & Indonesia) from 1995 to 1999. Ms. Nwoye has a Bachelor of Engineering Degree from the University of Nigeria, and a Masters in Business Administration from Harvard Business School.

- ***Kolawole Oyeyemi (General Manager, Customer Experience)***

  Mr. Oyeyemi was appointed General Manager Customer Experience MTN Nigeria in September 2017. Prior to that, he was the GM Business Development in the Sales & Distribution division from November 2014 to 2017 and GM Consumer Marketing in the Marketing function from 2007 to 2014. He joined MTN Nigeria in March 2002 as Brand Manager Business Market, Marketing Division. Prior to his career with MTN, he worked at Cadbury Nigeria Plc from 1996 to 2000 and Sunrise Marketing Communications Ltd from 1992 to 1996. He began his career at The Quadrant Company as a Media Relations Executive in 1991. In 1989 Mr. Oyeyemi obtained a bachelor’s degree in English Studies from Obafemi Awolowo University, Ile-Ife.

- ***Usoro Usoro (General Manager, Fintech)***

  Mr. Usoro joined MTN Nigeria as General Manager, Mobile Money in October 2011. Prior to his MTN career, he was the Head, Cards at Stanbic IBTC Bank Plc from 2010 to 2011. Before this time, he held leadership roles in banks in Nigeria such as Bank PHB Plc, United Bank for Africa Plc, Standard Trust Bank Plc, Diamond Bank Plc. He began his career in 1998 as a Support Engineer with PRAGMATIC Solutions & Engineering Ltd. In 1999 Mr. Usoro obtained a BSC in Computer Science from the University of Uyo.

14 RISKS APPLICABLE TO MTN NIGERIA AND ITS BUSINESS

The risk factors described below are not an exhaustive list or explanation of all risks which may impact the Company's financial condition and future prospects and should be used as guidance only. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties relating to MTN Nigeria that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects and, if any such risk should occur, shareholders could lose all or part of their investment. The risk factors described below are not ordered by reference to materiality or importance to MTN Nigeria's business, financial condition, results of operations and prospects.

The information contained in this Listing Memorandum is based on current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of shareholders' investments in the Company.

RISKS RELATING TO MTN NIGERIA'S BUSINESS OPERATIONS

If MTN Nigeria does not continue to provide products or services that are technologically current and otherwise useful and attractive to its customers, the Company may not remain competitive and its business, financial condition, results of operations and prospects may be adversely affected.

MTN Nigeria's commercial success depends on its ability to provide services such as mobile voice, data access and digital services to its customers at a competitive cost. Many of the services offered by the Company are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. The telecommunications industry is characterised by an increasing pace of technological change and advancement in existing mobile systems and industry standards combined with ongoing improvements in the capacity and quality of technology to cater to changing customer needs. As new technologies develop, the Company's equipment may need to be replaced or upgraded, the Company may need to acquire additional licences, increase its equipment capacity and/or its networks may need to be rebuilt in whole or in part, or significantly upgraded, in order to sustain the quality of MTN Nigeria's networks and competitive position as a market leader. While the Company seeks to upgrade its existing wireless infrastructure (such as by upgrading its second-generation wireless networks ("2G") to third and fourth generation wireless networks ("3G" and "4G" or "4G LTE", respectively)) and fibre network to provide fixed wireless services, to respond successfully to technological advances and ensure that the quality of the Company's networks is sustained, the Company may require substantial capital expenditures and access to related or enabling technologies in order to integrate the new technology with its existing technology. If the Company is unable to anticipate customer preferences or industry or technological changes, or if it is unable to modify its service offerings on a timely and cost-effective basis, the Company may lose customers.

As convergence of services accelerates, the Company has, and will have, to continue to make substantial additional investments in new technologies to remain competitive and changes in technology and services as well as regulations and policies governing the use and operation of such technology, may also lead the Company to competing with new competitors including both emerging players as well as established technology companies entering the telecommunications sector (see "*The Company may face increased competition from established telecommunications operations and non-traditional OTT telecommunications players*"). MTN Nigeria's operating results will also be negatively impacted if its new products and services are not responsive to the needs of its customers, are not appropriately timed with market opportunities, are not effectively brought to market or are not priced competitively. The new technologies MTN Nigeria chooses may not prove to be commercially successful or profitable. MTN Nigeria's revenue stream mix directly impacts its operating margins, so if it is not able to offer compelling products and services across its segments, its business, financial condition, results of operations and prospects could be materially adversely affected.

The Company cannot assume that existing, proposed or undeveloped technologies will not become dormant in the future and render the technologies used by it useless, commercially unviable or non-profitable or that MTN Nigeria will be successful in responding in a timely and cost-effective way to keep up with new developments. As telecommunications technology continues to develop, MTN Nigeria's competitors may be able to offer telecommunications products and services that are, or that are perceived to be, substantially similar to or better than those offered by the Company. This could have a material adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects. If the Company is not successful in anticipating and responding to technological change and resulting consumer preferences in a timely and cost-effective manner, its quality of services, business, financial condition, results of operations and prospects could be materially adversely affected.

A failure in the operations of the Company's networks, gateways to the Company's networks or the networks of other operators could adversely affect the business of the Company, financial condition, results of operations and prospects.

MTN Nigeria depends, to a significant degree, on the uninterrupted operation of the Company's networks to provide services to its customers. From time to time, customers have experienced blocked or dropped calls or slow data speeds because of network capacity constraints. MTN Nigeria may not be able to improve or maintain these relevant networks at current levels, particularly if the Company's traffic volume grows significantly beyond its capacity. For example, growth in data services and consequently data revenue has at times been constrained in Nigeria as a result of slow data speeds resulting from increasing subscriber use, amongst other factors. Additionally, spectrum capacity may not become available, which may result in an increase to MTN Nigeria's capital expenditure in order to densify networks ahead of customer demand. In particular, since the Nigerian market is predominantly a pre-paid market with only a very small proportion of fixed-term contracts, network outages or other issues can have a particularly significant impact as customers may choose an alternative service provider, and MTN Nigeria may need to engage in costly marketing activities to attract, retain or re-acquire customers. This risk is exacerbated in Nigeria because users can now easily switch ('port') to alternative service providers and undertake registration with such alternative service providers. Furthermore, a large number of subscribers have dual SIM devices that enable them to use multiple service providers at the same time, without difficulty. According to the NBS, in the 2nd quarter of 2018, the total number of porting activities i.e. cumulative port-in and port-out amongst MTN Nigeria, Globalcom, Airtel and EMTS was 38,035 with a cumulative of 18,216 port-ins and 19,819 port-outs across the above-mentioned networks. According to the NCC, MTN Nigeria had a total of 1,494 numbers ported into its network and 1,072 numbers ported out, in January 2019.

The Company also relies, to a certain extent, on interconnection with the networks of other telecommunications operators and carriers to transmit calls from its customers to the customers of fixed-line operators and other mobile operators, both within Nigeria and internationally. While the Company has interconnection and international roaming agreements in place with a number of other telecommunications operators, it has no direct control over the quality of these networks and the interconnections and international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Company on a consistent basis, could result in a loss of subscribers or a decrease in traffic, which could materially adversely affect the business of the Company, its financial condition, results of operations and prospects.

Additionally, in December 2014, MTN Nigeria transferred a significant portion of its tower portfolio to a company owned by MTN Group and IHS. Any difficulties or breakdown in the commercial relationship with IHS or the other tower companies with which the Company has relationships or the failure of IHS or other tower companies to provide reliable services to MTN Nigeria on a consistent basis could materially adversely affect MTN Nigeria's business, its financial condition, results of operations and prospects. See also *"Termination of relationships with key suppliers could adversely affect the Company's business, financial condition, results of operations and prospects."*

MTN Nigeria's network, including its information systems, information technology and infrastructure, and the networks of other operators with whom its customers interconnect, are vulnerable to damage or interruptions in operation from a variety of sources including earthquakes, fires, floods, power loss, equipment failure, network software flaws, transmission cable disruption or other similar events (see "*Nigeria experiences electricity shortages and power outages*"). Any interruption in the operations of the Company or the provision of any service, including for a short period of time, whether from operational disruption, natural disaster or otherwise, could damage the Company's ability to attract and retain customers, cause significant customer dissatisfaction and have a material adverse effect on the Company's brand, business, financial condition, results of operations and prospects.

MTN Nigeria may face increased competition from established telecommunications operations and non-traditional OTT telecommunications players.

The Company operates in an increasingly competitive environment in relation to established telecommunications operators, particularly around pricing, which may adversely affect its revenue and margins. The Company's traditional competitors generally fall into two broad categories: (i) international diversified telecommunications companies; and (ii) local and regional telecommunications companies. Some of the Company's competitors may have greater personnel, technical, marketing and other resources. Additionally, violations by competitor carriers and network operators of existing rules and regulations could, if undetected, give them an unfair competitive advantage and result in a significant loss of revenue for MTN Nigeria. Increasing competition in the Nigerian telecommunications market has also led to the decline in the prices for MTN Nigeria's services, particularly as network providers who have been classified as new entrants or with less than 7.5% of the market share are authorised to offer retail voice services below the minimum price set for voice services. Increased competition may lead to increased customer churn, a reduction in the rate at which the Company is able to add new customers, a decline in customer numbers and a decrease in the Company's market share as customers purchase telecommunications services, or other competing services, from other providers and/or increasingly switch between providers based on pricing and/or the products and services that are offered. There can be no assurance that MTN Nigeria will not experience increases in churn rates, reflecting increased numbers of customer deactivations and inactivity, particularly as competition for existing customers intensifies. An increase in churn rates may result in lower revenue and may consequently have a material adverse effect on the Company's business, its financial condition, results of operations and prospects.

The continuing trend toward business combinations, consolidation and strategic alliances in the telecommunications and media industries may create increased competition, including from non-conventional and OTT players (internet-based alternatives to traditional telephony services) such as social networking sites, voice, video and messaging applications, and video-on-demand services. As MTN Nigeria continues to offer financial services to its customers, it may also face competition from traditional consumer finance business as well as from non-traditional fintech services providers. Additionally, although new laws and regulatory initiatives may provide MTN Nigeria with increased business opportunities by removing or substantially reducing certain barriers to business opportunities, they also create a more competitive business environment and may encourage new entrants, which could adversely affect MTN Nigeria's key performance indicators.

MTN Nigeria's voice service offerings may be impacted by changes to the industry over time.

While there was increased demand for the Company's voice service offerings in the year ended 31 December 2018, and voice revenue may continue to grow for the Company in the future, demand for traditional voice services is generally in decline across the telecommunications industry, due to increased use of OTT and other data-based voice services. At the same time, there is an upward demand for data services. As a percentage of total revenue, revenue from voice made up 74% and 75% of MTN Nigeria's revenue in the years ended 31 December 2017 and 2018 respectively, compared to 77% and 78% of revenue in the years ended 31 December 2016 and 31 December 2015, respectively, primarily due to the increasing use of OTT and other digital services by MTN Nigeria's customers.

Revenue contribution from data services for the years ended 31 December 2017 and 2018 was 12% and 15%, respectively. Additionally, any decline in demand for voice services across the industry may also lower the revenues MTN Nigeria generates from interconnect services. Any further decline in demand for traditional voice services could have a material adverse effect on the Company's business, financial condition, results of operations, prospects and revenue stream mix.

Any decline in demand for or revenue from data services or digital services could harm the Company's business.

In recent years, there has been an increase in demand for data and digital services, driven primarily by rising smartphone and tablet penetration and usage, usage of video and other multimedia services, as well as improvements in mobile network capability across Nigeria. Although the Company has identified data revenue as one of the most important drivers for future profit growth and is investing in and upgrading its infrastructure and consumer offerings in response to this trend, there can be no assurance that demand for data will continue to grow at its current pace or at all, for different reasons such as weakening sales of smartphones, delayed 3G and/or 4G coverage expansion, adoption of the USIM standard or shift to higher fixed broadband penetration from current low levels, among other things.

There can also be no assurance that demand for MTN Nigeria's digital service offerings will continue at current rates or increase in the future. In November 2017, the NCC issued the proposed Value Added Services Aggregator Framework, under which network operators will be obliged to provide connectivity and access to their customers for the licenced aggregators. The said framework was amended by a March 2018 Value Added Services and Aggregator Framework circular issued by the NCC (the "**Amended Framework**"). The implementation of the Amended Framework may negatively impact the revenue which the Company generates from its digital service offerings or the profitability of those offerings.

Any increase in the revenue generated from data and digital services may not be sufficient to offset the substantial capital expenditures required to upgrade MTN Nigeria's networks to handle increased data traffic as well as any decline in voice services revenue, which could result in lower margins for the Company and thereby have an adverse effect on the Company's business, financial condition, results of operations and prospects.

MTN Nigeria is exposed to certain risks in respect of the development, expansion and maintenance of its telecommunications networks.

MTN Nigeria's ability to increase its subscriber base and revenue depends in part upon the success of the expansion and management of its telecommunications networks, including in respect of the Company's rollout of 4G LTE services nationwide. The expansion of MTN Nigeria's networks is subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of network construction. Network expansion and infrastructure projects, including those in the Company's development pipeline, typically require substantial capital expenditure throughout the planning and construction phases and it may take months or years before the Company can obtain the necessary permits and approvals and any new sites become operational. During the planning and expansion process, MTN Nigeria is subject to a number of construction, financing, operating, regulatory and other risks, some of which are beyond the Company's control, including without limitation:

- shortages or unavailability of materials, equipment and skilled and unskilled labour;
- access to foreign currencies for financing activities;
- increases in capital and/or operating costs, including as a result of foreign exchange rate movements;
- changes in demand for the Company's services;
- labour disputes and disputes with contractors and sub-contractors;
- inadequate engineering, project management, capacity or infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- electricity and power interruptions due to electricity load-shedding and/or blackouts, and energy shortages;
- difficulties in obtaining and/or meeting project development permission or requisite governmental licences, permits or approvals;
- governmental interception of subscriber calls or other usage of the Company's networks;
- adverse weather conditions and natural disasters;
- environmental regulations, including the need to perform feasibility studies and conduct remedial activities;
- political, social and economic conditions, including terrorist incidents;
- fraud, accidents or theft and malfeasance;
- difficulties or delays in site acquisition, which is generally outsourced to third parties; and
- changes in tax law, rules, regulations, governmental priorities and regulatory regimes.

The occurrence of any of these events may have a material adverse effect on the Company's ability to complete its current or future network expansion projects on schedule or within budget, if at all, and may prevent it from achieving its projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the Company will be able to generate revenues or profits from its expansion projects that meet its planned targets and objectives, or that such revenues will be sufficient to cover the associated construction and development costs, either of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company is, and may in the future be, involved in disputes and litigation, the ultimate outcome of which is uncertain.

MTN Nigeria is subject to numerous risks relating to legal and regulatory proceedings to which it is currently a party or which could develop in the future. The Company's involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are unpredictable and legal or regulatory proceedings in which MTN Nigeria is or may become involved (or settlements thereof) may have a material adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects. For a description of current litigation and disputes, see "*Claims and litigation*" (Statutory and General Information).

In addition, MTN Nigeria has in the past faced litigation and has recently been subject to a number of petitions, complaints and threats of class-action and other lawsuits by competitors, suppliers and subscribers, in relation to unsolicited marketing message content delivered to such subscribers. Furthermore, MTN Nigeria has recently been the subject of numerous complaints by customers in relation to a SIM swap scam carried out by phone scammers, who seek to obtain people's private information to defraud them of banking funds. If the Company is subject to any such litigation or regulatory proceedings in the future, it could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

MTN Nigeria commenced a legal action in September 2018 at the Federal High Court ("**FHC**") against the Attorney General of the Federation ("**AGF**") to challenge an allegation by the AGF that the Company has an outstanding liability by way of import duty, withholding tax and value added tax in the sums of approximately ₦242 billion and US$1.28 billion. The Company has argued that it does not owe any taxes to the Federal Government and has filed relevant processes in this regard. Although the AGF is yet to file a defense to the suit to rebut the Company's averments, it has raised the issue of the jurisdiction of the FHC to hear the matter. On March 26, 2019, the matter came up for hearing of the preliminary objection filed by the AGF on the issue of jurisdiction of the FHC. The case was subsequently adjourned to May 7, 2019 for ruling. The Company also filed a Motion for an injunction asking the FHC to restrain the AGF from over reaching itself and foisting a fait accompli on the courts by possibly freezing the Company's bank accounts or attaching any of its assets. If granted, the injunction would ensure that the current status quo is maintained until the determination of the substantive suit.

The Company was also involved in a suit against the CBN and the AGF concerning a demand by the CBN for the sum of US$8.1 billion from the Company. The said sum was alleged to have been illegally transferred from Nigeria using Certificates of Capital Importation wrongly issued by CBN Authorised Dealers. This matter has since been resolved with the CBN and the Company has been absolved of all allegations with respect to this case.

The Company may be sued by third parties for alleged infringement of their proprietary rights, which could harm its business.

MTN Nigeria may be sued by third parties for alleged infringement of their proprietary rights. MTN Nigeria's competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to MTN Nigeria. From time to time, third parties may claim that MTN Nigeria is infringing on their intellectual property rights, and the Company may be found to be infringing on such rights. In the future, third parties may claim that MTN Nigeria's intellectual property infringes or violates their intellectual property rights. The Company may, however, be unaware of the intellectual property rights that others may claim over some or all of its technology or services.

Any claims or litigation could cause the Company to incur significant expenses and, if successfully asserted against it, could require that the Company pay substantial damages or ongoing royalty payments, prevent the Company from using such intellectual property or require that the Company comply with other unfavourable terms to use or licence such intellectual property. MTN Nigeria may also be obligated to indemnify parties or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licences, modify applications or refund fees, which could be costly. Even if the Company were to prevail in such a dispute, any litigation regarding intellectual property could be costly and time-consuming and divert the attention of the Company's management and key personnel from the Company's business operations. Any of these risks could have a material adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects.

The Company's ability to grow profitably depends in part on its ability to continue to grow its business.

MTN Nigeria's ability to grow profitably will depend in part on its ability to continue to grow its business and offer its customers appealing voice, data and digital services. The success of MTN Nigeria's growth strategy depends on the ability of management to identify investment targets, to assess the value, strengths, weaknesses, contingent or other liabilities and potential profitability of such expansion. The Company's growth strategy also depends on its ability to obtain the appropriate regulatory and governmental approvals, licences, spectrum allocation and registrations, and may be limited by regulatory constraints due to antitrust and competition laws, asset control laws or political conflicts in Nigeria. See "*Current and future antitrust and competition laws may limit the Company's growth and subject the Company to antitrust and other investigations or legal proceedings*" in this *Risk Factors* section. In addition, the success of MTN Nigeria's growth will depend on, and may be limited by, its ability to finance appropriate capital expenditure and other investments, which may be limited by its overall level of indebtedness and liquidity profile, restrictions contained in the Company's existing and future financing arrangements and one-off events such as the payment of the NCC Fine. See "*Claims and litigation*" section of this Listing Memorandum.

MTN Nigeria's investment plans are influenced by its modelling of anticipated investment returns. The Company uses the results of its modelling to identify and execute potential investment strategies, such as acquisitions or greenfield network development. These models rely on certain assumptions of market fundamentals, such as macroeconomic assumptions about the market, economic growth forecasts, pricing and competition in determining a given investment's timing, cost and expected profitability for the Company. If actual market conditions deviate from the assumptions underlying these models, the Company could be required to modify, scale back or delay its expansion plans. If the Company is not able to modify its plans, this could have a material adverse effect on its business, financial condition, results of operations and prospects.

If the Company's risk management and loss limitation methods fail to adequately manage its exposure to losses, the losses the Company incurs could be materially higher than its expectations and its business, financial condition, results of operations and prospects could be materially adversely affected.

Historically, the Company has sought, and will in the future seek, to manage its exposure to losses through internal risk management procedures. These methods may not predict future exposures, which could be significantly greater than anticipated. MTN Nigeria's risk management methods depend on the evaluation of information that is publicly available or otherwise accessible to the Company and its successful implementation of risk policies. This information may not always be accurate, complete, up-to-date or properly evaluated. Any upgrades or changes to MTN Nigeria's risk management methods might not be successful. Further, insufficient resources and cost-optimisation initiatives could adversely impact MTN Nigeria's ability to implement its risk framework and manage the risks to which its business is subject. Accordingly, if the estimates and assumptions that the Company enters into its risk models are incorrect, if such models prove to be an inaccurate forecasting tool or if the Company fails to successfully implement the risk policies and framework, the losses the Company might incur could be materially higher than its expectation of losses, and its business, financial condition, results of operations and prospects could be materially adversely affected.

The Company maintains and regularly reviews internal controls over its financial reporting, risk elevation and corporate compliance. However, these internal controls have inherent limitations. They are processes that involve human diligence and compliance and may be subject to lapses in judgment and breakdowns resulting from human failures. In addition, they can be circumvented by collusion or improper management oversight. MTN Nigeria has, in the past, had issues with risk elevation and corporate compliance, and has since undertaken remedial actions to strengthen its risk elevation and corporate compliance functions, including anti-bribery and corruption and sanctions compliance. A failure to detect or correct deficiencies and weaknesses in a timely manner could have an adverse effect on the accuracy of financial reporting. A failure to adequately monitor compliance with applicable laws and regulations could have a material adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects. Although the Company has undertaken organisational changes to strengthen its compliance with laws and regulations, there can be no assurance that such changes will eliminate the risk of a failure in risk elevation and corporate compliance or prevent enforcement actions by regulators, impositions of fines, or reputational damage, among others.

The Company has implemented a series of organisational and management changes in an effort to strengthen its risk elevation and corporate compliance functions, including establishing a compliance and ethics department and undertaking a thorough compliance audit exercise with the help of external consultants. However, there can be no assurance that these measures will adequately manage MTN Nigeria's exposure to losses, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Termination of relationships with key suppliers could adversely affect the Company's business, financial condition, results of operations and prospects.

MTN Nigeria's business is dependent on third party suppliers for fibre, computers, software, transmission electronics and related components as well as providers of network co-location facilities that are integrated into the Company's network, some of which are critical to the operation of its business. Any significant disruption or other adverse event affecting MTN Nigeria's relationship with any of its major suppliers could have a material adverse effect on its business, financial condition, results of operations and prospects.

If the Company needs to replace any of its major suppliers, it may face risks and costs associated with a transfer of operations. In addition, a failure to replace any of MTN Nigeria's major suppliers in a timely manner and on commercially reasonable terms, or at all, could have a material adverse effect on its business, financial condition, results of operations and prospects. If any of these critical relationships is terminated or a material supplier fails to provide key services or equipment and the Company is unable to reach suitable alternative arrangements in a timely manner and on commercially reasonable terms, or at all, the Company may experience significant additional costs and/or may not be able to provide certain services to customers, which could, in turn, have a material adverse effect on its business, financial condition, results of operations and prospects.

Continued cooperation between the Company and its key equipment and service providers is important to maintain its telecommunications operations. Once a manufacturer of telecommunications equipment has designed and installed its equipment within MTN Nigeria's system, the Company will often be reliant on the manufacturer for continued service and supply. MTN Nigeria outsources the management and operation of much of its infrastructure to third parties. For example, in December 2014, MTN Nigeria transferred a significant portion of its tower portfolio (approximately 9,000 towers) to a company owned by MTN Group and IHS.

The Company's ability to maintain and grow its subscriber base depends in part on its ability to source adequate supplies of network equipment and on the effective management and operation of its network equipment by third parties. For example, the Company has substantial equipment purchases from, and has entered into vendor financing arrangements with, equipment suppliers. Continued cooperation with such equipment and service providers is essential in order for the Company to maintain its operations.

The Company does not have direct operational or financial control over its key equipment providers and key service providers (including the service providers with whom it has entered into sale and lease-back transactions in respect of its tower infrastructure) and has limited influence with respect to the manner in which its key equipment and service providers conduct their businesses. The Company's reliance on these equipment and service providers subjects it to risks resulting from any delays in the delivery of services. MTN Nigeria cannot assure investors and its shareholders that its key equipment and service providers will continue to provide equipment and services to it at attractive prices or that the Company will be able to obtain such equipment and services in the future from these or other providers on that scale within the time frames required, if at all. The inability or unwillingness of key equipment and service providers to provide MTN Nigeria's operations with adequate equipment and supplies on a timely basis and to manage its infrastructure in accordance with best practices, including at attractive prices, could materially adversely impact the ability of these operations to retain and attract subscribers or provide attractive product offerings, either of which could materially adversely affect MTN Nigeria's business, financial condition, results of operations and prospects.

Telecommunications businesses require substantial capital investment and the Company may not be able to obtain sufficient financing on favourable terms, or at all.

MTN Nigeria operates in a capital-intensive industry that requires a substantial amount of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks in Nigeria. MTN Nigeria's capital expenditure was ₦184.1 billion for the year ended December 31, 2018. Furthermore, the Company's capital expenditure was ₦225 billion, ₦196 billion and ₦130 billion for the years ended 31 December 2017, 2016 and 2015, respectively. In the past, MTN Nigeria financed its expenditures primarily through syndicated banking facilities and it expects to do so in the future in addition to exploring other financing options including but not limited to issuance of commercial papers. In 2016 and the first half of 2017, the Company was unable to fully meet its intended capital expenditures due to foreign currency shortages. Further currency fluctuations or the scarcity of foreign currency may result in the Company being unable to make anticipated capital expenditures in the future.

MTN Nigeria's ability to arrange external financing and the cost of such financing depend on numerous factors including its future financial condition and results of operations, general economic and capital market conditions in Nigeria and internationally, interest rates, credit availability from banks and other lenders, investor and lender confidence in the Company, applicable provisions of tax and securities laws and political and economic conditions in Nigeria. Adverse changes in these factors, such as the increase in interest rates as reflected in the increase in the Company's borrowing rate, could individually or in aggregate affect its ability to secure external financing or affect the cost of such financing.

The Company may be unable to monetise and leverage some of its licences and spectrum fully.

The NCC has granted its approval for the Company to access Visafone's 800MHz spectrum. However, there is no assurance that MTN Nigeria will be able to realise the anticipated revenues and benefits of the synergies from the acquisition. If the Company is unable to fully deliver services to its customers using the 800MHz spectrum, this could prevent it from generating the anticipated revenues and benefits of the synergies from the acquisition such as anticipated cost savings. This could result in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Additionally, MTN Nigeria has acquired spectrum licences which it expects to be utilised for future service offerings. In 2007, MTN Nigeria acquired a licence for the 3.5GHz spectrum, which it expects to be useful in offering 5G services once commercially available. However, there is no assurance the Company will be able to utilise the 3.5GHz spectrum for 5G offerings in the future due to regulatory or other restrictions. Any such restrictions could result in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company is exposed to a significant counterparty credit risk.

MTN Nigeria is a party to traffic interconnection and roaming agreements with a number of network operators in Nigeria and internationally. Interconnect revenue constituted 13%and 15% of MTN Nigeria's overall voice revenue for the years ended 31 December 2018 and 2017, respectively. A significant downturn in the business or financial condition of one or more of the operators with which the Company obtains interconnect revenue exposes it to the risk of default on contractual agreements and receivables. This risk may be increased by macro-economic conditions, which have in the past adversely affected consumer spending and consequently the businesses and financial conditions of a number of network operators in Nigeria. While efforts are being made with the assistance of the NCC to recover these amounts, there can be no assurance that MTN Nigeria will be fully successful in doing so with minimal delay or at all. In addition, a weakened financial condition of some of MTN Nigeria's competitors may deepen its "dominant" position, which in turn could trigger further regulatory oversight. Any of these events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

If the Company fails to attract and retain qualified and experienced employees, its business may be harmed.

If the Company is unable to attract and retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or if the Company fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business, financial condition, results of operations and prospects may be materially adversely affected. Experienced and capable personnel in the Nigerian telecommunications industry remain in high demand and there is continuous competition for their talents. The loss of some members of the Company's senior management team or any significant number of its mid-level managers and skilled professionals may result in a loss of organisational focus, poor execution of operations and corporate strategy or an inability to identify and execute potential strategic initiatives, such as expansion of capacity or acquisitions and investments. These adverse consequences could, individually or in the aggregate, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company has recently implemented internal controls and procedures appropriate for a publicly listed company in advance of the Listing.

In advance of the Listing and consistent with applicable Nigerian laws and regulatory requirements, the Company has taken and will continue to take steps to enhance its financial reporting and internal control environment. In preparation for the Listing, the Company has ensured that it has in place the required governance committees and the appropriate disclosure policies for a listed company, implemented policies regarding and monitoring related-party transactions and implemented relevant accounting policies with respect to acquisitions and fraud detection. MTN Nigeria's reporting procedures, practices and internal controls are not comparable to those of companies that have been listed for some time. In addition, further improvements are planned to be implemented. There can be no assurance that these will function as designed, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE TELECOMMUNICATIONS INDUSTRY

The Company could experience breaches in privacy laws and other information security requirements, which may materially adversely affect its reputation, lead to subscriber lawsuits and loss of subscribers, or hinder its ability to gain new subscribers and thereby materially adversely affect its business.

Mobile network operators are subject to stringent requirements in relation to privacy, data and customer protection laws. The Company may be adjudged to have breached any data protection or privacy laws and other information security requirements which could result in the unauthorised dissemination of information about its subscribers, including their names, addresses, home phone numbers, passport details and financial information. The breach of security of MTN Nigeria's database and illegal sale of its subscribers' personal information could materially adversely impact the Company's reputation, prompt lawsuits against the Company by individual and/or corporate subscribers, lead to adverse actions by the NCC or other regulators, lead to a loss in subscribers and hinder MTN Nigeria's ability to attract new subscribers. If severe customer data security breaches are detected, the NCC can sanction the Company, and such sanctions can include, among other sanctions, the suspension of operations for some time period. These factors, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may also be required by the Federal Government to institute processes in respect of its systems and product offerings designed to prevent terrorist attacks. MTN Nigeria's information security requirements have also increased and will continue to increase, over time as it expands the scope of its digital services and processes an increasing amount of sensitive personal information, including financial transactions. While the Company believes its information security procedures and controls are robust and effective, there can be no assurances that such procedures and controls will be followed at all times or will effectively detect and prevent breaches in privacy laws and other information security requirements.

MTN Nigeria's telecommunications licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal, any of which may result in modification or early termination. In addition, the Company's inability to obtain new licences and permits could adversely affect its business.

The terms of MTN Nigeria's licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal and, in some cases, are subject to modification or early termination or may require renewal with the NCC. Some of MTN Nigeria licences are due for renewal in the short-term, such as the 3.5GHz licence which is renewable yearly. While the Company does not expect that it or any of its subsidiaries will be required to cease operations at the end of the term of the business arrangements or licences, and while many of these licences provide for terms on which they may be renewed, there can be no assurance that these business arrangements or licences will in all cases be renewed on equivalent or satisfactory terms, or at all. Upon termination, some of its licences and assets may revert to governmental or telecommunications operators, in some cases, without adequate or any compensation being paid to MTN Nigeria.

MTN Nigeria has in the past paid significant amounts for certain telecommunications licences and the competition for these licences has historically been high. The Company anticipates that it may have to continue to pay substantial licence fees and incur substantial costs to meet specified network build-out requirements that it commits to in acquiring certain new licences. There can be no assurance that MTN Nigeria will be successful in obtaining or funding these licences or, if licences are awarded, that they can be obtained on terms acceptable to the Company. If MTN Nigeria obtains or renews further licences, it may need to seek future funding through additional borrowings or equity offerings. There can be no assurance that such funding will be obtained on satisfactory terms, or at all. Failure to obtain financing on satisfactory terms or at all may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's operations could be adversely affected by natural disasters or other events beyond its control.

MTN Nigeria's business operations, technical infrastructure (including its network infrastructure) and development projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic or otherwise disruptive events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns;
- major accidents, including chemical or other material environmental contamination;
- acts of terrorism and communal violence;
- vandalism, including in respect of the Company's fibre network or the tower sites which support its network;
- construction and repair work carried out by third parties without proper care;
- power loss or insufficient power supply;
- strikes or lock-outs or other industrial action by workers or employers; and
- medical pandemics.

The occurrence of any of these events, or a similar event, may cause disruptions to the Company's operations in part or in whole, may increase the costs associated with providing services as a result of, among other things, costs associated with remedial work, may subject the Company to liability or impact its brands and reputation and may otherwise hinder the normal operation of its business, which could materially adversely affect its business, financial condition, results of operations and prospects.

In addition, MTN Nigeria's technical infrastructure is vulnerable to damage or interruption from information and telecommunications technology failures, acts of war, terrorism, intentional wrongdoing, human error and other similar events. Unanticipated problems affecting any part of the Company's telecommunications network, such as system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of its services and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenues and could harm the Company's operations.

Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or accidental release or loss of information (including customer, personnel and vendor data) maintained in MTN Nigeria's information technology systems and networks or those of MTN Nigeria's business partners could damage its reputation, result in legal and/or regulatory action against the Company, and require it to expend significant capital and other resources to remedy any such security breach.

The effect of any of these events on the Company's business, financial condition, results of operations and prospects may be worsened to the extent that any such event involves risks for which the Company is uninsured or not fully insured, or which are not currently insurable in Nigeria on commercially reasonable terms or at all, such as acts of war and terrorism.

Failure in the Company's information and technology systems could result in interruptions in its business operations.

The Company's information and technology systems are designed to enable it use its infrastructure resources as effectively as possible and to monitor and control all aspects of its operations. Although the Company's critical systems are designed with high availability to avoid any downtime, any failure or breakdown in these systems could interrupt the normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could dramatically impact the Company's ability to offer services to its customers, which could have a material adverse effect on its business, financial condition, results of operations and prospects. For example, MTN Nigeria depends on certain technologically sophisticated management information systems and other systems, such as its customer billing system, to enable it conduct its operations.

In addition, the Company relies on third-party vendors to supply and maintain much of its information technology and operational equipment. In the event that one or more of the third-party vendors that the Company engages to provide support and upgrades with respect to components of its information technology ceases operations or becomes otherwise unable or unwilling to meet its needs, the Company cannot assure investors that it would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could materially adversely affect the Company's business, financial condition, results of operations and prospects.

Industrial action or adverse labour relations could disrupt the Company's business operations and have an adverse effect on its operating results.

Some of MTN Nigeria's employees are currently subject to collective bargaining, union or similar labour agreements. If MTN Nigeria is unable to negotiate acceptable labour agreements in the future or maintain satisfactory employee relations, the Company may experience work stoppages, strikes or other industrial action or labour difficulties (including higher labour costs), which individually or in the aggregate could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Such actions, even if they do not materialise, could cause disruptions and thus have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

RISKS RELATING TO LAWS AND REGULATIONS

Changes in relevant and applicable Nigerian laws, regulations or policies could adversely affect the Company's business, financial condition, results of operations and prospects.

The NCC is the independent regulatory authority for the telecommunications industry in Nigeria. The NCC is charged with the responsibility for regulating the supply of telecommunications services and facilities, promoting competition, and setting performance standards for telecommunication services in the country. By law, the NCC consults with interested parties prior to issuing regulations. It has the power to vary its own decisions and its decisions are subject to judicial review. Regulatory actions by the NCC have had, and may in the future have, a significant impact on the Company's business, financial condition, results of operations and prospects whether in respect of ongoing issues or potential future non-compliance.

Below are a number of key recent regulatory developments that have impacted MTN Nigeria:

- *Determination of Dominance:* In April 2013, further to a market study undertaken by the NCC, MTN Nigeria was declared dominant in the retail mobile voice and jointly dominant in the wholesale leased lines and transmission capacity market segments. Key impacts of the determination were the obligation for MTN Nigeria to collapse the then existing differential between its on-net and off-net tariffs, as well as the application of a more stringent *ex ante* (before implementation) product approval regulation regime. Following the introduction of this regime, some product approval requests have been denied on the basis of "competition considerations". Engagement is ongoing with the NCC with a view to securing a less restrictive approach to regulating dominance and creation of improved competitive market conditions. However, there can be no assurance that the NCC will adopt such approach.

- *Withdrawal of Regulatory Services:* In July 2015, the NCC suspended the rendering of regulatory approvals to the Company which precluded it from obtaining regulatory approval for new tariff plans and promotions amongst other regulatory services. This negatively impacted the Company's revenues and margins during the period of the regulatory suspension. The withdrawal was premised on disputes around the Company offering certain products without approval and non-compliance with the NCC's withdrawal of the 30% differential between on-net and off-net tariffs earlier granted to MTN Nigeria. The said differential had previously been granted to MTN Nigeria by the NCC in response to the Company's arguments on the onerous and anti-competitive impact of the 2013 dominance determination obligation to collapse the Company's on-net and off-net tariffs. Following engagement with the NCC, regulatory services were restored to MTN Nigeria in March 2016.

- *NCC Fine.* In October 2015, the NCC imposed a ₦1.04 trillion fine on MTN Nigeria related to the failure to timeously disconnect 5.1 million sim cards following the Nigerian regulator's introduction of SIM registration regulations. In June 2016, MTN Nigeria reached a negotiated resolution with the Nigerian authorities (under the auspices of the NCC) whereby the fine was then reduced to a total cash amount of ₦330 billion which is currently in the process of being paid to the Federal Government in instalments over a three-year period as full and final settlement of the matter. As of March 31 2019, MTN Nigeria had paid approximately ₦275 billion of the ₦330 billion sum.

- *Data bundle regulation.* In 2015, the NCC directed all operators to seek consent from customers prior to charging out-of-bundle rates upon the depletion of data bundles which adversely affected MTN Nigeria's data revenue. Related to this, in April 2018, the NCC issued a directive requiring all operators to rollover any subscriber's unused data upon a renewal being undertaken by the subscriber within a specified period following the expiration of a data plan. For subscribers on data plans with validity periods of 30 days and above, above one day but less than 30 days and one day; the applicable renewable period will be seven (7) days, three (3) days and one (1) day respectively. The directive has the impact of extending the validity period of data bundles for a significant portion of the Company's active subscriber base and has adversely impacted its data revenues.

- *DND list requirements.* In April 2016, the NCC issued a directive requiring operators to implement a Do Not Disturb ("DND") directive which enables customers who do not wish to receive unsolicited messages to opt into the service. MTN Nigeria has created a DND database and has provided a platform which enables its customers to opt into the service. If the Company fails to comply with the DND directive requirements, this could result in fines or other regulatory action being taken against it and impact the Company's revenue from its digital and VAS products.

- *SIM registration requirements.* In the fourth quarter of 2016, the NCC issued a directive requiring all mobile operators, effective from 1 February 2017, to provide a controlled environment for registration of SIM cards. According to the directive, SIM registration may only be carried out in a controlled environment (a permanent structure with logos of the operators in place) that must be operated by a clearly-identified employee of the operator or an approved dealer/agent with a valid means of identification issued by the operator. The NCC subsequently permitted the use of kiosks and other structures affixed to the ground. The directive has resulted in a reduction in registration contact points and a corresponding impact on the volume of subscriber activations, as well as an increase in the costs for setting up registration contact points.

  Additionally, the Federal Government directed the implementation of mandatory use of the National Identification Number ("**NIN**") issued by the National Identity Management Commission with effect from January 1, 2019 (the "**Directive**"). Accordingly, all persons are required to present their NIN for certain transactions including but not limited to application for and issuance of a passport and opening of individual and or personal bank account(s). The NIN is also required for SIM purchase and registration. Furthermore, the NCC, in the past, was unable to accept registration data from operators. To that extent, certain of the collected data might not be compliant with standards imposed by the NCC and compliance will not be verified until such data has been provided to the NCC. Thus, in view of the risk that such data may not meet the NCC's requirements, the Company may be required to re-register such subscribers. In an extreme case, this might attract sanctions, including payment of fines.

There is a risk that the enforcement of the Directive may adversely impact activations on the network, and ultimately MTN Nigeria's revenues. Furthermore, changes to relevant policies affecting SIM registration could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

- *VAS Aggregator Framework.* In March 2018, the NCC issued an "Amended Value Added Services and Aggregator Framework". The framework seeks to regulate the VAS industry and introduce a new regulatory regime (the VAS Aggregator). When implemented, the framework could also restrict MTN Nigeria's ability to offer VAS offerings to its customers or play the role of a VAS Aggregator and thereby have a material adverse effect on the Company's revenue, business, financial condition, results of operations and prospects.

- *Data management*. The Company's operating environment is prone to challenges with data management, as Nigeria's identity management system and framework are only developing and as such are still subject to risks, including challenges to adequately ensure data integrity.

- *National Broadcasting Commission:* In 2015 the National Broadcasting Commission ("NBC") issued to MTN Nigeria a Digital Terrestrial Television broadcast licence ("DTT"), in consideration for a ₦34.1 billion licence fee. In May 2016, the Company launched and transmitted a broadcasting service which jointly operated on the broadband network and a terrestrial broadcast network. This pilot was in fulfilment of MTN Nigeria's DTT licence conditions, which mandated commercial launch within 12 months of the issuance of the licence, and also as a precursor to full commercial operations. The spectrum on which this service operated (700MHz) has subsequently been regularised for the use of telecommunications services. The NCC has also been recently focused on establishing rules and a regulatory framework for interconnection between fixed and mobile networks, including mobile termination (*i.e.*, the ability of a telecommunications provider to terminate a call on another operator's network or calling between networks) and the related pricing mechanisms (*i.e.*, mobile termination rates).

Further changes in the regulatory environment affecting the telecommunications industry could have a material adverse effect on MTN Nigeria's business, financial condition, results of operations, prospects and revenue stream mix, depending on how they are implemented. Some of these potential changes include:

- Determination on the level of competition in selected telecommunications markets;
- the introduction of new regulations in relation to retail price floors for voice Unstructured Supplementary Service Data (USSD) or data services;
- new international termination rates; and
- active network sharing and national roaming guidelines.

Such regulatory interventions may limit MTN Nigeria's pricing flexibility, raise its costs, reduce its retail or wholesale revenues or confer greater pricing flexibility on its competitors.

Current and future antitrust and competition laws may limit the Company's growth and subject it to antitrust and other investigations or legal proceedings.

The current antitrust and competition laws and related regulatory policies in Nigeria generally favour tighter competition oversight in the telecommunications industry and, as such, may prohibit the Company from making further acquisitions or continuing to engage in particular practices. These laws and policies aim to safeguard the interests of consumers, the general public by preventing monopolies and anti-competitive behaviour. The NCC is particularly focused on establishing rules and a regulatory framework for interconnection between networks (i.e., the ability of a telecommunications provider to terminate a call on another operator's network) and the related pricing mechanisms between network operators for such calls (i.e. mobile termination rates).

On June 1, 2018, the NCC issued its Determination of Mobile (Voice) Termination Rate circular (the "**2018 Circular**") as part of its commitment to undertake regular reviews of the interconnection rates, and in the light of recent developments in the Nigerian communications market. The NCC decided to review the rates set in its 2013

Determination and retained PricewaterhouseCoopers (PwC) to assist it undertake an in-depth cost study of Mobile (Voice) Termination Rates ("MTR"). By the 2018 Circular, the NCC determined that the termination rates for voice services provided by one operator in Nigeria to another operator in Nigeria for terminating a call in their network are as follows:

i. Generic 2G/3G/4G operators - N3.90 (Three Naira, Ninety Kobo) per minute;
ii. New entrant (LTE) operators – N4.70 (Four Naira, Seventy Kobo) per minute; and
iii. Clearing Houses - Payment/Volume discounts as negotiated.

Furthermore, the International Termination Rate of N24.40 determined in 2016 will continue to apply until a new determination is made and issued by the NCC. The 2018 Circular took effect on July 1, 2018 and remains valid and binding on relevant licensees until further reviewed by the NCC. Imposition of such termination rates may adversely impact MTN Nigeria's revenues and accordingly have a material effect on its business, financial condition, results of operations and prospects.

According to the NBS Telecoms Data: Active Voice and Internet per State, Porting and Tariff Information Report for Q3 and Q4, 2018, MTN Nigeria had the highest share of voice and internet subscription during the fourth quarter of 2018 amongst the service providers in Nigeria. In 2013, the NCC declared that MTN Nigeria was a "dominant operator" in the retail mobile voice market of the Nigerian telecommunications market. This placed certain obligations on the Company, including the requirement that it refrain from offering differential on-net and off-net pricing for mobile voice services while non-dominant operators were not restricted from offering differential prices thereby placing the Company at a competitive disadvantage relative to some of the Company's competitors. Similarly, in 2013 MTN Nigeria and Globacom were designated by the NCC as "jointly dominant" in the upstream segment of the Nigerian telecommunications market, where the NCC noted that both companies dominated the wholesale leased lines and transmission capacity market, as a result of which a cost-based regime with price caps was imposed on all service offerings in that segment. Given the classification as a "dominant operator," MTN Nigeria is subject to greater regulatory scrutiny and may accordingly experience difficulties and delays in obtaining governmental licences, permits or approvals. This has in the past and may in the future prohibit the Company from introducing, or otherwise adversely impact its time to market on, the introduction of certain services and promotional plans. In addition, violations of antitrust and competition laws and policies could expose the Company to administrative proceedings, civil lawsuits or criminal prosecution, including fines and imprisonment, and the payment of punitive damages.

Regulation to address potential or perceived anti-competitive behaviour in the telecommunications industry may also impact the Company. Requests for approvals to launch products might be refused because of the belief that it will negatively impact competition. MTN Nigeria might thus be prevented from being adequately competitive in its products and services. For example, subject to certain limited exemptions, MTN Nigeria is typically regulated through ex ante (before implementation) as opposed to ex post (after implementation) interventions.

In January 2019, the President of the Federal Republic of Nigeria signed into law, the Federal Competition and Consumer Protection Act, 2018 (the "**Act**") which, amongst others, seeks to promote competitive markets in the Nigerian economy, protect the interests and welfare of consumers in Nigeria and prohibit restrictive or unfair business practices which may distort competition or constitute an abuse of a dominant position. The Act applies to all undertakings and commercial activities in Nigeria and also establishes a Federal Competition and Consumer Protection Commission (the "**FCP Commission**") and the Competition and Consumer Protection Tribunal. The FCP Commission, in view of the provisions of the Act, will exercise anti-competition regulatory powers over companies in the Nigerian telecommunication sector, and will have precedence over and above the NCC in this regard. Furthermore, the FCP Commission is empowered to administer and enforce the provisions of the Act and ensure the promotion and protection of consumer rights in Nigeria. This competition regulation regime may result in further restriction of MTN Nigeria's operations and render less effective its dominant position. This may also limit the Company's growth.

Antitrust and competition laws in Nigeria are subject to change and existing or future laws may be implemented or enforced in a manner that is materially detrimental to us. MTN Nigeria cannot predict the effect that current or any future lawsuits, appeals or investigations by regulatory bodies or by any third party would have on its business, financial condition, results of operations or prospects. There can be no assurance that antitrust or competition-related lawsuits will not occur and, as a result, cause the Company material losses and expenses. In addition, any fines or other penalties imposed by an antitrust or competition authority as a result of any such investigation, or any prohibition on the Company engaging in certain types of business, could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Company is exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations.

Companies operating in Nigeria, as in many emerging markets, are at risk of fraud, bribery and corruption. MTN Nigeria has policies and procedures designed to assist compliance with applicable laws and regulations including without limitation the anti-bribery and corruption ("ABC") and anti-money laundering ("AML") laws of Nigeria, to the extent currently applicable to MTN Nigeria. The policies and procedures specifically address facilitation payments, gifts and hospitality, engagement with public officials, political donations, lobbying and charitable donations, and includes whistle-blowing provisions, as well as requisite provisions on disciplinary measures in case of a breach of the policies and procedures. In addition, in order to prevent bribery and corruption, MTN Nigeria generally conducts a thorough due diligence exercise before entering into agreements with third parties in order to ensure compliance with applicable ABC and AML laws in Nigeria. While the Company seeks to comply with all applicable ABC and AML laws, it does not currently have a specific AML policy or AML compliance team in place, as Nigerian law does not require non-financial institutions to institute specific procedures in respect of AML compliance.

Additionally, the Company's equipment suppliers or service providers may become subject to restrictions under export controls or sanctions laws or regulations administered or enforced by the United States, the United Nations or other jurisdictions in which the Company or its suppliers operate. For example, on 15 April 2018, ZTE Corporation, ZTE Kangxun Telecommunications Ltd., and entities acting on their behalf ("ZTE"), which provide the Company with certain telecommunications equipment and services became subject to a denial order imposed by US Department of Commerce's Bureau of Industry and Security ("BIS") resulting from violations of a settlement agreement with the US government relating to sanctions violations. This denial order was however lifted in July 2018, in view of ZTE's deposit of $400 million in escrow at a U.S. bank to provide a form of security that ZTE will comply with its continuing obligations under a June 2018 superseding settlement agreement. Similarly, Huawei, another major equipment supplier, has been the subject of US investigations, criticism and certain actions relating to the security of its telecoms platforms as well its dealings with certain sanctioned countries. Although not issued, a denial order or similar restriction may have a severe impact on the supply chain of the Company, and the global telecoms industry. If the Company is unable to obtain equipment from key suppliers due to export controls rules, and it is unable to replace a key supplier in a timely manner and on commercially reasonable terms, or at all, this could in turn have a material adverse effect on its business, financial condition, results of operations and prospects.

MTN Nigeria undertakes reviews of its internal compliance policies and procedures to ensure their effectiveness but can make no assurance that the policies and procedures, even if enhanced, will be followed at all times or will effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption. MTN Nigeria receives reports relating to such matters by whistle-blowers from time to time which are investigated using internal and external resources in line with its policies. The Company can make no assurance that whistle-blower reports will not be made in the future or that violations of applicable ABC laws will not occur under the relevant applicable laws which may have material adverse consequences on its business, financial condition, results of operations and prospects. In addition, such violations could also negatively impact the Company's reputation and, consequently, its ability to win future business. Any such violation by competitors, if undetected or unaddressed, could give them an unfair advantage when bidding for contracts. The consequences that the Company may suffer due to any of the foregoing could have a material adverse effect on its business, financial condition, results of operations and prospects.

RISKS RELATING TO FOREIGN EXCHANGE

The Company is exposed to foreign exchange risks, which may be material.

MTN Nigeria prepares its financial statements in Naira and derives revenue and/or incurs costs predominantly in Naira and U.S. dollars (among other foreign currencies less material to its business). Between February 2015 and May 2016, the Naira was pegged to the U.S. dollar at a fixed exchange rate and consequently foreign exchange loss diminished during this period. However, in June 2016, the CBN de-pegged the exchange rate, which resulted in the devaluation of the Naira against the US dollar of more than 40%. Under this CBN policy, the CBN may intervene in the single market (for the primary purposes of seeking to improve liquidity and manage volatility) by purchasing or selling foreign exchange at no predetermined or maximum spread through the two-way quote system. As part of the new exchange rate policy, the Central Bank introduced Foreign Exchange Primary Dealers, which are registered authorised dealers designated to transact large trades with the Central Bank on a two-way quote basis. Although the Bureau de Change also participates in the single market, they are permitted to only disburse funds for certain eligible retail transactions. On the day of the CBN's June 2016 announcement, the official rate fell approximately 30% in value to ₦280 to the U.S. dollar. As of April 30, 2019 the inter-bank exchange rate was ₦306.45 to the U.S. dollar.

MTN Nigeria has long-term contracts with, among others, tower companies with significant portions of the cost linked to the U.S. Dollar and therefore the Company's associated costs are sensitive to fluctuations in the Naira to US dollar exchange rate. Further depreciation of the Naira, could have a negative effect on MTN Nigeria's results of operations and financial condition to the extent that it has a mismatch between its earnings in any foreign currency and its costs that are denominated in that currency. Additionally, further currency fluctuations or the scarcity of foreign currency may negatively affect the Nigerian economy in general and, as a result, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Where possible, the Company manages foreign currency risk by matching same currency revenues to same currency expenses, and also by strategically denominating debt in certain functional currencies in order to match with projected functional currency exposures and by entering into hedging arrangements. However, only a limited array of hedging instruments are available in Nigeria to hedge currency risk and there is no guarantee that the Company will be successful with this strategy. Accordingly, any future unhedged interest rate risk may result in an increase in MTN Nigeria's interest expense and may have a material adverse effect on its business, financial condition, results of operations and prospects. If MTN Nigeria fails to adequately protect against currency exchange risk, the costs of servicing its debt obligations and providing its services may increase, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

In April 2017, the CBN, via a circular dated 21 April 2017 (the "**Circular**"), introduced the Nigerian Autonomous Foreign Exchange Fixing Mechanism ("**NAFEX**", and commonly known as the "Investors' and Exporters'" foreign exchange window), a special foreign currency exchange window for investors, exporters and end-users which aims to increase liquidity in the foreign exchange market in Nigeria and ensure timely execution of settlement of eligible transactions. Despite the measures implemented by the CBN towards the gradual convergence of foreign exchange rates, there continues to be a material difference between the official rate and rates available on the unofficial parallel markets, where demand for foreign currency continues to exceed supply and delays in processing payments through the official market and a desire to source foreign currency for non-eligible retail transactions has seen the unofficial parallel rate reach levels close to ₦500 to the U.S. Dollar. While the CBN has taken certain actions to reduce the gap between the official rate and the parallel rate, there continues to be a material difference between the two, and private sector activity may continue to be impacted by a lack of available foreign currency at official rates with individuals and companies having to transact at the unofficial rates provided by the parallel market.

The CBN FX rate is the rate obtainable at the CBN official FX window reserved for accessing U.S. Dollar to import critical raw materials and machinery for manufacturing. The CBN is the major supplier of U.S. Dollar at this window and the critical sectors that can access this window are the manufacturing sector and petroleum products importers. The NAFEX is the Financial Markets Dealers Quotations (FMDQ) benchmark rate for FX spot operations in the Investors' & Exporters' FX Window. This window is for all FX transactions except the excluded 41 (forty-one) items by the CBN and it is the official FX market for loans, dividends, interest payments and personal income remittances. The convergence of both rates increases the upside risk to cost of operation. It will impact on the Company's foreign denominated expenses that are converted to Naira based on the CBN FX rate. These expenses include the Tower Rental costs that are largely benchmark on the CBN rate.

Fluctuations in interest and exchange rates could increase the Company's finance costs and/or make it difficult to meet its obligations under finance facilities.

MTN Nigeria's finance costs are highly sensitive to many factors beyond its control, including the interest rate, exchange rate and other monetary policies of the Federal Government and/or the CBN. Approximately 51.18% of MTN Nigeria's debt as at 31 December 2018 was denominated in US dollars with the remainder denominated in Naira. Further depreciation of the Naira may occur in the near term due to muted global oil prices. There can be no assurance that such rates will not be negatively affected by adverse financial, economic, political or other events. A significant depreciation of the Naira relative to the US dollar could adversely affect MTN Nigeria's ability to repay or refinance its US dollar denominated financial indebtedness, which in turn could have a material adverse impact on the Company's business, financial condition, results of operations and prospects.

Furthermore, the floating rate portion of MTN Nigeria's loans and borrowings is subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such debt. Consequently, because a significant portion of the Company's debt is subject to floating interest rates, any increase in such reference rates will result in an increase in MTN Nigeria's interest rate expense and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The imposition of exchange controls in Nigeria due to illiquidity of Foreign Exchange leading to delays in settlement of foreign denominated obligations.

Prior to the introduction of the Investors and Exporters FX window by the CBN in April 2017 (which boosted liquidity in the FX market and allows for timely execution and settlement of eligible transactions), the CBN had adopted stringent exchange controls as a way of conserving foreign reserve due to the decline in Federal Government's foreign exchange earnings as a result of the drop in crude oil price and the attendant declining foreign reserve at the time.

There was short supply of FX into the market with the CBN as the sole supplier through the Secondary Market Intervention Sale (SMIS) window and introduction of controls such as the restriction of 41 items from participating in the Nigerian FX Market and prioritisation of FX allocation to transactions considered as essential imports and payments.

The CBN prioritised FX allocation to the airline, agriculture, petroleum, raw material/machineries subsectors with the exception of the Telecoms and Services subsector in the period of FX illiquidity. The controls impacted MTN's ability to promptly execute foreign denominated capital expenditure which necessitated the use of trade line facilities with Banks as a way out; while slight delays were experienced in the settling of foreign debts.

Between March 2015 and June 2016, the Naira was pegged to the US dollar at a fixed exchange rate. However, in June 2016, the CBN de-pegged the exchange rate, which resulted in a significant fall in the value of the Naira against the US dollar. This resulted in foreign exchange denominated contracts being negatively impacted and making it more difficult for MTN Nigeria to pay its foreign denominated debts and increased its operational and capital expenditure costs, a significant amount of which are incurred or linked to US dollars. As a result, the Company was unable to make US dollar payments, resulting in reduced capital expenditure for 2016 and for the first half of 2017. MTN Nigeria's capital expenditure in the second half of 2017 returned to normal levels. Further changes in regulatory policies concerning exchange controls and limits may have a material adverse effect on the Company's business, financial condition, results of operations and prospects, and the Company is unable to predict the future course of such policies.

RISKS RELATING TO NIGERIA

The Company is subject to risks associated with political, social and economic conditions in Nigeria, which impact the country's stability and may affect its business.

The results of MTN Nigeria's operations are and will continue to be significantly affected by financial, economic and political developments in Nigeria. Low oil prices, a devalued local currency and political uncertainty have negatively affected customer demand in the past. Any future domestic economic downturn could have a material adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects. Investors should also note that MTN Nigeria's business and financial performance could be adversely affected by political, financial, economic or related developments outside Nigeria because of inter-relationships within the global financial markets.

Specific risks related to doing business in Nigeria that may have a material adverse effect on the Company's business, financial condition, results of operations and prospects include, among other risks:

- political instability or other forms of civil disturbance;
- religious conflicts, terrorism and social and religious tension;
- disease outbreaks;
- government interventions, including expropriation or nationalisation of assets;
- increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- uncertainty in government action,
- restricted access to cash;
- restrictions on remittances;
- diesel fuel shortages in the country, which may lead to service disruptions;
- higher volatility and less liquidity in respect of the Company's shares;
- difficulties and delays in obtaining requisite governmental licences, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights;
- risk of uncollectible accounts and long collection cycles;
- underdeveloped industrial and economic infrastructure;
- logistical and communications challenges;
- difficulties in staffing and managing operations; and
- security and safety of employees.

Changes in investment policies or shifts in the prevailing political climate in Nigeria could result in the introduction of increased government regulation with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental and planning legislation;
- customs and immigration;
- foreign ownership restrictions;
- corruption, anti-money laundering and combating the financing of terrorism;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Ongoing and future conflicts, including armed conflicts, or political instability in Nigeria or in neighbouring countries could impact MTN Nigeria's operations, including its ability to purchase adequate political risk and political violence insurance.

Additionally, the Company is partially owned by MTN Group and it has, in the past and may in the future, be subject to negative press attention or attacks on its employees or locations due to the incorrect perception of the Company as a foreign company. For example, in 2017, MTN Nigeria's office in Abuja, Nigeria was vandalised by protesters in retaliation to xenophobic attacks on Nigerians in Gauteng, South Africa resulting in destruction of equipment, phones and other devices as well as harm to customers and employees of MTN Nigeria.

Any adverse changes in the political, social, economic or other conditions in Nigeria or in neighbouring countries, could have a material adverse effect on the investments that the Company has made or may make in the future, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Additionally, political and economic challenges in other emerging market economies in which MTN Group operates may have adverse effects for MTN Group and MTN Nigeria, which in turn could have a material effect on the Company's business, financial condition, results of operations and prospects.

A downturn in the Nigerian or global economy may adversely affect the Company's business.

MTN Nigeria is exposed to risks associated with any future downturn in the national or global economy. Global financial markets have remained volatile since the global financial crisis that started in 2008 and remain susceptible to renewed shocks. The ongoing disruptions experienced in the international and domestic capital markets since 2008 affected Nigeria particularly through the resulting fluctuations in oil prices, reduced liquidity, decline in exports and increases in credit risk premiums for certain market participants, and have resulted in a reduction of available financing. Companies with operations in countries in emerging markets, such as Nigeria, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs. While some countries have made a significant improvement since the credit crisis, new challenges such as the decline in oil prices and future reduction in oil reserves are expected to continue to cause disruptions. Further, many of MTN Nigeria's strategic partners and suppliers, who are based overseas, may, in the event of a global downturn or a downturn in Nigeria, experience financial difficulties that could affect their ability to service the Company in a timely and efficient manner. Any future global downturn, such as that experienced from 2008 to 2011, could have a material and adverse effect on the Company's revenues, financial condition, results of operations and continued growth.

According to the NBS, as of the 3rd quarter of 2018, Nigeria's economy was highly dependent on its trade and investment relations with the United States and India, among others. During the said period, India was the biggest trading partner with Nigeria accounting for approximately ₦719 billion of crude and ₦37.7 billion of natural gas exports. India also purchased cashew nuts worth ₦4.7 billion. If the United States or India were to suspend, limit or cease trading or investment activities with Nigeria, whether as a result of general macroeconomic conditions or otherwise, Nigeria's economy would suffer, which in turn could have an adverse effect on the Company's business, results of operations, financial condition, cash flows, liquidity and prospects.

Economic conditions can have a material adverse effect on telecommunications businesses, including a material adverse effect on the quality and growth of their customer base and service offerings, which could materially adversely affect the Company's business, financial condition, results of operations and prospects. For example, MTN Nigeria's customers may decide that they can no longer afford mobile services, data services and/or other value-added services that are instrumental in maintaining or increasing total revenue generated per subscriber and, in turn, increasing the Company's revenues. Any future economic downturn in Nigeria could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Fluctuations in commodity prices may adversely affect the Company's business.

Commodity prices have historically been highly volatile, and such high levels of volatility are expected to continue in the future. A significant portion of MTN Nigeria's operational costs are related to site maintenance, including expenditure on diesel fuel. Any increase in commodity prices could increase the amount of the Company's operational expenditures in respect of network-related costs, which could have a material adverse effect on its revenues, financial condition, results of operation and prospects. Decreased commodity prices may also negatively impact the Company. Declines in commodity prices may have adverse macroeconomic effects globally or in Nigeria. For example, the global decline in crude oil prices since 2015 has had a significant impact on the GDP and foreign reserves of, and consequently the exchange rate in, Nigeria, which has affected MTN Nigeria's revenue. The decline in disposable income and consumer expenditure has adversely affected the Company's revenue and margins. Any further decrease in commodity prices could have a material adverse effect on the Company's revenues, financial condition, results of operation and prospects.

Sustained periods of high inflation could have a material adverse effect on Nigeria's economy.

In 2013, 2014 and 2015, year-on-year consumer price index (inflation) in Nigeria was 8.0%, 8.0% and 9.6%, respectively, according to the CBN. However, currency depreciation and increases in some tariffs and administered prices (particularly for fuel and electricity) led to a sharp increase in inflation in 2016. In December 2016, the year-on-year change in consumer price inflation had accelerated to 18.6%. Year-on-year inflation reached 18.7% in January 2017, before decreasing gradually over the course of 2017. In December 2017, the year-on-year change in consumer price index (inflation) stood at 15.37%. According to the NBS, as of March 2019, the year-on-year change in consumer price index (inflation) stood at 11.25%.

Although tighter monetary policies may help to curb inflation, there can be no assurance that inflation will not continue to remain at current levels or that the inflation rate will not rise in the future. Significant inflation could have a material adverse effect on Nigeria's economy and cause consumer purchasing power to decrease, which, in turn, may have an adverse effect on MTN Nigeria's business, results of operations, financial condition, cash flows, liquidity and prospects.

Nigeria experiences electricity shortages and power outages.

In spite of the abundant energy resources in the country and significant government reform efforts and investments in the power sector in recent years, lack of sufficient and reliable electricity supply remains a serious impediment to Nigeria's economic growth and development. Although Nigeria has witnessed incremental improvements in the sector, failure to adequately address the significant lingering deficiencies in power generation, transmission and distribution infrastructure and related concerns within the power sector could lead to lower GDP and hamper the development of the economy. Slow growth in the economy may lessen consumer propensity to spend, which could materially adversely affect MTN Nigeria's business, financial condition, results of operations and prospects. For example, the Company's customers may decide that they can no longer afford mobile services, data services and/or value-added services that are instrumental in maintaining or increasing total revenue generated per subscriber and, in turn, increasing the Company's revenues. This, in turn, may have an adverse effect on the Company's business, results of operations, financial condition, cash flows, liquidity and prospects.

Failure of ongoing improvement efforts to adequately address Nigeria's significant infrastructure deficiencies could adversely affect its economy and growth prospects.

Insufficient investment in the past has adversely affected Nigeria's public infrastructure and resulted in the absence of infrastructure to support and sustain growth and economic development. In addition to power generation, transmission and distribution deficiencies (see "*Nigeria experiences electricity shortages and power outages"* in this *Risk Factors* section)), Nigeria suffers from poor road network, congested ports and obsolete rail infrastructure which have all severely constrained socioeconomic development. Although significant advances have been made in the areas of telecommunications and internet facilities in recent years, the progress of development in these sectors cannot be considered at par with that in more developed economies. The government has identified Nigeria's decaying infrastructure as a major impediment to economic growth and the National Economic Recovery and Growth Plan (the "**NERGP**") includes targets for infrastructure improvements and investments as part of the first phase of implementing Vision 20:2020, a long-term strategic economic transformation plan developed by the Federal Government in 2009 for stimulating Nigeria's economic growth. Failure of these efforts to significantly improve Nigeria's infrastructure could adversely affect Nigeria's economy and growth prospects, including its ability to meet GDP growth targets which, in turn, may have an adverse effect on MTN Nigeria's business, financial condition, results of operations and prospects.

Failure to adequately address actual and perceived risks of corruption may adversely affect Nigeria's economy and ability to attract foreign investment.

Although Nigeria has implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, corruption remains a significant issue in Nigeria, as it is in many other emerging markets. Nigeria is ranked 144th out of 180 countries on Transparency International's 2018 Corruption Perceptions Index. Since 2000, Nigeria has implemented various measures to prevent and fight corruption and unlawful enrichment. In particular, Nigeria created the Independent Corrupt Practices and Other Related Offences Commission in 2000 to receive complaints, investigate and prosecute offenders. In 2002, Nigeria also created the Economic and Financial Crimes Commission ("**EFCC**"), which is mandated to combat economic and financial crimes (including powers of investigation and prosecution) and to enforce the provisions of certain laws and regulations relating to economic and financial crimes. In August 2015, the Federal Government established the Presidential Advisory Council Against Corruption which has the objective of advising the Government in connection with anti-corruption policies and strategies for effective law enforcement. The Federal Government has outlined the War Against Corruption as one of its key programmes. This programme is aimed at strengthening the powers of the EFCC and other anti-graft agencies. One of the major initiatives was the establishment and implementation of a nationwide whistle-blowing policy used to report corrupt practices in public agencies.

Despite various reform efforts, however, corruption continues to be a serious problem impacting Nigeria. There have been a number of high-profile convictions for corruption, including those of state governors. A number of senior government officials have been dismissed and some of them, as well as former state governors, are facing corruption charges. Failure to address these issues, continued corruption in the public sector and any future allegations or perceived risk of corruption in Nigeria could have an adverse effect on the Nigerian economy and may have a negative effect on Nigeria's ability to attract foreign investment and, as a result, may have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, liquidity and prospects.

There are risks related to political instability, religious differences, ethnicity and regionalism in Nigeria.

MTN Nigeria's operations are exposed to the political and social environment of Nigeria, which has the potential for civil and political unrest and contributes to an uncertain operating environment. In recent years, Nigeria has experienced considerable unrest, terrorism and political and religious conflicts. Divisions based on geography can be magnified by religious differences, particularly between the north, which has a predominantly Muslim population, and the south, which has a predominantly Christian population. Certain northern states have adopted Sharia law since the return to civilian rule in 1999. Other than the People's Democratic Party and the All Progressives Congress, many of Nigeria's political parties are based largely upon regional allegiance. These regional affiliations have in the past contributed to, and may continue to contribute to, political and religious tension, which can also lead to social unrest.

For example, in February 2015, Nigeria's Independent National Electoral Commission postponed the federal elections citing security concerns. There was some election related violence, particularly in the south-southern region of the country. The presidential election which took place on February 23, 2019 resulted in the re-election of President Muhammadu Buhari. Although the elections were relatively peaceful, there were reports of violence and riots in certain parts of the country.

Nigeria has also, from time to time, experienced attacks and kidnappings in parts of the country, particularly in the northern and south-southern states. It is believed that the attacks in the northern states have been carried out by Islamist militia groups based in the north, such as Ansaru and Boko Haram. These attacks have occurred at various sites including churches, mosques, schools, business premises, police stations and immigration offices in Kano, Maiduguri, Mubi, Yola and Gombe. Also, there has been an increase in incidents of kidnapping. Under the current administration of President Muhammadu Buhari, the Government has focussed on combating terrorism in Nigeria as one of its key priorities and has sought and gained the support of Western governments and a joint task force consisting of military forces from Nigeria, Chad and Niger to combat terrorism. Additionally, there have recently been violent disputes between farmers and herdsmen, particularly in the Middle Belt region. Further escalation of these conflicts could contribute to social unrest and thereby affect the Company's business, financial condition, results of operations and prospects.

Insurgent activities in the north-east region of the country have also resulted in social and economic damage, including damage to MTN Nigeria's mobile sites. The destruction of farmlands and a lack of labourers to engage in farming due to security fears have adversely affected agricultural production in the region and have resulted in instances of shortage of food supply. Additionally, continued security concerns have deterred humanitarian aid and in a number of cases foreign aid workers have been subject to attack. Following an incident in July 2016, the United Nations Children's Fund ("UNICEF") temporarily withdrew certain aid funds. MTN Nigeria had its operations in the North East region impacted, which generated approximately 7%, 7% and 4% of MTN Nigeria's voice, VAS and data revenue respectively for the year ended 31 December 2017. As of December 2018, operations in the North East account for 7% of MTN Nigeria's service revenue.

Additionally, in the past, there have been occurrences of violence, oil theft, and civil disturbance in the Niger Delta, Nigeria's southern oil producing region, mainly from militant groups who attack oil installations, among other things, in protest against the Government and the allocation of oil revenue among the regions of the country. Such acts have mainly been directed at oil interests in the region, and oil production from onshore fields has slowed as a result, materially and adversely affecting the Federal Government's revenues from oil production. In particular, the Trans Forcados crude export pipeline in the Batan area of Delta State of Nigeria was attacked on several occasions in July and November 2016. The Nigerian National Petroleum Corporation (NNPC), recently expressed its concern over the incidence of pipeline vandalism across the country, highlighting that its pipeline network suffered a 42% increase in the incidents of vandalism as at October 2018. There can be no assurance that such unrest will abate or not escalate. Unless resolved by the government, these conflicts may adversely affect Nigeria's political and economic stability which may, in turn, affect the Company's business, financial condition, results of operations and prospects.

Events in neighbouring and other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect Nigeria and its economy.

Economic, security or health distress in Nigeria's neighbours and nearby emerging market countries may adversely affect Nigeria's economy, the prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Nigeria if investors perceive that such developments will adversely affect Nigeria or that similar adverse developments may occur in Nigeria. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, corruption, the outbreak of disease and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Nigeria.

Nigeria may face a lack of continued access to foreign trade and investment.

According to a report by the United Nations Conference on Trade and Development, World Investment Report, 2017, foreign direct investment ("FDI") inflows to Nigeria, which comprises equity capital, reinvested earnings and other capital inflows, increased from US$3.06 billion in 2015 to US$4.45 billion in 2016, representing an increase of approximately 43.8%, placing Nigeria among the top five host economies in Africa. Furthermore, according to the Nigerian Capital Importation Q4 2018 Report issued by the NBS, the total capital imported in the fourth quarter of 2018 was approximately US$2,140.08 million representing a decrease of 25.05% compared to Q3 2018 and 60.24% decrease compared to the fourth quarter of 2017. Similarly, the total value of capital importation into Nigeria stood at $16,812.47 million in 2018 compared to $12,228.57 million capital imported in 2017. This represents 37.49% growth year-on-year.

The future prospect for FDI to rebound and surpass its previous inflows is uncertain. In addition, if there is no decrease in the perceived risks associated with investing in Nigeria, including those described herein, there may not be any appreciable increase in FDI, which could adversely affect the Nigerian economy and limit sources of funding for infrastructure and other projects requiring significant investment by the private sector, which, in turn, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The taxation and customs systems, laws and regulations in Nigeria may be subject to changes.

As in many emerging market economies, the Federal Government's policies and regulations on taxation, customs and excise duties may change from time to time as considered necessary for the development of the economy. In addition, the government has indicated that taxes, customs and excise duties may be the next major sources of revenue in view of the fluctuation in revenue derived from oil.

In March 2017, in view of allegations that some telecommunications equipment and services companies in Nigeria were evading taxes, the House of Representatives set up an ad-hoc committee to investigate such companies' administrative and operational procedures and assess their tax compliance status. In carrying out its functions, the committee requested MTN Nigeria to provide documentary evidence showing compliance with certain tax regulations. Consequently, the committee directed MTN Nigeria to reconcile the amounts quoted in its interim report as taxes payable to the government with its consultants. Based on the successful defence of MTN Nigeria's position, representatives from MTN Nigeria Tax Function met with the members of the committee and its consultants to reconcile the tax submissions made by MTN Nigeria. The ad-hoc Committee discharged the alleged liability of ₦112.7 billion and cleared MTN Nigeria of all allegations relating to the under-remittance of Federal taxes in Nigeria.

A new bill in respect of communication service tax ("CST") is being considered by the National Assembly. The CST will be levied on service fees payable by users of electronic communication services (such as voice calls, SMS, multimedia messaging, pay-per-view TV stations, and data usage) at 9% and will be borne by the customers. If the bill is enacted into law, it will mandate service providers to file monthly tax returns with the Nigerian Federal Inland Revenue Service ("FIRS") with strict penalties for non-compliance. The bill also empowers the FIRS to appoint agents for purposes of establishing both electronic and physical monitoring mechanisms, via access to network nodes of service providers at an equivalent point in the network where the network providers' billing systems are connected. If the bill is enacted into law, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Although the CST is intended to be borne by the users of the electronic communication service, this may be impracticable because of the increasing economic burden on the subscribers. In addition, the CST would impose a significant compliance burden and costs on the Company and could significantly increase the risk of data protection violation, given the possible requirement to provide the government and its appointed agents access to network nodes.

MTN Nigeria is subject to tax audits by the FIRS, which may result in the imposition of additional tax liabilities and adversely affect MTN Nigeria's results of operations. For example, the FIRS conducted a tax audit on the books of MTN Nigeria for the 2010 to 2015 financial years and imposed an additional tax liability of ₦288 billion as a result of the audit. Following the objection raised by MTN Nigeria and series of reconciliation meetings held with the FIRS, the initial assessment was reduced to ₦86.4 billion. MTN Nigeria further objected to this assessment based on technical interpretation of the basis of the assessment. Consequently, MTN Nigeria duly filed an Appeal at the Tax Appeal Tribunal ("TAT") upon receipt of a Notice of Refusal to Amend issued by the FIRS. The matter was adjourned to May 20, 2019.

Inefficiencies in the judicial system may create an uncertain environment for investment and business activity.

Nigerian law is predicated on the common law system, with its roots being derived from the English legal system. The Nigerian legal system faces a number of challenges including delays in the judicial process as many cases take a considerable period of time to be concluded. Similarly, the enforcement of security in Nigeria is affected by the inefficiencies in the judicial system and can result in uncertain positions. However, there has been considerable reform of the judiciary in recent years, especially in Lagos State (the commercial centre of Nigeria and where the Company is headquartered), with the establishment of commercial courts, the appointments of more commercially-minded judges and the introduction of new rules to reduce delays in the judicial process. In addition, the Federal Government has recently made the National Industrial Court a superior court of record. The National Industrial Court has exclusive jurisdiction amongst others, in civil cases and matters relating to labour, employment, trade unions, industrial relations, terms of service and matters arising in relation to the workplace. Despite reforms, the slow judicial process may sometimes affect the enforceability of judgments obtained. Those and other factors that have an impact on Nigeria's legal system make an investment in MTN Nigeria subject to greater risks and uncertainties than an investment in developed economies.

Any downgrading of Nigeria's debt rating by an international rating agency could have a negative impact on the Company's business and the trading price of the Ordinary Shares.

As of the date of this Listing Memorandum, Nigeria's sovereign rating was "B2" (Moody's), "B+" (Fitch) and "B" (S&P). On 7 November 2017, Moody's downgraded Nigeria's long-term issuer ratings from "B1" to "B2". On 23 June 2016, Fitch revised Nigeria's long-term foreign currency sovereign credit ratings from "BB-" to "B+" (and on 25 January 2017 downgraded the outlook from "stable" to "negative") and the long-term local currency sovereign credit ratings from "BB" to "BB-". Similarly, on 16 September 2016, S&P lowered its long-term foreign and local currency sovereign credit ratings on Nigeria from "B+" to "B".

These ratings were primarily downgraded as a result of overdependence on oil revenues and a weakening economy, principally due to a restrictive foreign exchange regime, a marked contraction in oil production and delayed fiscal stimulus. Such revisions reflect an assessment of the Federal Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any adverse revisions to Nigeria's credit ratings for domestic and international debt by international rating agencies may adversely affect the liquidity of the Nigerian financial markets, the ability of the Federal Government and Nigerian companies, including MTN Nigeria, to raise additional financing, and the terms on which MTN Nigeria is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on MTN Nigeria's capital expenditure plans, business, cash flows, financial performance and prospects.

RISKS RELATING TO THE LISTING AND THE ORDINARY SHARES

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Ordinary Shares. Although the Company has applied to The NSE for the admission to its Daily Official List the 20,354,513,050 Ordinary Shares of ₦0.02 each representing the issued and fully paid Ordinary Shares of the Company, MTN Nigeria can give no assurance that an active trading market for the Ordinary Shares will develop. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected.

Ordinary Shares in the Company may be subject to market price volatility and the market price of the Ordinary Shares in the Company may decline in response to a variety of factors, some of which may be unrelated to MTN Nigeria's operating performance.

The market price of the Ordinary Shares may be volatile and subject to wide fluctuations. The market price of the Ordinary Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in this *Risk Factors* section); as well as period to period variations in operating results or changes in any revenue or profit estimates of MTN Nigeria, that industry participants or financial analysts may issue in the future. The market price of the Ordinary Shares may also be adversely impacted by the sale or divestment of the said shares by key shareholders such as MTN Group. Furthermore, the value of the Ordinary Shares may be materially adversely affected by developments unrelated to MTN Nigeria's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to MTN Nigeria, speculation about MTN Nigeria or MTN Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. The value of the Ordinary Shares may further be impacted by any public offering or capital raise undertaken by the Company in the future. Any or all of these factors could result in material fluctuations in the price of Ordinary Shares, which could diminish shareholders' returns or lead to a total loss of their investment.

The Company cannot guarantee making dividend payments in the future.

There can be no assurance as to the level or frequency of any future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, among other things, the economic conditions in Nigeria, foreign exchange conditions and the position taken by the Company's regulators, as well as MTN Nigeria's earnings, financial position, cash requirements and availability of profits and distributable reserves. If MTN Nigeria's cash flow underperforms, its capacity to pay a dividend will be impacted negatively. For example, following the NCC Fine, the Company curtailed dividend payments to meet its cash payments for the fine. While the Directors intend to adopt a dividend policy that reflects the long-term earnings and cash flow potential of MTN Nigeria, there can be no assurance that the Company will pay dividends in the future.

There will be transaction costs on the sale of Ordinary Shares.

Upon the conclusion of the Listing of the Ordinary Shares, the ordinary shares may be traded on the floor of The NSE in the same way as other shares may be traded on The NSE upon payment of the customary fees and charges, which would include a brokerage commission, commission on the fees payable to The NSE, CSCS and the SEC, VAT and stamp duties. The current exemption from VAT on commissions payable to CSCS, the SEC and The NSE and commissions earned on the traded value of shares expires on 24 July, 2019 and there are no assurances that the exemption will be extended by the Federal Government. Shareholders are advised to inquire as to the current level of all such transaction costs before incurring them.

The issuance of additional Ordinary Shares in the Company or any share incentive or share option plans or otherwise may dilute all other shareholdings.

The Company may seek to raise financing to fund future acquisitions and other growth opportunities, invest in its business or for general corporate purposes. The Company may issue additional equity or convertible equity securities for these and other purposes, including in connection with employee share plans or as consideration for any potential future acquisitions. As a result, existing holders of Ordinary Shares may suffer dilution in their percentage ownership or the market price of the Ordinary Shares may be materially adversely affected.

Investing in securities of emerging market issuers generally involves a higher degree of risk than investing in more developed markets.

Investing in securities of emerging market issuers, such as Nigerian issuers, generally involves a higher degree of risk than investments in securities of issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and limited liquidity in respect of the Ordinary Shares, political risk, social unrest, inflation, currency volatility, instability in neighbouring countries, corruption, low per capita customer purchasing power, a narrow export base, budget deficits, delays in reform and transformation agendas, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Any such risks may adversely impact Nigeria's economy.

Although significant progress has been made in reforming Nigeria's economy and its political and judicial systems since the Constitution of the Federal Republic of Nigeria 1999 (as amended) came into effect and a democratically-elected government was sworn-in in 1999, Nigeria is still in the process of developing the necessary infrastructure, regulatory and judicial framework that is essential to support market institutions and broad-based social and economic reforms. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets. Generally, investment by investors from mature markets in securities of issuers in emerging markets, such as Nigeria, is only suitable for sophisticated investors who fully appreciate the significance of risks involved in, and are familiar with, investing in emerging markets and investors are urged to consult their own legal, tax and financial advisers before making an investment. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set out in this Listing Memorandum may become outdated relatively quickly.

Shareholders may be subject to exchange rate risk.

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in Naira. An investment by an investor whose principal currency is not Naira exposes the investor to foreign currency exchange rate risk. Any depreciation of Naira in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

It may not be possible for investors to enforce foreign judgments against MTN Nigeria or its management.

The Company is a public limited liability company incorporated under the laws of Nigeria. A majority of the Directors and officers of the Company reside inside Nigeria and all or a substantial portion of the assets of such persons may be, and the majority of the assets of MTN Nigeria are, located in Nigeria. As a result, it may not be possible for investors to effect service of process upon such persons outside Nigeria or to enforce any judgments against them obtained in the courts of jurisdictions other than Nigeria, predicated upon the laws of such other jurisdictions.

15 SUMMARY OF FINANCIAL HIGHLIGHTS FOR FULL-YEAR 2015 TO 2018

Financial Year Ended December 2015

- The Company's revenue decreased to ₦807.4 billion in the year ended 31 December 2015 from ₦824.8 billion in the year ended 31 December 2014. This decrease was primarily due to regulatory challenges during the year. In July 2015, the NCC suspended the rendering of regulatory services to MTN Nigeria. This precluded the Company from obtaining regulatory approvals for new tariff plans and promotions amongst other regulatory services, which negatively impacted revenues and margins during the period of the regulatory suspension.

- In 2015, the Company grew its active subscriber base by 1.4 million subscribers representing a 2.3% growth to 61.3 million.

- MTN Nigeria continued to expand its coverage and improve network quality resulting in over ₦130 billion CAPEX investment in 2015.

- The NCC imposed a ₦1.04 trillion fine on MTN Nigeria related to the failure to timely disconnect 5.1 million sim cards following the introduction of SIM registration regulations. In June 2016, MTN Nigeria reached a negotiated resolution whereby the fine was reduced to ₦330 billion.

- The recognition of the liability for the NCC fine reduced the Company's EBITDA by ₦275.1 billion. Consequently, the Company recorded a 66.9% decline in EBITDA to ₦158.8 billion from ₦479.3 billion in 2014.

- Overall, the Company recorded loss after tax of N80.3 billion in 2015

Financial Year Ended December 2016

- MTN Nigeria's revenue decreased to ₦793.7 billion in the year ended 31 December 2016 from ₦807.4 billion in the year ended 31 December 2015. This decrease was primarily due to regulatory challenges resulting in lower average subscribers and the impact of delays in competitive offerings during the first half of the year.

- In 2016, the Company achieved a moderate growth in its active subscriber base by 0.6 million representing a 1.0% growth to 61.8 million subscribers.

- MTN Nigeria continued to expand its coverage and improve network quality resulting in over ₦196 billion CAPEX investment in 2016.

- In June 2016, the CBN devalued the Naira against the US dollar by more than 40%. As a result, the Company's operating costs increased, margins declined while finance costs increased on the back of foreign exchange losses. MTN Nigeria's finance costs increased by ₦75.5 billion, or 107.3%, to ₦145.8 billion in the year ended 31 December 2016 from ₦70.4 billion in the year ended 31 December 2015 due to Naira devaluation in 2016.

- The Company recorded a 136.8% growth in EBITDA to ₦376.1 billion from a low base of ₦158.8 billion in 2015.

- In June 2016, MTN signed a settlement agreement with the NCC, thus the provision of ₦275.1 billion recognised in the year ended 31 December 2015 ceased to exist as there was no longer any uncertainty as to the timing of payment or the amount of the NCC fine. This led to the reversal of provision recognised in respect of the fine and the recognition of financial liability due to the NCC. The ₦20.4 billion credit recognised in 2016 is the differential between the provision for the fine and the re-measured financial liability.

- Overall the Company recorded profit after tax of ₦88.8 billion in 2016 from a loss position of ₦80.3 billion in 2015.

Financial Year Ended December 2017

- MTN Nigeria' revenue increased by ₦93.5 billion, or 11.8%, to ₦887.2 billion in the year ended 31 December 2017 from ₦793.7 billion in the year ended 31 December 2016. This increase was primarily driven by the increase in uptake of new plans and expansion in outgoing voice minutes, as well as growth in data usage and penetration of digital services. This was offset slightly by a decline in digital and VAS revenue due to optimisation of services in 2017.

- The Company's mobile subscriber base decreased from 61.8 million subscribers as at 31 December 2016 to 52.3 million subscribers as at 31 December 2017. This was primarily due to a subscriber re-definition process by the Company which took place in June 2017. The subscriber re-definition was initiated to accurately reflect active customer base and excludes from the definition of 'active subscribers', customers whose transactions are limited to receiving SMS messages, calls and undertaking airtime refills.

- MTN Nigeria continued to expand its coverage and improve network quality resulting in over ₦225 billion CAPEX investment in 2017.

- The Company recorded a 7.9% decline in EBITDA to ₦346.4 billion from ₦376.1 billion in 2016. The decline in EBITDA was due to the growth in direct network operating costs by ₦91.4 billion, or 51.7%, to ₦268.3 billion in the year ended 31 December 2017 from ₦176.9 billion in the year ended 31 December 2016. This resulted mainly from increase in US dollar linked site lease costs and number of leased sites, as well as overall expansion of network capacity in 2017.

- Overall the Company recorded profit after tax of ₦81.1 billion in 2017 from ₦88.8 billion in 2016

Financial Year Ended December 2018

- Revenue increased by ₦151.9 billion, or 17.2%, to ₦1,039.1 billion in the year ended 31 December 2018 from ₦887.2 billion in the year ended 31 December 2017. This was driven by growth in voice and data revenue, supported by improved network quality and availability, focused customer value management activities and new customer additions.

- In 2018, the Company grew its active subscriber base by 5.9 million subscribers representing 11.3% growth to 58.2 million subscribers from 52.3 million subscriber as at 31 December 2017.

- MTN Nigeria continued to expand its coverage and improve network quality resulting in over ₦184 billion CAPEX investment in 2018.

- The Company recorded a 25.3% increase in EBITDA to ₦434 billion (after deducting Notional Reversal payment to the CBN) from ₦346.4 billion in 2017. Growth in EBITDA was driven by the strong growth in revenue and cost optimisation efforts.

- Overall the Company recorded a 79.7% growth in profit after tax to ₦145.7 billion in 2018 from ₦81.1 billion in 2017

MTN NIGERIA - STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 2014 TO 2018

		31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	Notes	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	7	**1,039,117,810**	**887,180,480**	**793,672,967**	**807,448,831**	**824,806,801**
Other income	8	2,225,066	-	-	-	-
Direct network operating costs	12	(305,519,088)	(268,358,987)	(176,901,391)	(125,802,398)	(107,630,287)
Value added services		(16,643,563)	(28,226,747)	(34,237,175)	(29,552,333)	-
Blackberry licence fees		-	239,542	(5,721,573)	-	-
Cost of handsets and other accessories		(6,191,729)	(7,214,379)	(4,273,521)	(6,938,869)	(6,073,698)
Interconnect costs		(95,630,222)	(84,194,261)	(76,077,835)	(61,605,041)	(64,866,975)
Roaming costs		(4,173,205)	(2,724,654)	(2,175,057)	-	-
Transmission costs		(5,508,549)	(5,685,104)	(5,695,996)	-	-
Employee benefits	10	(27,152,445)	(22,683,483)	(23,700,895)	(25,929,642)	(25,509,501)
Discounts and commissions		(51,287,375)	(45,770,358)	(44,086,830)	-	-
Advertisements, sponsorships and sales promotions		(16,274,390)	(15,567,368)	(18,053,330)	(68,700,862)	(65,079,520)
Impairment reversal/ (losses) on contracts with customers		8,757,923	(5,595,982)	-	-	-
Reversal of impairment/(impairment) of property, plant and equipment	14	(758,926)	718,535	(41,714)	(765,696)	(1,925,861)
Impairment of assets held for sale		-	-	-	(493,980)	(3,516,910)
Writeback of impairment of assets held for sale	17	6,996	-	202,841	-	-
Other operating expenses	11	(67,799,557)	(55,721,922)	(47,205,515)	(53,739,966)	(70,855,013)
Notional reversal difference payment to CBN		(19,192,309)	-	-	-	-
Regulatory fine	27	-	-	20,383,675	(275,073,747)	-
Depreciation	14	(141,162,479)	(123,817,906)	(116,842,779)	(122,354,290)	(134,566,283)
Amortization of intangible assets	15	(26,700,181)	(26,648,659)	(26,896,120)	(18,052,959)	(15,852,343)
Operating profit		**266,113,777**	**195,928,747**	**232,349,752**	**18,439,048**	**328,930,410**
Finance income	9	22,568,339	43,503,203	40,131,256	39,588,279	28,030,142
Finance costs	9	(67,339,468)	(131,542,282)	(145,829,806)	(70,362,263)	(66,354,197)
Profit/(Loss) before tax		**221,342,648**	**107,889,668**	**126,651,202**	**(12,334,936)**	**290,606,355**
Income tax expense	13	(75,656,747)	(26,819,447)	(37,850,862)	(67,954,967)	(81,579,482)
Profit/(Loss) for the year		**145,685,901**	**81,070,221**	**88,800,340**	**(80,289,903)**	**209,026,873**
Profit/(Loss) per share - basic/diluted	**39**	**357.87**	**199.15**	**218.13**	**(197.23)**	**513.47**

Notes to Statement of Profit or Loss:

- **Blackberry licence fees:** reported as direct network fees in 2014 and 2015. Was reported as a separate line beginning from 2016 based on observation from NCC for Annual Operating License (AOL) computation that all deductible costs should be identifiable on the financial statement. The service was stopped in 2017.
- **Roaming costs:** reported as direct network fees in 2014 and 2015. Was reported as a separate line beginning from 2016 based on observation from NCC for Annual Operating License (AOL) computation that all deductible costs should be identifiable on the financial statement.
- **Transmission costs:** reported as direct network fees in 2014 and 2015. Was reported as a separate line beginning from 2016 based on observation from NCC for Annual Operating License (AOL) computation that all deductible costs should be identifiable on the financial statement.
- **Discounts and commissions:** reported as Selling & Distribution costs up to 2015. Beginning from 2016 the description was changed to Discounts and Commissions in order to report expenses strictly by nature of transaction.
- **Advertisements, sponsorships and sales promotions:** Described as Selling & Distribution costs up to 2015. Beginning from 2016 the description was changed to Advertisement, sponsorships and sales promotion in order to report expenses strictly by nature and not both nature of the transaction.
- **Impairment losses on contracts with customers:** This line was introduced in 2017 following the adoption of IFRS 9. Pre- 2017 it was reported as part of other operating expenses.

MTN NIGERIA - STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 2014 TO 2018

	31 December 2018	**31 December 2017**	**31 December 2016**	**31 December 2015**	**31 December 2014**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
Profit/ (Loss) for the year	145,685,901	81,070,221	88,800,340	(80,289,903)	209,026,873
Items that may be reclassified to profit or loss					
-Changes in the fair value of available for sale financial assets	(490,575)	170,923	325,721	-	-
Total comprehensive income/(loss) for the year	**145,195,326**	**81,241,144**	**89,126,061**	**(80,289,903)**	**209,026,873**
Attributable to:					
Owners of the parent	145,195,326	81,241,144	89,126,061	(80,289,903)	209,026,873
	145,195,326	**81,241,144**	**89,126,061**	**(80,289,903)**	**209,026,873**

MTN NIGERIA - CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 2014 TO 2018

		31 December 2018	31 December 2017 Restated	1 January 2017 Restated	31 December 2015	31 December 2014
	Notes	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
ASSETS						
Non-current assets						
Property, plant and equipment	14	607,023,544	582,438,885	494,670,217	450,873,469	513,908,934
Intangible assets	15	119,368,123	128,602,009	141,488,116	136,327,243	34,348,986
Contract acquisition cost	19a	3,766,048	3,411,568	4,314,693	-	-
Non-current prepayments	19	15,726,985	13,683,216	18,449,756	16,827,913	14,481,239
Deferred tax assets	32	-	-	-	10,054,653	12,533,135
Derivative asset		-	55,673	-	-	-
		745,884,700	**728,191,351**	**658,922,782**	**614,083,278**	**575,272,294**
Current assets						
Assets held for sale	17	-	174	7,229	134,067	57,299,184
Inventories	18	1,538,766	5,729,899	9,160,431	5,440,396	1,936,265
Trade and other receivables	19	38,617,124	33,425,336	39,550,140	58,162,760	58,044,589
Current investments	20	65,468,259	71,078,495	151,437,457	98,175,739	72,773,092
Restricted cash	21	37,219,023	41,617,634	17,260,604	16,218,755	4,097,360
Cash and cash equivalents	22	53,011,748	89,564,964	146,369,033	200,674,337	207,654,248
		195,854,920	**241,416,502**	**363,784,894**	**378,806,054**	**401,804,738**
Total assets		**941,739,620**	**969,607,853**	**1,022,707,676**	**992,889,332**	**977,077,032**
EQUITY						
Share capital	23	646,510	646,510	646,510	646,510	646,510
Share premium	24	64,498,466	64,498,466	64,498,466	64,498,466	64,498,466
Retained profit/(loss)		154,201,270	47,210,298	16,140,077	(76,101,952)	106,016,819
Other reserves		6,069	496,644	325,721	-	-
		219,352,315	**112,851,918**	**81,610,774**	**(10,956,976)**	**171,161,795**
LIABILITIES						
Non-current liabilities						
Borrowings	25	31,438,349	135,544,915	189,783,327	250,479,708	329,672,893
Share based payment liability	42.1	654,791	655,565	657,448	916,223	913,775
Regulatory fine liability	27	-	91,656,623	168,060,851	-	-
Provisions	31	65,934	70,048	210,196	195,112,544	24,350
Deferred tax liabilities	32	109,266,019	87,176,559	94,082,642	116,189,726	120,176,984
Derivative liability	30	14,152	-	-	-	-
		141,439,245	**315,103,710**	**452,794,464**	**562,698,201**	**450,788,002**

		31 December 2018	31 December 2017 Restated	1 January 2017 Restated	31 December 2015	31 December 2014
		N '000	N '000	N '000	N '000	N '000
Current liabilities						
Liabilities associated with assets held for sale		-	-	-	-	252,347
Trade and other payables	26	213,715,209	245,991,213	255,567,870	132,259,212	127,172,613
Unearned revenue	28	-	-	-	40,373,362	42,009,798
Contract liabilities	29	42,738,547	35,532,093	38,345,203	-	-
Regulatory fine liability	27	105,127,783	101,119,141	29,002,060	-	-
Provisions	31	21,359,196	13,192,909	12,526,264	98,724,746	26,633,222
Tax liabilities	36	54,131,436	25,996,641	52,806,752	83,344,103	94,770,901
Borrowings	25.0	143,875,889	119,820,228	100,054,289	86,320,306	63,518,851
Share based payment liability	42.1	-	-	-	41,687	494,170
Obligations under finance lease	33	-	-	-	84,691	275,333
		580,948,060	**541,652,225**	**488,302,438**	**441,148,107**	**355,127,235**
Total liabilities		**722,387,305**	**856,755,935**	**941,096,902**	**1,003,846,308**	**805,915,237**
Total equity and liabilities		**941,739,620**	**969,607,853**	**1,022,707,676**	**992,889,332**	**977,077,032**

MTN NIGERIA - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 2014 TO 2018

	Attributable to owners of the parent								
	Share capital	**Share premium**	**Other retained earnings**	**Pioneer retained earnings****	**Total retained profit/(loss)**	**Other reserves**	**Total shareholders' fund**	**Non-controlling interest**	**Total Equity**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
Balance at 1 January 2013	646,510	64,498,466	98,300,291	5,091,821	103,392,112	-	168,537,088	-	168,537,088
Comprehensive income	-	-	217,321,981	-	217,321,981	-	217,321,981	-	217,321,981
Dividend paid	-	-	(184,863,333)	-	(184,863,333)	-	(184,863,333)	-	(184,863,333)
Balance at 31 December 2013	**646,510**	**64,498,466**	**130,758,939**	**5,091,821**	**135,850,760**	**-**	**200,995,736**	**-**	**200,995,736**
Balance at 1 January 2014	646,510	64,498,466	130,758,939	5,091,821	135,850,760	-	200,995,736	-	200,995,736
Comprehensive income	-	-	209,026,873	-	209,026,873	-	209,026,873	-	209,026,873
Dividend paid	-	-	(238,860,814)	-	(238,860,814)	-	(238,860,814)	-	(238,860,814)
Balance at 31 December 2014	**646,510**	**64,498,466**	**100,924,998**	**5,091,821**	**106,016,819**	**-**	**171,161,795**	**-**	**171,161,795**
Balance at 1 January 2015	646,510	64,498,466	100,924,998	5,091,821	106,016,819	-	171,161,795	-	171,161,795
Comprehensive income	-	-	(80,289,903)	-	(80,289,903)	-	(80,289,903)	-	(80,289,903)
Dividend paid	-	-	(101,828,868)	-	(101,828,868)	-	(101,828,868)	-	(101,828,868)
Balance at 31 December 2015	**646,510**	**64,498,466**	**(81,193,773)**	**5,091,821**	**(76,101,952)**	**-**	**(10,956,976)**	**-**	**(10,956,976)**
Balance at 1 January 2016	646,510	64,498,466	(81,193,773)	5,091,821	(76,101,952)	-	(10,956,976)	-	(10,956,976)
Profit for the year	-	-	88,800,340	-	88,800,340	-	88,800,340	-	88,800,340
Other comprehensive income	-	-	-	-	-	325,721	325,721	-	325,721
Balance at 31 December 2016	**646,510**	**64,498,466**	**7,606,567**	**5,091,821**	**12,698,388**	**325,721**	**78,169,085**	**-**	**78,169,085**
Balance at 1 January 2017	**646,510**	**64,498,466**	**7,606,567**	**5,091,821**	**12,698,388**	**325,721**	**78,169,085**	**-**	**78,169,085**
Profit for the year	-	-	81,070,221	-	81,070,221	-	81,070,221	-	81,070,221
Other comprehensive income	-	-	-	-	-	170,923	170,923	-	170,923
Dividend paid	-	-	(50,000,000)	-	(50,000,000)	-	(50,000,000)	-	(50,000,000)
Balance at 31 December 2017	**646,510**	**64,498,466**	**38,676,788**	**5,091,821**	**43,768,609**	**496,644**	**109,410,229**	**-**	**109,410,229**
Balance at 31 December 2016 as originally presented	646,510	64,498,466	7,606,567	5,091,821	12,698,388	325,721	78,169,085	-	78,169,085
IFRS 15 retrospective adjustments	-	-	3,441,689	-	3,441,689	-	3,441,689	-	3,441,689

	Share capital	Share premium	Other retained earnings	Pioneer retained earnings**	Total retained profit/(loss)	Other reserves	Total shareholders' fund	Non-controlling interest	Total Equity
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Restated total equity at the beginning of the year 1 January 2017	646,510	64,498,466	11,048,256	5,091,821	16,140,077	325,721	81,610,774	-	81,610,774
Profit for the year (restated)	-	-	81,070,221	-	81,070,221	-	81,070,221	-	81,070,221
Other comprehensive income	-	-	-	-	-	170,923	170,923	-	170,923
Dividends	-	-	(50,000,000)	-	(50,000,000)	-	(50,000,000)		(50,000,000)
Balance at 31 December 2017 (restated)	**646,510**	**64,498,466**	**42,118,477**	**5,091,821**	**47,210,298**	**496,644**	**112,851,918**	**-**	**112,851,918**
Balance at 31 December 2017 as originally presented	646,510	64,498,466	42,118,477	5,091,821	47,210,298	496,644	112,851,918	-	112,851,918
IFRS 15 retrospective restatements	-	-	(82,348)	-	(82,348)	-	(82,348)	-	(82,348)
Restated total equity as at 1 January 2018	**646,510**	**64,498,466**	**42,036,129**	**5,091,821**	**47,127,950**	**496,644**	**112,769,570**	**-**	**112,769,570**
Profit for the year	-	-	145,685,901	-	145,685,901	-	145,685,901	-	145,685,901
Other comprehensive income	-	-	-	-	-	(490,575)	(490,575)	-	(490,575)
Dividend paid	-	-	(38,612,581)	-	(38,612,581)	-	(38,612,581)	-	(38,612,581)
Balance at 31 December 2018	**646,510**	**64,498,466**	**149,109,449**	**5,091,821**	**154,201,270**	**6,069**	**219,352,315**	**-**	**219,352,315**

Notes to Changes in Equity

Interim dividend of ₦94.85 per share for the period ended 30 June 2018 (year ended 31 December 2017 - ₦122.82) was fully paid.

** Federal Government treasury bill investments held through other comprehensive income.*

***Pioneer retained earnings are disclosed separately in line with the provisions of the Industrial Development (Income Tax Relief) Act. The Act exempts profit from a pioneer trade from income tax and requires that such profit be credited into a separate account. The pioneer period ended in April 2007 thus, retained earnings after that date are referred to as other retained earnings.*

MTN NIGERIA - CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 2014 TO 2018

		31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	Notes	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
Cash flows from operating activities:						
Cash generated from operations	38	437,488,621	284,970,885	436,364,622	540,475,288	525,224,601
Increase in non-current prepayments		-	-	(2,728,764)	-	-
Share based payment made		(774)	(1,883)	(300,462)	-	-
Interest received		19,604,317	10,969,388	13,558,752	21,304,631	22,575,395
Interest paid		(42,024,438)	(47,233,628)	(42,251,183)	(57,554,494)	(48,390,709)
Dividends paid		(38,612,581)	(50,000,000)	-	(101,828,868)	(238,860,814)
Regulatory fine paid	28	(110,000,000)	(30,000,000)	(80,000,000)	-	-
Tax paid	36	(21,607,434)	(58,876,805)	(80,258,773)	(90,177,057)	(66,743,901)
Net cash generated from operating activities		**244,847,711**	**109,827,957**	**244,384,192**	**312,219,500**	**193,804,572**
Cash flows from investing activities:						
Proceeds from the sale of assets held for sale		-	7,055	532,520	48,433,548	42,568,043
Acquisition of property, plant and equipment		(201,195,215)	(193,015,248)	(139,820,482)	(62,569,255)	(127,345,076)
Proceeds from sale of property, plant and equipment		652,516	544,028	1,605,111	1,239,430	1,460,457
Purchase of contract acquisition costs		(2,830,395)	(1,674,739)	-	-	-
Acquisition of intangible assets		(10,119,300)	(10,319,689)	(27,358,613)	(65,256,592)	(12,017,391)
Acquisition of subsidiary		-	-	-	(38,690,280)	-
Disposal of/(investment) in bonds, treasury bills and foreign deposits		5,484,257	117,347,886	(43,541,100)	(12,568,877)	(12,883,937)
(Increase)\Decrease in restricted cash		4,398,611	(24,357,030)	(1,041,849)	(12,121,395)	33,576
Acquisition of non-current prepayments		-	-	-	(110,998,612)	(23,585,172)
Net cash used in investing activities		**(203,609,526)**	**(111,467,737)**	**(209,624,413)**	**(252,532,033)**	**(131,769,500)**
Cash flows from financing activities:						
Proceeds from borrowings		136,339,156	50,516,108	-	-	30,123,669
Repayment of borrowings		(216,275,998)	(106,889,704)	(91,943,982)	(64,852,255)	(30,866,558)
Obligations under finance leases		-	-	-	-	(2,521)
Net cash used in financing activities		**(79,936,842)**	**(56,373,596)**	**(91,943,982)**	**(64,852,255)**	**(745,410)**

	Notes	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000
Net (decrease) /increase in cash and cash equivalents		(38,698,657)	(58,013,376)	(57,184,203)	(5,164,788)	61,289,662
Cash and cash equivalents at beginning of year		89,564,964	146,369,032	200,674,337	207,654,248	144,839,167
Exchange (losses)\ gain on cash and cash equivalents		2,145,441	1,209,308	2,878,898	(1,815,123)	1,525,419
Cash and cash equivalents at end of period/year	22	**53,011,748**	**89,564,964**	**146,369,032**	**200,674,337**	**207,654,248**

MTN NIGERIA - NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEARS ENDED DECEMBER 2014 TO 2018

1 General information

MTN Nigeria Communications Limited was incorporated on 8 November 2000 as a private limited liability company under the Companies and Allied Matters Act. The Company was granted a licence by the Nigerian Communications Commission on 9 February 2001 to undertake the business of building and operating GSM Cellular Network Systems and other related services nation-wide in Nigeria. The Company commenced operations on 8 August 2001 (commercial launch date). Currently, the company holds a Unified Access Service License (UASL) in addition to a 2.6 GHz Spectrum and Digital Terrestrial TV Broadcasting license which was obtained on 12 August 2015, in addition to others as shown in note 14.

MTN Nigeria Communications Limited's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. Their principal activities are the provision of broadband fixed wireless access service, high-quality telecommunication services and mobile financial services, respectively.

The Group acquired 100% of the share capital of Visafone Communications Limited on 31 December 2015. Yello Digital Financial Services Limited was established by the Group as wholly owned subsidiary on 6 March 2018. The Group’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. The address of the Company's registered office is 4, Aromire road, Off Alfred Rewane Road, Ikoyi Lagos.

2 Basis of preparation

The consolidated and separate financial statements have 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.

The Group has adopted all new accounting pronouncements that became effective in the current reporting period, none of which had a material impact on the Group or the Company.

The financial statements have been prepared under the historical cost basis except for derivatives and available for sale financial assets which are measured at fair value.

Amounts are rounded to the nearest thousand, except where stated otherwise.

3 Going concern

The Group's and Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group and Company should be able to operate within their current funding levels.

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

4 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the financial statements. The policies applied are consistent with those adopted in the prior year unless otherwise stated.

4.1 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited, companies incorporated in Nigeria. The subsidiaries are wholly owned and controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The subsidiaries are fully consolidated from the date on which control is obtained and deconsolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

4.2 Investment in subsidiaries

The company accounts for investments in subsidiaries at cost less accumulated impairment losses. Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

4.3 Foreign currency translation

4.3.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in Naira, which is also the functional currency of the Group.

4.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4.4 Intangible assets

4.4.1 Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their useful lives.

4.4.2 Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised using the straight-line method over their estimated useful life (three years) and carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software programs are recognised as an expense is incurred.

4.4.3 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), such excess is recognised immediately in profit or loss as a bargain purchase gain.

Any changes resulting from additional and new information about events and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amount recognised at that date, are considered to be measurement period adjustments. The Group retrospectively adjusts the amounts recognised for measurement period adjustments. The measurement period ends when the acquirer receives all the information that they were seeking about the facts and circumstances that existed at the acquisition date or learns that information cannot be obtained. The measurement period shall, however, not exceed one year from the acquisition date. To the extent that changes in the fair value relate to post-acquisition events, these changes are recognised in accordance with the IFRS applicable to the specific asset or liability.

4.5 Inventories

Inventories comprises cellular telephones, accessories, starter packs and prepaid cards and are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method and includes directly attributable costs such as custom duties, freight and handling costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, provision is made for obsolete, slow moving and defective inventory.

4.6 Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment. Included in property, plant and equipment is the estimated amount required for the decommissioning, dismantling and restoration of leased sites, where there is a legal obligation to restore such sites to their original condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction is measured at initial cost and depreciated over its useful life from the date the asset is available for use in the manner intended by management. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for intended use.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Borrowing costs include general and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets. Other borrowing costs are expensed in profit or loss.

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, plant and equipment acquired in exchange for non-monetary assets are measured at the fair value unless the exchange transaction lacks commercial substance or the fair value of the assets cannot be reliably measured. Assets received in the exchange transaction that are not measured at fair value are measured at the carrying value of the asset given up.

A transaction has commercial substance if the difference in either of the points below is significant relative to the fair value of the assets exchanged:

(a) the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or

(b) the entity-specific value of the part of the operations affected by the transaction changes as a result of the exchange.

In instances whereby, the Group receives assets for no consideration (free of charge), the Group accounts for these at cost in accordance with IAS 16 *Property, Plant and Equipment*, being zero value.

Depreciation of property, plant and equipment is recognised to write off the cost of the asset to its residual value, on a straight-line basis, over its expected useful life as follows:

Buildings	10 - 15 years
Leasehold improvements	10 - 15 years
Network infrastructure	2 - 15 years
Information systems, furniture and office equipment	2 - 4 years
Motor vehicles	5 years

Land is not depreciated.

Capital work in progress is not depreciated but tested for impairment every reporting period.

The depreciation method and the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset and is included in profit or loss.

4.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down.

4.8 **Leases**

4.8.1 **Finance lease**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the minimum lease payments at the inception of the lease. The corresponding liability to the lessor, net of finance charges, is included in the statement of financial position under other non-current\current liabilities. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the lease.

4.8.2 **Operating lease**

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Sub-lease income is recognised in profit or loss on a straight-line basis over the term of the lease. In all significant operating lease arrangements in place during the year, the Group acted as the lessee.

Sale and leaseback

In sale and leaseback transactions that result in operating leases, where it is clear that the transaction is priced at fair value, any profit or loss is recognised on the effective date of the sale transaction. If the sale price is below fair value, any profit or loss is recognised on the effective date of the sale transaction except that, if a loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period during which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used. The Group leases various premises and sites under non-cancellable\cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

4.9 **Employee benefits**

4.9.1 **Short-term employee benefits**

Remuneration to employees in respect of services rendered during a reporting period is recognised on an undiscounted basis as an expense in that reporting period. A liability is recognised for accumulated leave and for other short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statement; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

4.9.2 **Share- based payment**

The Group operates a cash settled share-based compensation plan. The fair value of the employee option over the vesting period is recognised as an expense with a corresponding increase in liabilities. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and the impact of the expense, if any, is recognised in the income statement. Unexercised options lapse 10 years from the date of grant and are forfeited if the employee leaves the Group before they vest.

4.9.3 **Post-employment benefits**

The Group's end of service benefits scheme has been in existence since 1 February 2004 as a defined contribution scheme governed by the Scheme's Trust Deeds and Rules.

Currently, all full-time employees contribute 8% of basic, housing and transport allowance while the Group contributes 10% of the Guaranteed pay in line with the Pension Reform Act 2014 guidelines. Guaranteed pay is total annual salary excluding bonus, overtime, commission and shift allowance.

4.10 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision to pay a levy is not recognised until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning provision relates to the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the item and site on which the item is located to its original condition. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

4.11 Current and deferred income tax

Income tax charge is the sum of current and deferred tax. Income taxes are recognised in profit or loss unless they relate to items that are recorded in Other Comprehensive Income (OCI) in which case the tax is recorded in OCI. The group determines the tax due based on expected amount payable and on an individual tax position basis.

Current income tax

Current tax is the expected tax payable (companies income tax and education tax) on the taxable income for the year determined in accordance with the provisions of the Companies Income Tax Act and Education Tax Act using the tax rate enacted or substantively enacted as at the reporting date.

Deferred income tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of an asset or liability in a transaction (other than a business combination) at the time of the transaction affects neither accounting nor taxable profit or loss.

- The taxable temporary difference arising from the initial recognition of goodwill.

Deferred tax is measured at the statutory tax rate enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority.

Deferred tax asset is recognised for unused tax losses or deductible temporary difference only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12 Information Technology Development Levy (ITDL)

Information Technology Development Levy is computed and recognised at one percent of profit before tax in line with National Information Technology Development Act of 2007.

4.13 Finance income and expenses

Finance income comprises interest income on funds invested, changes in fair value of financial assets through profit or loss and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. Finance expenses comprise interest expenses on borrowings, unwinding of the discount on provisions, and foreign exchange losses that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

4.14 Share capital

Ordinary and preference shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or share options are recognised in equity as a deduction, net of tax from the proceeds. The preference shares are redeemable cumulative preference shares and have been classified as equity instruments because there is no contractual obligation to deliver cash or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

4.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less, if not they are presented as non-current liabilities.

4.16 Revenue

4.16.1 Revenue recognition under IAS 18

For the years 2013 to 2015, revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of trade discounts, value added tax and after eliminating sales within the Group.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Post-paid and prepaid products with multiple deliverables are defined as multiple element arrangements which include a Subscriber Identification Module (SIM) card and airtime Voice, SMS and Data. These arrangements are divided into separate units of accounting, and revenue is recognised through application of the relative fair value method.

The main categories of revenue and the basis of recognition are as follows:

Airtime and subscription, data, digital, Value Added Service (VAS) and Short Message Service (SMS)

- airtime, data, digital, VAS and SMS: revenue is recognised on the usage basis commencing on the date of activation;
- connection fees: revenue is recognised on the date of activation of a new SIM card; and
- SIM kits: revenue is recognised on the date of sale.

Digital revenue is any value-added services that involves an application in transacting i.e. application to person SMS, person to application SMS, Unstructured Supplementary Service Data (USSD), Interactive Voice Response (IVR) and content.

Interconnect/roaming

Interconnect/roaming revenue is recognised on a usage basis, unless it is not probable on the transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling outstanding amounts.

Mobile telephone and accessories

Revenue on the sale of mobile telephones and accessories to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.

Unearned revenue

Revenue on Subscriber Identification Module (SIM) cards remains deferred up to the point of activation on the network, while that of recharge cards remains deferred up to the point of usage by the subscriber.

4.16.2 Revenue recognition under IFRS 15

In 2018, IFRS 15 was adopted retrospectively affecting 2016, 2017 and 2018, the Group principally generates revenue from providing mobile telecommunications services, interconnect and roaming services, as well as from sale of mobile devices. Products and services may be sold separately or in bundled packages.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or services to a customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition
Mobile telecommunication services	Mobile telecommunication services include airtime and subscription, data, digital, Value Added Service (VAS) and Short Message Service (SMS) Customers obtain control of these services as the services are provided. Customers pay in advance for these services or pay monthly over the contractual period.	The Group recognises revenue from these services as they are provided. When the Group expects to be entitled to breakage (forfeiture of unused value or network services), the Group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote
Interconnect and roaming	Customers obtain control of interconnect/roaming services as the service is provided.	The Group recognises interconnect and roaming revenue and debtors unless it is not probable on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts. The Group has considered historical payment patterns in assessing whether the contract contains a significant financing component.
Mobile devices	Mobile devices are made up of handsets and accessories. Customers obtain control of mobile devices when the customers take possession of the devices. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, the Group allocates the transaction price to the device and the network services based on the stand-alone selling prices The Group is obligated to replace a faulty device or accessory with another device/accessory. No cash refund is provided to the customer.	Revenue is recognised when customers take possession of devices.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Certain commissions incurred by the Group in obtaining customer contracts that are payable to third party agents qualify as incremental costs. The Group recognises such commissions as an asset, included as contract acquisition costs, if it expects to recover these costs. The asset is amortised on a straight-line basis over the estimated subscriber tenure on the network. The amortisation period ranges from 18 months to 48 months.

The asset is subject to impairment review.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Revenue received on prepaid contracts is deferred and recognised when services are utilized by the customer or on termination of the customer relationship. Breakage is recognised in proportion to the pattern of rights exercised by the customer or when utilization thereof becomes remote.

Contract liabilities relating to unused airtime recharge vouchers and subscriber identification module (SIM cards) were previously presented as unearned revenue. Revenue on the contract liabilities are recognized over the customer's usage patterns, the transfer of rights and obligations occurred at point of payment.

When the Group expects to be entitled to breakage (forfeiture of unused airtime), it recognises the expected amount of breakage in proportion to the pattern of rights exercised by the customer. Any unexpected amounts of breakage are recognized when the usage of the airtime becomes remote.

4.17 Subscriber acquisition costs

For financial years, 2013 and 2014, subscriber acquisition costs, comprise commission paid to dealers, are expensed when incurred.

4.18 Dividends

Interim dividends on ordinary shares are recognised as a liability and a reduction from equity, in the period in which they are approved by the Board of Directors.

Final dividends on ordinary shares are recognised as a liability and a reduction from equity, in the period in which they are recommended by the Board of Directors and ratified by the shareholders.

4.19 Financial instruments

4.19.1 Financial instruments for financial years 2013 and 2014

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

4.19.1.1 **Offsetting financial instruments**

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

4.19.1.2 **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in debt securities, trade and other receivables, restricted cash, cash and cash equivalents, borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

(a) Financial assets

The Group classifies its financial assets into loans and receivables, held to maturity investments and available for sale. The classification is dependent on the purpose for which the financial assets were acquired.

Loans and receivables

Loans and receivables (excluding prepayments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any accumulated impairment losses. Loans and receivables comprise trade and other receivables, restricted cash, short-term investments and cash and cash equivalents.

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not they are classified as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at cost less provision for doubtful debt. The provision is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in profit or loss.

Restricted cash comprises monies placed on deposit with banks to secure letters of credit as well as escrow account relating to Visafone acquisition, which were undrawn and not freely available at the reporting date.

Short-term investments comprise investments in fixed deposits, and treasury bills with maturity periods that are more than three months but less than twelve months.

Cash and cash equivalents comprise cash in hand, Naira deposits held on call and other highly liquid investments with original maturities of three months or less.

Available-for-sale

Available-for-sale financial assets are initially recognised at fair value through profit or loss and are subsequently measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income. On the disposal available for sale financial assets, the cumulative gains realised on these instruments are recognised in profit or loss for the financial year.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity other than those that are loans and receivables. Held-to-maturity investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, the Group measures held-to-maturity investments at amortised cost using the effective interest method, less any impairment loss.

(b) Financial liabilities

Financial liabilities comprise trade and other payables, borrowings and other non-current liabilities (excluding provisions). Financial liabilities are initially measured at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities if payment is required within 12 months and non-current where the settlement of the liability is for at least 12 months after the reporting date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

4.19.1.3 Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and attributable transaction costs are recognised in profit or loss when incurred. Subsequently derivatives are measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.19.2 Financial instruments for financial years 2013 and 2014

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

4.19.2.1 Financial assets

Initial recognition, measurement and classification

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Financial assets are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, debt instruments, restricted cash, cash and cash equivalents.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value.

Restricted cash comprises monies placed on deposit with banks to secure letters of credit. It also includes minimum capital deposit placed with the Central Bank of Nigeria (CBN) for Payment Service Bank license as well as escrow account relating to Visafone acquisition, which were undrawn and not freely available at the reporting date.

Cash and cash equivalents comprise cash in hand, in current accounts which is a non-interest-bearing demand deposit, Naira deposits held on call and other highly liquid investments with original maturities of three months or less.

Financial assets at fair value through OCI (FVOCI)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in Federal Government Treasury bills included under current investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and investments in Federal Government Treasury bills.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and attributable transaction costs are recognised in profit or loss when incurred. Subsequently derivatives are measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.20 Impairment

4.20.1 ***Financial assets***

Under IAS 39 applicable for 2013 to 2016

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be reliably measured. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

An impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the trade receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Under IFRS 9, applicable for 2017 and 2018

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of Federal Government Treasury Bills that are graded in the non-investment category (B+) by the Fitch Rating Agency but are considered to be low credit risk investments as the risk of default is low.

The Group uses the ratings from the Fitch Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Impairment of Non-financial assets

4.20.2 **Goodwill**

The Group tests goodwill for impairment on an annual basis. The recoverable amount of the CGU was determined based fair values less costs to sell obtained from an independent valuer's report with inputs derived from the Group's business plan forecasts, an impairment loss on goodwill is recognised in profit or loss if the carrying amount of goodwill exceeds its estimated recoverable amount and is not subsequently reversed.

4.21 **Investment**

Non-current investments are recognised at cost less accumulated impairment losses. Current investments relate to investment which are subject to more than an insignificant risk of change in value or having a maturity period that is longer than three months.

4.22 **Assets held for sale**

Assets are classified as held for sale and are stated at the lower of their carrying amount and fair value less cost to sell when their carrying amounts are to be recovered principally through sale rather than continued use and the sale is considered to be highly probable.

4.23 **Derecognition of financial assets**

A financial asset is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred substantially all of the risks and rewards of the asset

4.24 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts, there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

4.25 **Financial liabilities**

Initial recognition and measurement

Financial liabilities comprise trade and other payables, borrowings and other non-current liabilities (excluding provisions). Financial liabilities are initially measured at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities if payment is required within 12 months and non-current where the settlement of the liability is for at least 12 months after the reporting date.

Derecognition

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

5.3 Changes in accounting policies as at 31 December 2018

5.3.1 Application of IFRS 9 Financial Instruments

The adoption of IFRS 9 had the following impact on the Group:

- Change in classification of the measurement categories for financial instruments.
- Change from the IAS 39 incurred loss model to the expected credit loss (ECL) model to calculate impairments of financial instruments.

Classification and measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the table below.

IAS 39 Category	IFRS 9 Category
Financial assets at fair value through profit or loss (FVTPL)	Financial assets at FVTPL
Loans and receivables	Financial assets at amortised cost
Held to maturity	
Available for sale	Financial assets at fair value through other comprehensive income (FVOCI)

From 1 January 2018 the Group classifies financial assets in each of the IFRS 9 measurement categories based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial assets.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVOCI);

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

When a debt investment measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Debt instruments that are measured subsequently at amortised cost or at FVOCI are subject to impairment.

The reclassification into the new measurement categories of IFRS 9 did not have a significant impact on the Group.

The main effects resulting from these reclassifications are as follows:

Financial assets classification restated - 1 January 2018

		FVTPL	FVOCI	Amortised cost	Total
		N'000	N'000	N'000	N'000
Reclassified from US Dollar deposits		-	-	9,543,790	9,543,790
Reclassified from Treasury bills held to maturity		-	-	42,641,311	42,641,311
Reclassified from Treasury bills available for sale		-	9,970,842	-	9,970,842
Reclassified from Treasury bills held for trading		8,922,552	-	-	8,922,552
		8,922,552	**9,970,842**	**52,185,101**	**71,078,495**
Financial assets classification as originally presented - 31 December 2017	**Loans and receivables**	**Fair value through profit or loss**	**Available for sale**	**Held to Maturity**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
US Dollar deposits with interest rates	9,543,790	-	-	-	9,543,790
Treasury bills held to maturity	-	-	-	42,641,311	42,641,311
Treasury bills available for sale	-	-	9,970,842	-	9,970,842
Treasury bills held for trading	-	8,922,552	-	-	8,922,552
	9,543,790	**8,922,552**	**9,970,842**	**42,641,311**	**71,078,495**

Reclassification from loans and receivables to amortised cost
Trade receivables, restricted cash, cash and cash equivalents that were previously reported under loans and receivables have been reclassified to amortised cost. They represent solely payments of principal and interest. The business model objective is to hold assets in order to collect contractual cash flows.

Reclassification from held to maturity to amortised cost
Federal Government Treasury bills that were previously been classified as held-to maturity are now classified at amortised cost. The Group intends to hold the assets to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Reclassification from available for sale (AFS) to Fair value through other comprehensive income (FVOCI).
Federal Government Treasury bills were reclassified from available for sale to FVOCI, as the Group's business model is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

5.3.2 IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises

Financial liabilities are measured at amortised cost except for those designated as at FVTPL, which are measured at fair value.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of IFRS 9**.**

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses (ECL) and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The Group has three types of financial assets that are subject to IFRS 9's new ECL model:

- Debt instruments carried at amortised cost
- Debt instruments carried at FVOCI
- Trade receivables

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Group applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for these trade receivables. ECL for trade receivables is calculated using a provision matrix.

Provision matrix – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date.

The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward looking information to determine the ECL for the portfolio of trade receivables at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

The loss allowance as at 1 January 2018 was determined as follows:

1 January 2018	Current N'000	More than 30 days past due N'000	More than 90 days past due N'000	More than 180 days past due N'000	Total N'000
Expected loss rate	1.49%	12.66%	83.62%	100.00%	
Gross carrying amount	2,177,398	9,706,761	5,413,435	18,338,683	35,636,277
Loss allowance	32,471	1,228,955	4,526,978	18,338,283	24,126,687

The loss allowances for trade receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

	1 Jan 2018 N '000
At 31 December 2017 as originally presented	24,044,339
Amounts restated through opening retained earnings	82,348
Opening loss allowance as at 1 January 2018	**24,126,687**

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	1 Jan 2018 N'000
Restated* closing retained earnings 31 December 2017	47,166,661
Increase in provision for trade receivables	(82,348)
Opening retained earnings 1 January 2018	**47,084,313**

Short term investments are all liquid assets that consist of marketable securities. Investments 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, MTN Nigeria also considers the credit risk assessment of the issuer by the rating agencies such as Fitch. The Federal Government (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.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The difference resulted in an immaterial impairment on current investments.

5. New accounting standards

5.1 New accounting standards adopted between 2013 to 2018

- **Amendment to IAS 12 – Income taxes (effective 1 January 2017)**

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

- **Amendment to IAS 7 – Cash flow statements (effective 1 January 2017)**

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt.

• Amendments to IFRS 2 – Share-based payments (effective 1 January 2018)

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

• IFRIC 22 Foreign currency transactions and advance consideration (effective 1 January 2018)

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

• IFRS 9 Financial Instruments (effective 1 January 2018)

IFRS 9 replaces IAS 39. It addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The adoption of IFRS 9 is not expected to change the measurement of the Group's financial assets and liabilities significantly but will require a review of the current classification of financial assets and liabilities.

The hedge accounting requirements are not expected to have a significant impact on the financial results of the Group.

IFRS 9 includes an expected credit loss model for calculating impairment on financial assets. This replaces the incurred loss model used under IAS 39. The Group expects to choose an accounting policy to always measure the impairment at the present value of expected cash shortfalls over the remaining life of the receivable and contract assets using a provision matrix.

• IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 replaces the two main revenue recognition standards, IAS 18 Revenue and IAS 11 Construction contracts and their related interpretations.

IFRS 15 provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

IFRS 15 also includes comprehensive disclosure requirements that will provide users with information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

5.2 International financial reporting standards and amendments issued but not effective for 31 December 2018 year end.

Standards issued but not yet effective but relevant to the Group's financial statements are listed below. The Group has elected not to early adopt the new pronouncements. It is expected that the Group will adopt the new pronouncements on their effective dates in accordance with the requirements of the pronouncements.

• IFRS 16 Leases (effective 1 January 2019)

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Practical expedients are available for short-term and low-value leases. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of N2.64 trillion (refer to note 36.1). Of these commitments, approximately N1.66 trillion relates to non-lease components of operating leases which will continue to be recognised as an expense in profit or loss as they are incurred.

For lease commitments (excluding non-lease components, short-term and low-value leases) the Group will recognise lease liabilities, representing the present value of the future minimum lease payments discounted at a rate appropriate to the operation in which the leases arise, on 1 January 2019, and corresponding right-of-use assets in respect of these leases, adjusted for prepayments and accrued lease payments recognised as at 31 December 2018.

On adoption of IFRS 16 operating lease costs (other than short-term and low value lease) will no longer be recognised as part of operating expenses. The Group will apply a threshold of US$5 000 for assessing what constitutes low value assets. For the year ended 31 December 2018 the Group has recognised lease expenses of N235.23 billion (refer to note 36). Of these operating lease expenses, approximately N141 billion relates to non-lease components of operating leases which will continue to be recognised as an expense in operating expenses as they are incurred.

As a result of the new accounting rules, EBITDA used to measure segment results is expected to increase, as the total operating lease payments were previously included in EBITDA under IAS 17. The group will recognise depreciation on the right-of-use assets and interest on the lease liabilities over the lease term in profit or loss – these charges are excluded from EBITDA. Due to the impact of reducing finance charges over the life of the lease, the impact on earnings will initially be dilutive, before being accretive in later periods. Furthermore, leases denominated in currencies that are not the functional currency of the operation will increase foreign exchange exposure. Therefore, the Group expects that net profit after tax will decrease for 2019 as a result of adopting the new rules.

The effective date of the standard is for years beginning on or after 1 January 2019.

The Group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements.

New accounting standards

New accounting standards adopted between 2013 to 2018

- **Amendment to IAS 12 – Income taxes (effective 1 January 2017)**

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

- **Amendment to IAS 7 – Cash flow statements (effective 1 January 2017)**

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt.

- **Amendments to IFRS 2 – Share-based payments (effective 1 January 2018)**

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

• IFRIC 22 Foreign currency transactions and advance consideration (effective 1 January 2018)

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

• IFRS 9 Financial Instruments (effective 1 January 2018)

IFRS 9 replaces IAS 39. It addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The adoption of IFRS 9 is not expected to change the measurement of the Group's financial assets and liabilities significantly but will require a review of the current classification of financial assets and liabilities.

The hedge accounting requirements are not expected to have a significant impact on the financial results of the Group.

IFRS 9 includes an expected credit loss model for calculating impairment on financial assets. This replaces the incurred loss model used under IAS 39. The Group expects to choose an accounting policy to always measure the impairment at the present value of expected cash shortfalls over the remaining life of the receivable and contract assets using a provision matrix.

• IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 replaces the two main revenue recognition standards, IAS 18 Revenue and IAS 11 Construction contracts and their related interpretations.

IFRS 15 provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. IFRS 15 also includes comprehensive disclosure requirements that will provide users with information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

International financial reporting standards and amendments issued but not effective for 31 December 2018 year end.

Standards issued but not yet effective but relevant to the Group's financial statements are listed below. The Group has elected not to early adopt the new pronouncements. It is expected that the Group will adopt the new pronouncements on their effective dates in accordance with the requirements of the pronouncements.

• IFRS 16 Leases (effective 1 January 2019)

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Practical expedients are available for short-term and low-value leases. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of N2.64 trillion (refer to note 36.1). Of these commitments, approximately N1.66 trillion relates to non-lease components of operating leases which will continue to be recognised as an expense in profit or loss as they are incurred.

For lease commitments (excluding non-lease components, short-term and low-value leases) the Group will recognise lease liabilities, representing the present value of the future minimum lease payments discounted at a rate appropriate to the operation in which the leases arise, on 1 January 2019, and corresponding right-of-use assets in respect of these leases, adjusted for prepayments and accrued lease payments recognised as at 31 December 2018.

On adoption of IFRS 16 operating lease costs (other than short-term and low value lease) will no longer be recognised as part of operating expenses. The Group will apply a threshold of US$5 000 for assessing what constitutes low value assets. For the year ended 31 December 2018 the Group has recognised lease expenses of N235.23 billion (refer to note 36). Of these operating lease expenses, approximately N141 billion relates to non-lease components of operating leases which will continue to be recognised as an expense in operating expenses as they are incurred.

As a result of the new accounting rules, EBITDA used to measure segment results is expected to increase, as the total operating lease payments were previously included in EBITDA under IAS 17. The group will recognise depreciation on the right-of-use assets and interest on the lease liabilities over the lease term in profit or loss – these charges are excluded from EBITDA. Due to the impact of reducing finance charges over the life of the lease, the impact on earnings will initially be dilutive, before being accretive in later periods. Furthermore, leases denominated in currencies that are not the functional currency of the operation will increase foreign exchange exposure. Therefore, the Group expects that net profit after tax will decrease for 2019 as a result of adopting the new rules.

The effective date of the standard is for years beginning on or after 1 January 2019.

The Group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements.

6 Critical Accounting Judgements Estimates and Assumptions

The Group makes judgements, estimates and assumptions concerning the future when preparing its financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The "Critical accounting judgements, estimates and assumptions" note should be read in conjunction with the "other significant accounting policies" disclosed in note 5.

6.1 Residual values and useful lives of property, plant and equipment and intangible assets

Residual values and useful lives of property, plant and equipment and intangible assets are based on management estimates and take into account the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets. Residual values and useful lives are reviewed annually and adjusted if appropriate.

6.2 Income taxes

The Company exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

6.3 Provisions

The Group exercises judgment in determining the expected cash outflows related to its provision. Judgment is necessary in determining the timing of outflow as well as qualifying the possible range financial settlements that may occur.

The present value of the Group's provisions is based on management's best estimate of the future cash outflows expected to be required to settle the obligations, discounted using appropriate pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to each provision.

6.4 Impairment of trade and other receivables

The allowance for doubtful accounts involves significant management judgment and review of receivables based on customer creditworthiness, current economic trends and analysis of historical bad debts.

From 2014 to 2015, the Group determines impairment of trade and other receivables when objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the receivables.

From 2016 to 2018, the Group determines the expected credit losses on trade and other receivables using a provision matrix.

6.5 Impairment of licenses

The Group tests its licences for impairment in accordance with the accounting policy. The determination of the recoverable amount of the license involved the use of estimates by management based on the successful convergence of the license with the Group's operations and the outlook on economic trends. The recoverable amount is based on management's view of variables such as future revenue, associated costs, relevant operating and capital expenditure and an appropriate discount rate.

6.6 Operating lease

Determining whether an arrangement contains a lease

The Group applies the principles of IFRIC 4 Determining whether an arrangement contains a lease in order to assess whether its arrangements constitute or contain leases. The requirements to be met in order to conclude that an arrangement constitutes or contains a lease are as follows:

• The provision of a service in terms of the arrangement should be dependent on the use of one or more specific assets; and
• The arrangement must convey a right to use these assets.

All other arrangements that do not constitute or contain leases are treated as service level agreements; the costs are expensed as incurred.

For the purpose of applying IFRIC 4 on tower space lease arrangements, the Group considers the tower asset as a whole in assessing whether the arrangement contains a lease. This is consistent with the guidance on determining a component of an asset in IAS 16 Property, Plant and Equipment. The Group has resolved that an arrangement contains a lease as defined in IAS 17 Leases where the arrangement provides an exclusive right to use a specific tower space which is more than an insignificant part of the tower asset.

Determining whether an arrangement qualifies as an operating lease or a finance lease

The Group applies judgement in determining the accounting treatment for arrangements which constitute or contain leases and follows the guidance of IAS 17 Leases to determine the classification of leases as either operating or finance leases based on definition in note 4.8.1.

6.6 Operating lease

The critical elements that are considered with respect to classification of lease transactions are:

• whether the lease term is for the major part of the economic life of the asset; and

• whether at inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the asset.

Minimum lease payments are determined by separating the payments required by the lease arrangement into those pertaining to the lease and those pertaining to other elements such as services and cost of inputs on the basis of their relative fair values. Management exercises judgement in estimating the fair value of the other elements by reference to comparable cost structures of the Group. The rate of interest MTN Nigeria would incur in borrowing the funds necessary to purchase similar assets are used in calculating the present value of the minimum lease payments.

6.7 Bundled Products

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using relative fair value principles. Determining the fair value of each deliverable require the use of estimates of standalone selling prices. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering any appropriate volume discounts.

6.8 Principal and agency arrangements

When the Group sells goods or services as a principal, revenue is reported on a gross basis in revenue and the amount paid to the agent is recorded in operating costs. If the Group sells goods or services as an agent, revenue is on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue.

6.9 Goodwill and investment in subsidiary

The Group tests goodwill in the subsidiary and the Company tests the investment in the subsidiary on an annual basis in accordance with the accounting policy. The determination of the recoverable amount of the cash-generating unit to which goodwill upon acquisition of the subsidiary is allocated involves the use of estimates by management. The outcome predicted by these estimates is influenced by the successful integration of acquired entity, interest rate developments and the outlook on economic trends. The recoverable amount of the Visafone CGU was determined based on an external valuation report with inputs derived from the Group's business plan forecasts (Note 14.1).

6.10 Timing of satisfaction of performance obligations

The Group uses the output method to recognise revenue over a period of time. The output methods recognises revenue based on direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The bulk of MTN's revenue is from airtime that is used on network services such as voice, SMS, data and digital services. The output method is a faithful depiction as this represents the value transferred to the customer based on usage.

6.11 Impairment on current investments

The Group applies the general approach to estimate impairment of the current investments measured at amortised cost. This area requires the use of inputs and assumptions on the credit rating of the issuer and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses)

6.12 Amortisation of capitalised contract acquisition costs

The Group has capitalised incremental commission fees paid to trade partners for activating sim kits. These costs are amortised on a straight-line basis over the estimated subscriber tenure on the network. The Group has estimated the amortisation periods based on subscriber tenure on the network.

7. Revenue	31 December 2018 N '000	31 December 2017 Restated N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Airtime and subscription	676,381,351	556,577,781	507,794,825	538,938,913	580,520,181	569,167,900
Data	165,169,353	116,798,263	67,863,921	82,472,160	85,822,230	93,565,682
SMS	14,270,357	12,622,507	11,010,800	13,133,119	15,823,462	19,338,096
Interconnect and roaming	107,182,690	103,566,934	101,068,894	94,822,068	86,845,708	77,172,724
Handset and accessories	207,872	635,842	312,283	222,198	223,492	1,704,944
Digital	40,706,066	69,410,549	87,555,746	64,464,663	47,875,310	-
Value added service	30,540,478	24,015,651	15,660,322	10,367,937	6,268,112	-
Other revenues	4,659,643	3,552,953	2,406,176	3,027,773	1,428,306	32,664,241
	1,039,117,810	**887,180,480**	**793,672,967**	**807,448,831**	**824,806,801**	**793,613,587**

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

8. Other income	31 December 2018 N '000	31 December 2017 Restated N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Other income	2,225,066	-	-	-	-	-

In 2018, MTN Group entered into a Settlement Agreement for compensation in respect of losses arising from breach of contract with Zhongxing Telecommunications Equipment (ZTE). In the terms of the agreement, ZTE agreed to provide specific discounts and free goods to the value US$ 26.7 million to the MTN Group and its operating companies. MTN Nigeria (The Company) accounted for this transaction (US$ 5.8million) as other income measured at the fair value of the free and discounted goods.

Also included in other income is lease rental income of N96million from sites leased by other telecom operators

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

Finance income

	31 December 2018	**31 December 2017 Restated**	**31 December 2016**	**31 December 2015**	**31 December 2014**	**31 December 2013**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
Interest income on bank deposits	8,184,500	12,747,911	14,392,678	21,420,376	17,554,746	10,492,667
Interest income on held-to-maturity investments	10,514,417	24,056,712	13,330,689	16,299,960	5,569,989	4,793,738
Net gain on held for trading investments	1,716,135	2,694,231	973,195	-	-	-
Net gain on available for sale investments	1,384,163	1,426,739	546,673	-	-	-
Interest income on intercompany receivables	20,101	12,971	7,080	-	-	-
Currency swap gain	-	55,673	-	-	-	-
Foreign exchange gain	749,023	2,508,966	10,880,941	1,867,943	4,905,407	2,065,146
	22,568,339	**43,503,203**	**40,131,256**	**39,588,279**	**28,030,142**	**17,351,551**

Finance costs

Interest expense - borrowings	36,375,324	46,163,752	41,327,685	54,598,155	47,860,355	42,234,622
Interest expense - others	4,123,004	3,001,126	1,747,986	1,905,073	2,649,501	2,995,635
Interest expense - intercompany payables	-	1,258,643	732,695	-	-	-

Time value accretion on regulatory fine	22,352,019	25,712,853	22,372,839	-	-	-
Currency swap loss	69,825	-	-	-	-	-
Foreign exchange loss	4,419,296	55,405,908	79,648,601	13,859,035	15,844,341	729,438
	67,339,468	**131,542,282**	**145,829,806**	**70,362,263**	**66,354,197**	**45,959,695**
				-		

10. Employee benefits

	31 December 2018 N '000	31 December 2017 Restated N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Salaries and wages	21,980,917	18,463,132	18,947,048	21,141,639	20,698,482	22,078,954
Post-employment benefits	1,561,762	1,344,731	1,522,636	1,572,915	1,428,644	1,332,219
Employee share option scheme	-	-	1,100,000	(222,470)	402,618	595,029
Training costs	-	-	-	-	-	1,679,652
Other staff costs	3,609,766	2,875,620	2,131,211	3,437,558	2,979,757	4,803,436
	27,152,445	**22,683,483**	**23,700,895**	**25,929,642**	**25,509,501**	**30,489,290**

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

10.1 **Particulars relating to employees**

Employees of the Group, other than directors, whose duties were wholly or mainly discharged in Nigeria received remuneration (excluding pension contributions) in the following ranges:

	31 December 2018	31 December 2017 Restated	31 December 2016	31 December 2015	31 December 2014	31 December 2013
	Number	Number	Number	Number	Number	Number
N 1 600 001 - N 1 700 000	-	-	-	-	-	2
N 1 700 001 - N 1 800 000	-	-	-	-	1	2
N 1 800 001 - N 1 900 000	-	-	-	-	1	6
N 1 900 001 - N 2 500 000	109	45	20	27	46	73
N 2 500 001 - N 3 000 000	-	-	-	-	26	48
Over - N 3 000 001	-	-	-	-	1,815	2,105
N 2 500 001 - N 3 500 000	35	23	40	68	-	-
N 3 500 001 - N 4 500 000	113	123	168	236	-	-
N 4 500 001 - N 5 500 000	214	272	309	297	-	-
N 5 500 001 - N 6 500 000	194	197	187	176	-	-
N 6 500 001 - N 7 500 000	174	126	153	189	-	-
N 7 500 001 - N 8 500 000	90	120	139	133	-	-
N 8 500 001 - N 9 500 000	101	84	129	120	-	-
N 9 500 001 - N 10 500 000	97	116	99	79	-	-
N 10 500 001 - N 11 500 000	108	82	76	103	-	-
N 11 500 001 - N 12 500 000	69	57	82	73	-	-
Over - N 12 500 001	394	306	296	276	-	-
	1,698	**1,551**	**1,698**	**1,777**	**1,889**	**2,236**

10.2 *The year-end number of full-time persons employed by the Group was as follows:*

CEO's Office	41	25	7	8	5	5
Corporate Services	41	44	58	51	56	60
Legal Services	18	-	-	-	-	-
Customer Relations	270	266	338	349	355	366
Finance	288	286	227	231	250	264
Human Resources	59	55	57	63	62	68
Information Systems	105	95	123	125	137	149
Internal Audit & Fraud Management	19	-	-	-	-	-
Business Risk Management	31	24	23	23	24	26
Marketing	104	92	88	85	70	74
Network Group	364	362	349	391	491	767
Sales and Distribution	211	161	250	265	263	276
Enterprise Solutions	147	141	178	186	176	181
	1,698	**1,551**	**1,698**	**1,777**	**1,889**	**2,236**

10.3 Remuneration was paid in respect of directors of the Group as follows:	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000	N '000	N '000
Directors' emoluments:						
Fees (non-executive directors)	60,923	26,293	26,390	26,529	26,529	26,529
Other emoluments (non-executive directors)	278,261	62,757	111,201	263,943	46,419	60,377
Emoluments (executive directors)	571,430	302,380	209,536	675,036	396,283	400,766
Compensation for loss of office	-	-	-	350,000	-	-
	910,614	**391,430**	**347,127**	**1,315,508**	**469,231**	**487,672**
The directors' remuneration shown above includes:						
Chairman's remuneration	34,065	12,210	20,785	-	-	-
Highest paid director	571,430	302,380	209,536	517,880	183,478	168,928
The emoluments of all other directors fall within the following ranges:						
Nil	6	6	6	6	5	5
Above N5 000 000	7	7	7	8	9	9

11 Other operating expenses	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000	N '000	N '000
Blackberry licence fees	-	-	-	-	-	6,486,871
Value Added Services	-	-	-	-	-	9,923,582
VAS and blackberry licence fees	-	-	-	-	21,578,309	-
Profit on disposal of property, plant and equipment	(456,858)	(434,384)	(590,981)	(212,637)	769,736	140,109
(Profit)\loss on disposal of assets held for sale	7,169	(1,544)	321,542	-	-	-
(Reversal of)\bad debts written off	7,746,898	(2,520)	1,478	551,670	4,212,738	132,708
Directors' emoluments	910,614	391,430	347,127	1,315,508	72,948	86,906
Fixed assets written off	447	628,462	368,267	171,199	835,651	653,585
(Reversal of impairment)\Impairments of trade and other receivables	-	-	(255,044)	7,800,028	(1,507,417)	976,653
Information Technology Development Levy and MTN Foundation	3,737,082	1,940,538	2,308,097	-	4,995,206	5,276,680
Insurance cost	1,641,847	1,646,061	1,547,243	1,446,804	1,603,306	1,425,144
Professional fees	29,475,146	30,016,022	26,823,285	24,724,816	18,685,900	2,034,561
Maintenance cost	13,123,184	11,424,007	8,986,302	8,529,814	7,731,041	7,517,171
Rent, rates, utilities and other office running cost	6,469,475	5,661,678	3,226,469	5,886,505	7,006,839	(2,343,863)
Trainings, travels and entertainment cost	2,570,701	2,757,997	2,075,346	2,529,865	2,582,275	2,083,664
Audit fees	270,992	196,452	175,478	161,651	176,655	217,044
Marketing	-	-	-	-	-	798,539
Other expenses	951,906	1,398,031	1,870,906	834,743	2,111,826	4,355,551
Trading inventory write off	1,350,954	99,692	-	-	-	-
	67,799,557	**55,721,922**	**47,205,515**	**53,739,966**	**70,855,013**	**39,764,905**

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

11.1 During the year, the auditors provided to the Group non-audit services such as:

Tax Academy training	5,947	5,947	5,947	11,099	5,242	-
Continuous Auditing Solution project	-	54,500	-	-	-	-
Tax advisory service	1,025	1,000	-	-	-	-
Professional service for billing system convergence	46,164	-	23,827	45,679	-	-
Professional service for telecom analytics and revenue assurance	-	-	-	14,508	52,688	-
Forensic advisory service for MTNN Employees Multipurpose Cooperative Society	-	-	7,657	5,040	1,925	-
Retained earnings certification service	-	-	-	-	525	263
	53,136	**61,447**	**37,431**	**76,325**	**60,379**	**263**

These services were carried out with the consent of the audit engagement partner and these services pose no threat to PwC's independence and objectivity.

12 **Direct network operating costs**	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015**	**31 December 2014**	**31 December 2013**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
Regulatory fees	27,203,234	23,282,127	20,132,853	22,768,694	21,554,037	20,011,768
Annual Numbering Plan	1,164,030	1,281,057	1,167,151	853,125	806,284	734,890
BTS Leases	233,223,823	203,253,094	132,365,933	79,699,877	26,277,554	18,025,245
Network Maintenance	43,928,001	40,542,709	23,235,454	18,117,397	55,396,235	51,474,371
Transmission	-	-	-	4,363,305	3,596,177	3,144,253
	305,519,088	**268,358,987**	**176,901,391**	**125,802,398**	**107,630,287**	**93,390,527**

		31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
13	**Income tax expense**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
	Analysis of tax expense for the year						
	Company income tax	46,659,079	30,064,744	40,917,140	75,784,991	79,013,734	57,532,980
	Education tax	6,908,057	5,812,374	5,870,543	7,500,619	8,953,351	8,402,844
	Capital gains tax	38	2,605	-	-	-	-
	Deferred tax credit	22,089,458	(6,906,083)	(9,592,507)	(15,092,850)	(10,011,111)	28,088,179
	Penalty for late filing	115	-	-	-	-	-
	Impact of IFRS 15 adjustment	-	267,874				
	Prior year (over)\under provision	-	(2,422,067)	655,686	(237,793)	3,623,508	-
	Tax expense for the period	**75,656,747**	**26,819,447**	**37,850,862**	**67,954,967**	**81,579,482**	**94,024,003**

13.1 There were observed cases of over/under provision for tax for 2017, 2016 and 2015 with an ultimate nil effect. However, no adjustment was made or considered necessary due to the materiality of the amounts.

13.2 ***Tax rate reconciliation***

The table below explains the differences between the expected tax expense on continuing operations, at the Nigerian statutory tax rate of 30% (2017: 30%) and the Group's total tax expense for each year.

The income tax charge for the year is reconciled to the effective rate of taxation in Nigeria as follows:

Profit before tax	221,342,648	107,889,668	126,651,202	(12,334,936)	290,606,355	311,345,984
Taxation	(75,656,747)	(26,819,447)	(37,850,862)	(67,954,967)	(81,579,482)	(94,024,003)
Actual tax rate	34.18%	24.86%	29.89%	-550.92%	28.07%	30.20%
	%	**%**	**%**	**%**	**%**	**%**
Tax at standard rate	30.00	30.00	30.00	30.00	30.00	30.00
Expenses not allowed	5.50	8.42	5.17	(671.59)	0.51	0.09
Prior year tax (over)\under provision	(1.10)	(5.93)	0.54	1.53	(1.30)	0.22
Investment allowance	(2.48)	(5.64)	(3.39)	18.06	(1.29)	(2.34)
Exempt income	(1.43)	(6.74)	(7.99)	39.64	(0.58)	(0.46)
Education tax	3.69	4.68	4.62	(60.81)	3.08	2.70
Minimum tax	-	-	0.94	-	-	-
Capital Gains tax	-	0.05	-	92.25		-
					(2.35)	
IFRS Adjustments	-	0.02	-	-	-	-
	34.18	**24.86**	**29.89**	**(550.92)**	**28.07**	**30.21**

The prior year minimum tax relates to the operations of Visafone Communications Limited and XS Broadband Limited.

The Group is regarded as tax resident in Nigeria in line with the provisions of the Companies Income Tax Act and as such taxable in Nigeria.

	Land	Buildings	Leasehold improvements	Network infrastructure	Information systems, furniture and office equipment	Capital work-in-progress	Motor vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
14 Property, plant and equipment - Total								
Cost								
Balance at 1 January 2013		**25,764,719**	**5,053,350**	**801,213,335**	**29,472,172**	**80,701,581**	**9,005,144**	**951,210,301**
Additions	-	1,358,895	674,509	107,017,083	10,351,612	102,100,497	2,398,530	**223,901,126**
Reallocation	-	-	-	109,480,619	-	(109,480,619)	-	-
Other movements	-	-	-	(256,562)	(28,339)	(2,819,195)	(38,955)	**(3,143,051)**
Disposals	-	(383,396)	(383,120)	(72,935,559)	(6,814,462)	-	(2,753,008)	**(83,269,545)**
Balance at 31 December 2013		**6,740,218**	**5,344,739**	**944,518,916**	**32,980,983**	**70,502,264**	**8,611,711**	**1,088,698,831**
Balance at 1 January 2014		26,740,218	5,344,739	944,518,916	32,980,983	70,502,264	8,611,711	1,088,698,831
Additions	-	1,570,864	1,762,381	26,678,102	8,305,365	77,947,522	319,048	116,583,282
Reallocation	-	(580,378)	(9,562)	97,857,194	(159,535)	(97,281,644)	-	(173,925)
Reclassifications	-	-	-	(190,114,576)	(53)	(4,930,416)	-	(195,045,045)
Other movements	-	-	-	(10,121,743)	-	(703,259)	-	(10,825,002)
Disposals	-	-	-	(52,390,784)	(2,435,633)	(1,560,090)	(2,436,710)	(58,823,217)
Balance at 31 December 2014		**27,730,704**	**7,097,558**	**816,427,109**	**38,691,127**	**43,974,377**	**6,494,049**	**940,414,924**
Balance at 1 January 2015		27,730,704	7,097,558	816,427,109	38,691,127	43,974,377	6,494,049	940,414,924
Additions	-	1,193,149	794,985	6,446,685	7,808,621	48,584,066	79,508	64,907,014
Reallocation	-	(133,617)	(561,549)	58,764,610	(2,117,331)	(53,958,772)	-	1,993,341
Other movements	-	-	-	(781,323)	-	(703,547)	-	(1,484,870)
Write-offs	-	(26,885)	(167,950)	(28,021,459)	(3,059,838)	(5,668)	(900,349)	(32,182,149)
Disposals	-	-	-	(802,989)	(70,866)	(624,456)	(474,979)	(1,973,290)
Balance at 31 December 2015		**28,763,351**	**7,163,044**	**852,032,633**	**41,251,713**	**37,266,000**	**5,198,229**	**971,674,970**

	Land	Buildings	Leasehold improvements	Network infrastructure	Information systems, furniture and office equipment	Capital work-in-progress	Motor vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2016		**25,613,049**	**7,163,044**	**852,032,633**	**41,251,713**	**37,266,000**	**5,198,229**	**971,674,970**
Additions	4,407	159,863	99,893	37,378,261	8,295,261	120,969,262	-	**166,906,947**
Reallocation	(1,882)	1,305,195	993,134	85,749,484	3,024,319	(94,312,956)	-	**(3,242,706)**
Reclassifications	-	(385,410)	-	14,187	-	(1,596,910)	(736)	**(1,968,869)**
Write-offs	-	-	-	(558,726)	(321,741)	-	-	**(880,467)**
Disposals	-	-	-	(2,899,881)	(93,335)	-	(922,237)	**(3,915,453)**
Balance at 31 December 2016		**26,692,697**	**8,256,071**	**971,715,958**	**52,156,217**	**62,325,396**	**4,275,256**	**1,128,574,422**
Balance at 1 January 2017		**26,692,697**	**8,256,071**	**971,715,958**	**52,156,217**	**62,325,396**	**4,275,256**	**1,128,574,422**
Additions	-	2,563	542,545	78,366,791	7,134,156	127,948,437	720,895	**214,715,387**
Reallocation	3,892	85,633	7,086,410	102,957,072	215,668	(113,448,757)	-	**(3,100,082)**
Reclassifications	-	-	-	-	-	(9,161)	-	**(9,161)**
Write-offs	-	-	-	(14,093,155)	(225,476)	(624,339)	(20,675)	**(14,963,645)**
Disposals	-	-	-	(437,590)	(224,632)	(261,013)	(147,650)	**(1,070,885)**
Balance at 31 December 2017		**26,780,893**	**15,885,026**	**1,138,509,076**	**59,055,933**	**75,930,563**	**4,827,826**	**1,324,146,036**
Balance at 1 January 2018		26,780,893	15,885,026	1,138,509,076	59,055,933	75,930,563	4,827,826	1,324,146,036
Additions	15,421	54,057	1,399,925	14,751,175	7,185,314	148,960,658	1,918,470	174,285,020
Reallocation	-	99,743	3,234,583	141,650,975	2,869,025	(155,429,661)	(3,400)	(7,578,735)
Reclassifications	-	-	-	-	(3,995)	(143)	-	(4,138)
Write-offs	-	-	-	(250,319,311)	(28,793,458)	-	-	(279,112,769)
Disposals	-	-	-	(447,778)	(2,192,010)	-	(767,800)	(3,407,588)
Balance at 31 December 2018		**26,934,693**	**20,519,534**	**1,044,144,137**	**38,120,809**	**69,461,417**	**5,975,096**	**1,208,327,826**

		Land	Buildings	Leasehold improvements	Network infrastructure	Information systems, furniture and office equipment	Capital work-in-progress	Motor vehicles	Total
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
14	**Accumulated depreciation and impairment**								
	Balance at 1 January 2013		(9,911,629)	(1,863,270)	(364,644,348)	(17,226,781)	-	(5,038,552)	(398,684,580)
	Depreciation for the year		(1,369,298)	(448,957)	(118,596,682)	(6,688,089)	-	(1,135,568)	(128,238,594)
	Impairment reversal	-	-	-	453,623	-	-	-	453,623
	Other movements	-	-	-	(339,755)	85,536	-	38,959	(215,260)
	Disposals	-	11,861	383,120	65,869,826	6,596,397	-	2,579,300	75,440,504
	Balance at 31 December 2013		**(11,269,066)**	**(1,929,107)**	**(417,257,336)**	**(17,232,937)**	**-**	**(3,555,861)**	**(451,244,307)**
	Balance at 1 January 2014		(11,269,066)	(1,929,107)	(417,257,336)	(17,232,937)	-	(3,555,861)	(451,244,307)
	Depreciation for the year		(1,407,172)	(529,673)	(123,487,826)	(8,106,295)	-	(1,035,317)	(134,566,283)
	Impairment	-	-	-	(1,925,861)	-	-	-	(1,925,861)
	Reclassifications	-	-	-	105,473,087	-	-	-	105,473,087
	Disposals	-	-	-	51,482,901	2,303,536	-	1,970,937	55,757,374
	Balance at 31 December 2014		**(12,676,238)**	**(2,458,780)**	**(385,715,035)**	**(23,035,696)**	**-**	**(2,620,241)**	**(426,505,990)**
	Balance at 1 January 2015		(12,676,238)	(2,458,780)	(385,715,035)	(23,035,696)	-	(2,620,241)	(426,505,990)
	Depreciation for the year		(1,279,907)	(634,437)	(111,151,725)	(8,349,094)	-	(939,127)	(122,354,290)
	Impairment	-	-	-	(765,696)	-	-	-	(765,696)
	Write-offs	-	26,680	159,571	24,283,948	2,868,415	-	551,875	27,890,489
	Disposals	-	-	-	516,020	48,204	-	369,762	933,986
	Balance at 31 December 2015		**(13,929,465)**	**(2,933,646)**	**(472,832,488)**	**(28,468,171)**	**-**	**(2,637,731)**	**(520,801,501)**
	Balance at 1 January 2016		**(13,929,465)**	**(2,933,646)**	**(472,832,488)**	**(28,468,171)**	**-**	**(2,637,731)**	**(520,801,502)**
	Depreciation for the year		(1,541,752)	(685,468)	(105,355,293)	(8,222,672)	-	(1,037,594)	**(116,842,779)**
	Impairment	-	-	-	(41,714)	-	-	-	**(41,714)**
	Write-offs	-	-	-	531,366	306,205	-	-	**837,571**
	Disposals	-	-	-	2,312,348	69,208	-	562,662	**2,944,218**
	Balance at 31 December 2016		**(15,471,217)**	**(3,619,114)**	**(575,385,781)**	**(36,315,430)**	**-**	**(3,112,663)**	**(633,904,205)**

	Land	Buildings	Leasehold Improvements	Network infrastructure	Information Systems, Furniture and Office equipment	Capital Work-in-progress	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2017		**(15,471,217)**	**(3,619,114)**	**(575,385,781)**	**(36,315,430)**	**-**	**(3,112,663)**	**(633,904,205)**
Depreciation for the year		(1,515,775)	(728,364)	(113,357,466)	(7,462,047)	-	(754,254)	**(123,817,906)**
Impairment reversal		-	-	718,535	-	-	-	**718,535**
Write-offs	-	-	-	14,093,120	222,462	-	19,601	**14,335,183**
Disposals	-	-	-	386,180	200,977	-	374,085	**961,242**
Balance at 31 December 2017		**(16,986,992)**	**(4,347,478)**	**(673,545,412)**	**(43,354,038)**	**-**	**(3,473,231)**	**(741,707,150)**
Balance at 1 January 2018		(16,986,992)	(4,347,478)	(673,545,412)	(43,354,038)	-	(3,473,231)	(741,707,150)
Depreciation for the year		(1,505,081)	(1,763,433)	(126,933,114)	(10,248,818)	-	(712,033)	(141,162,479)
Impairment	-	-	-	(758,926)	-	-	-	(758,926)
Write-offs	-	-	-	250,330,708	28,781,636	-	-	279,112,344
Disposals	-	-	-	380,563	2,130,408	-	700,959	3,211,930
Balance at 31 December 2018		**(18,492,073)**	**(6,110,911)**	**(550,526,181)**	**(22,690,812)**	**-**	**(3,484,305)**	**(601,304,281)**
At 1 January 2013	-	15,853,090	3,190,080	436,568,987	12,245,391	80,701,581	3,966,592	552,525,721
At 31 December 2013		15,471,152	3,415,632	527,261,580	15,748,046	70,502,264	5,055,850	637,454,518
At 1 January 2014	-	15,471,152	3,415,632	527,261,580	15,748,046	70,502,264	5,055,850	637,454,524
At 31 December 2014		15,054,466	4,638,778	430,712,074	15,655,431	43,974,377	3,873,808	513,908,934
At 1 January 2015	-	15,054,466	4,638,778	430,712,074	15,655,431	43,974,377	3,873,808	513,908,934

At 31 December 2015		14,833,886	4,229,398	379,200,145	12,783,542	37,266,000	2,560,498	450,873,469
At 1 January 2016	3,150,302	11,683,584	4,229,398	379,200,145	12,783,542	37,266,000	2,560,498	450,873,469
At 31 December 2016		11,221,480	4,636,957	396,330,177	15,840,787	62,325,396	1,162,593	494,670,217
At 1 January 2017	3,152,827	11,221,480	4,636,957	396,330,177	15,840,787	62,325,396	1,162,593	494,670,217
At 31 December 2017		9,793,901	11,537,548	464,963,664	15,701,895	75,930,563	1,354,595	582,438,885
At 1 January 2018	3,156,719	9,790,952	11,537,548	464,908,986	15,698,845	75,930,563	1,354,595	582,378,208
At 31 December 2018		8,442,620	14,408,623	493,617,956	15,429,997	69,461,417	2,490,791	607,023,544

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

Reclassifications relate to tangible assets initially capitalised but later expensed in the statement of profit or loss due to materiality threshold. Write- offs relate to fully depreciated assets written off during the year.

14 Property, plant and equipment - Group Owned

	Land	Buildings	Leasehold Improvements	Network infrastructure	Information Systems, Furniture and Office equipment	Capital Work-in-progress	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost								
Balance at 1 January 2013		**25,764,719**	**5,053,350**	**799,632,699**	**29,472,172**	**80,701,581**	**7,438,222**	948,062,743
Additions	-	1,358,895	674,509	107,017,083	10,351,612	102,100,497	2,398,530	223,901,126
Reallocation	-	-	-	109,480,619	-	(109,480,619)	-	-
Other movements		-	-	(256,562)	(28,339)	(2,819,195)	(38,955)	(3,143,051)
Disposals	-	(383,396)	(383,120)	(72,935,559)	(6,814,462)	-	(1,789,426)	(82,305,963)
Balance at 31 December 2013		**26,740,218**	**5,344,739**	**942,938,280**	**32,980,983**	**70,502,264**	**8,008,371**	**1,086,514,855**
Balance at 1 January 2014		26,740,218	5,344,739	942,938,280	32,980,983	70,502,264	8,008,371	1,086,514,855
Additions	-	1,570,864	1,762,381	26,678,102	8,305,365	77,947,522	319,048	116,583,282
Reallocation	-	(580,378)	(9,562)	97,857,194	(159,535)	(97,281,644)	-	(173,925)
Reclassifications	-	-	-	(190,114,576)	(53)	(4,930,416)	-	(195,045,045)
Other movements		-	-	(10,121,743)	-	(703,259)	-	(10,825,002)
Disposals	-	-	-	(52,390,784)	(2,435,633)	(1,560,090)	(1,833,370)	(58,219,877)
Balance at 31 December 2014		**27,730,704**	**7,097,558**	**814,846,473**	**38,691,127**	**43,974,377**	**6,494,049**	**938,834,288**

	Land	Buildings	Leasehold Improvements	Network infrastructure	Information Systems, Furniture and Office equipment	Capital Work-in-progress	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2015		27,730,704	7,097,558	814,846,473	38,691,127	43,974,377	6,494,049	938,834,288
Additions	-	1,193,149	794,985	6,446,685	7,808,621	48,584,066	79,508	64,907,014
Reallocation	-	(133,617)	(561,549)	58,764,610	(2,117,331)	(53,958,772)	-	1,993,341
Reclassifications		-	-	10,986,221	28,363	(5,668)	\(808,962)	10,199,954
Other movements		-	-	(781,323)	-	(703,547)	-	(1,484,870)
Write-offs	-	(26,885)	(167,950)	(39,007,680)	(3,088,201)	-	(91,387)	(42,382,103)
Disposals	-	-	-	(802,989)	(70,866)	(624,456)	(474,979)	(1,973,290)
Balance at 31 December 2015		**28,763,351**	**7,163,044**	**850,451,997**	**41,251,713**	**37,266,000**	**5,198,229**	**970,094,334**

	Land	Buildings	Leasehold Improvements	Network infrastructure	Information Systems, Furniture and Office equipment	Capital Work-in-progress	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Accumulated depreciation and impairment								
Balance at 1 January 2013		(9,911,629)	(1,863,270)	(363,726,419)	(17,226,781)	-	(3,549,976)	(396,278,075)
Depreciation for the year		(1,369,298)	(448,957)	(118,226,440)	(6,688,089)	-	(1,135,568)	(127,868,352)
Impairment reversal		-	-	453,623	-	-	-	453,623
Other movements		-	-	(339,755)	85,536	-	38,959	(215,260)
Disposals	-	11,861	383,120	65,869,826	6,596,397	-	1,663,897	74,525,101
Balance at 31 December 2013		**(11,269,066)**	**(1,929,107)**	**(415,969,165)**	**(17,232,937)**	**-**	**(2,982,688)**	**(449,382,963)**
Balance at 1 January 2014		(11,269,066)	(1,929,107)	(415,969,165)	(17,232,937)	-	(2,982,688)	(449,382,963)
Depreciation for the year	-	(1,407,172)	(529,673)	(123,338,092)	(8,106,295)	-	(1,035,317)	(134,416,549)
Impairment	-	-	-	(1,925,861)	-	-	-	(1,925,861)
Reclassifications	-	-	-	105,473,087	-	-	-	105,473,087
Disposals	-	-	-	51,482,901	2,303,536	-	1,397,764	55,184,201
Balance at 31 December 2014		**(12,676,238)**	**(2,458,780)**	**(384,277,130)**	**(23,035,696)**	-	**(2,620,241)**	**(425,068,085)**
Balance at 1 January 2015		(12,676,238)	(2,458,780)	(384,277,130)	(23,035,696)	-	(2,620,241)	(425,068,085)
Depreciation for the year	-	(1,279,907)	(634,437)	(111,108,660)	(8,349,094)	-	(939,127)	(122,311,225)
Impairment	-	-	-	(765,696)	-	-	-	(765,696)

Reclassifications	-	-	-	(14,712,421)	(85,565)	-	465,058	(14,332,928)
Write-offs	-	26,680	159,571	38,996,369	2,953,980	-	86,817	42,223,417
Disposals	-	-	-	516,020	48,204	-	369,762	933,986
Balance at 31 December 2015		**(13,929,465)**	**(2,933,646)**	**(471,351,518)**	**(28,468,171)**	-	**(2,637,731)**	**(519,320,531)**
Carrying amounts								
At 1 January 2013	-	15,853,090	3,190,080	435,906,280	12,245,391	80,701,581	3,888,246	551,784,668
At 31 December 2013	-	15,471,152	3,415,632	526,969,115	15,748,046	70,502,262	5,025,679	637,131,886
At 1 January 2014	-	15,471,152	3,415,632	526,969,115	15,748,046	70,502,262	5,025,679	637,131,886
At 31 December 2014	-	15,054,466	4,638,778	430,569,343	15,655,431	43,974,377	3,873,808	513,766,203
At 1 January 2015	-	15,054,466	4,638,778	430,569,343	15,655,431	43,974,377	3,873,808	513,766,203
At 31 December 2015	-	14,833,886	4,229,398	379,100,479	12,783,542	37,266,000	2,560,498	450,773,803

The reallocation relates to equipment and other inventory items deployed to network sites. Other movements relate to reversal of asset accrued for in the prior year no longer required.

The reclassification mainly relates to the towers and motor vehicles reclassified from\(to) assets held for sale.

	Network infrastructure	Motor vehicles	Other	Total
	N'000	N'000	₦'000	N'000
14.1 ***Property, plant and equipment - Leased***				
Cost				
Balance at 1 January 2013	1,580,636	1,566,922	-	3,147,558
Additions	-	-	-	-
Disposals	-	(963,582)	-	(963,582)
Balance at 31 December 2013	**1,580,636**	**603,340**	**-**	**2,183,976**
Balance at 1 January 2014	1,580,636	603,340	-	2,183,976
Additions	-	-	-	-
Disposals	-	(603,340)	-	(603,340)
Balance at 31 December 2014	**1,580,636**	**-**	**-**	**1,580,636**
Balance at 1 January 2015	1,580,636	-	-	1,580,636
Additions	-	-	-	-
Balance at 31 December 2015	1,580,636	-	-	1,580,636
Balance at 1 January 2016	1,580,636	-	-	1,580,636
Additions	-	-	-	-
Balance at 31 December 2016	1,580,636	-	-	1,580,636
Balance at 1 January 2017	1,580,636	-	-	1,580,636
Additions	-	-	-	-
Balance at 31 December 2017	1,580,636	-	-	1,580,636
Balance at 1 January 2018	1,580,636	-	-	1,580,636
Additions	-	-	-	-
Balance at 31 December 2018	1,580,636	-	-	1,580,636
Accumulated depreciation and impairment				
Balance at 1 January 2013	(917,929)	(1,488,576)	-	(2,406,505)
Depreciation for the year	(370,242)	-	-	(370,242)
Disposals	-	915,403	-	915,403
Balance at 31 December 2013	**(1,288,171)**	**(573,173)**	**-**	**(1,861,344)**
Balance at 1 January 2014	(1,288,171)	(573 173)	-	(1,861,344)
Depreciation for the year	(149,734)	-	-	(149,734)
Disposals	-	573 173	-	573,173
Balance at 31 December 2014	**(1,437,905)**	**-**	**-**	**(1,437,905)**
Balance at 1 January 2015	(1,437,905)	-	-	(1,437,905)
Depreciation for the year	(43 065)	-	-	(43,065)
Disposals	-	-	-	-
Balance at 31 December 2015	**(1,480,970)**	**-**	**-**	**(1,480,970)**

	Network infrastructure N'000	Motor vehicles N'000	Other N'000	Total N'000
Accumulated depreciation and impairment				
Balance at 1 January 2016	(1,480,970)	-	-	(1,480,970)
Depreciation for the year	(32,809)	-	-	(32,809)
Balance at 31 December 2016	(1,513,779)	-	-	(1,513,779)
Balance at 1 January 2017	(1,513,779)	-	-	(1,513,779)
Depreciation for the year	(32,809)	-	-	(32,809)
Balance at 31 December 2017	(1,546,588)	-	-	(1,546,588)
Balance at 1 January 2018	(1,546,588)	-	-	(1,546,588)
Depreciation for the period	(32,753)	-	-	(32,753)
Balance at 31 December 2018	(1,579,341)	-	-	(1,579,341)
Carrying amounts				
At 1 January 2013	**662,707**	**78,346**	**-**	**741,053**
At 31 December 2013	**292,465**	**30,167**	**-**	**322,632**
At 1 January 2014	**292,465**	**30,167**	**-**	**322,632**
At 31 December 2014	**142,731**	**-**	**-**	**142,731**
At 1 January 2015	**142,731**	**-**	**-**	**142,731**
At 31 December 2015	**99,666**	**-**	**-**	**99,666**
At 1 January 2016	**99,666**	-	-	**99,666**
At 31 December 2016	**66,857**	-	-	**66,857**
At 1 January 2017	**66,857**	-	-	**66,857**
At 31 December 2017	**34,048**	-	-	**34,048**
At 1 January 2018	**34,048**	-	-	**34,048**
Balance at 31 December 2018	**1,295**	-	-	**1,295**

MTN entered into a Revenue share agreement with Huawei Technologies for the provision of Ring Back Tone (RBT) Caller Tunez service. The agreement commenced in 2010 and is for a period of 8 years. The arrangement did not take the legal form of a lease but conveyed the right to use asset (RBT system) in return for a payment or series of payments. In line with the provisions of IAS 17 Leases, the arrangement was treated as a finance lease. Upon the expiry of the revenue sharing period in 2018, the ownership right of the RBT system shall automatically transfer to MTNN. The RBT system is depreciated over the lease term.

		Goodwill	Licences	Software	Total
		N '000	**N '000**	**N '000**	**N '000**
15	**Intangible assets**				
	Cost				
	Balance at 1 January 2013	-	55,815,048	31,520,511	87,335,559
	Additions	-	577,500	13,499,220	14,076,720
	Disposals	-	-	(7,659,749)	(7,659,749)
	Balance at 31 December 2013	**-**	**56,392,548**	**37,359,982**	**93,752,530**
	Balance at 1 January 2014	-	56,392,548	37,359,982	93,752,530
	Additions	-	-	12,017,391	12,017,391
	Reallocation	-	-	173,924	173,924
	Disposals	-	-	(288,800)	(288,800)
	Balance at 31 December 2014	**-**	**56,392,548**	**49,262,497**	**105,655,045**
	Balance at 1 January 2015	-	56,392,548	45,638,307	102,030,855
	Additions	-	52,674,028	12,582,564	65,256,592
	Arising from business combination	9,463,744	47,865,768	-	57,329,512
	Retrospective measurement period adjustment	552,295	349,600	-	901,895
	Reallocation	-	-	(1,993,340)	(1,993,340)
	Other movements	-	-	(1,166,192)	(1,166,192)
	Disposals	-	-	(39,714)	(39,714)
	Balance at 31 December 2015	**10,016,039**	**157,281,944**	**55,021,625**	**222,319,608**
	Balance at 1 January 2016	10,016,039	157,281,944	55,021,625	222,319,608
	Additions	-	21,655,108	7,354,730	29,009,838
	Reallocation	-	-	3,242,706	3,242,706
	Other movement	-	-	(195,551)	(195,551)
	Balance at 31 December 2016	**10,016,039**	**178,937,052**	**65,423,510**	**254,376,601**
	Balance at 1 January 2017	10,016,039	178,937,052	65,423,510	254,376,601
	Additions	-	349,600	10,319,690	10,669,290
	Reallocation	-	-	3,100,082	3,100,082
	Reclassifications	-	-	(6,820)	(6,820)
	Write-offs	-	(699,297)	(369,419)	(1,068,716)
	Balance at 31 December 2017	**10,016,039**	**178,587,355**	**78,467,043**	**267,070,437**

	Goodwill N '000	Licences N '000	Software N '000	Total N '000
Balance at 1 January 2018	10,016,039	178,587,355	78,467,043	267,070,437
Additions	-	-	9,887,584	9,887,584
Reallocation	-	-	7,578,735	7,578,735
Write-offs	-	(400,001)	(44,579,406)	
Disposals	-	-	(1,004)	(1,004)
Balance at 31 December 2018	**10,016,039**	**178,187,354**	**51,352,952**	**284,535,752**
Amortisation and impairment				
Balance at 1 January 2013	-	(34,429,614)	(16,024,336)	(50,453,950)
Amortisation for the year	-	(3,768,572)	(9,179,740)	(12,948,312)
Disposals	-	-	7,659,746	7,659,746
Balance at 31 December 2013	**-**	**(38,198,186)**	**(17,544,330)**	**(55,742,516)**
Balance at 1 January 2014	-	(38,198,186)	(17,544,330)	(55,742,516)
Amortisation for the year	-	(3,825,025)	(12,027,318)	(15,852,343)
Disposals	-		288,800	288,800
Balance at 31 December 2014	**-**	**(42,023,211)**	**(29,282,848)**	**(71,306,059)**
Balance at 1 January 2015	-	(42,023,211)	(29,282,847)	(71,306,058)
Amortisation for the year	-	(5,815,038)	(12,237,921)	(18,052,959)
Retrospective measurement period adjustment (note 39)	-	(297,250)	-	(297,250)
Write-offs	-	-	3,626,554	3,626,554
Disposals	-	-	37,348	37,348
Balance at 31 December 2015	**-**	**(48,135,499)**	**(37,856,866)**	**(85,992,365)**
Balance at 1 January 2016	**-**	**(48,135,499)**	**(37,856,866)**	**(85,992,365)**
Amortisation for the year	-	(15,179,507)	(11,716,613)	(26,896,120)
Balance at 31 December 2016	**-**	**(63,315,006)**	**(49,573,479)**	**(112,888,485)**
Balance at 1 January 2017	**-**	**(63,315,006)**	**(49,573,479)**	**(112,888,485)**
Amortisation for the year	-	(16,148,693)	(10,499,966)	(26,648,659)
Write-offs	-	699,297	369,419	1,068,716
Balance at 31 December 2017	**-**	**(78,764,402)**	**(59,704,026)**	**(138,468,428)**
Balance at 1 January 2018	-	(78,764,402)	(59,704,026)	(138,468,428)
Amortisation for the year	-	(15,267,402)	(11,432,779)	(26,700,181)
Write-offs	-	400,001	44,579,382	
Disposals	-	-	1,004	1,004
Balance at 31 December 2018	-	(93,631,803)	(26,556,419)	(165,167,605)

	Goodwill N '000	Licences N '000	Software N '000	Total N '000
Carrying amounts				
At 1 January 2013	-	21,385,434	15,496,175	36,881,609
At 31 December 2013	-	18,194,362	19,815,652	38,010,014
At 1 January 2014	-	18,194,362	19,815,652	38,010,014
At 31 December 2014	-	14,369,337	19,979,649	34,348,986
At 1 January 2015	-	14,369,337	16,355,460	30,724,797
At 31 December 2015	10,016,039	109,146,445	17,164,759	136,327,243
At 1 January 2016	10,016,039	109,146,445	17,164,759	136,327,243
At 31 December 2016	10,016,039	115,622,046	15,850,031	141,488,116
At 1 January 2017	10,016,039	115,622,046	15,850,031	141,488,116
At 31 December 2017	10,016,039	99,822,953	18,763,017	128,602,009
At 1 January 2018	10,016,039	99,822,953	18,763,017	128,602,009
At 31 December 2018	10,016,039	84,555,551	24,796,533	119,368,123

The licences and software are not internally generated intangible assets.
Other movements relate to reversal of prior year accrual of intangible addition.
Reallocation relates to items reclassified from/(to) property, plant and equipment to intangible assets.
Goodwill relates to the acquisition of Visafone Communications Limited.

15.2 Goodwill impairment assessment

Goodwill arising on the acquisition of Visafone was tested for impairment in accordance with IAS 36. For this purpose, the entire goodwill was allocated to the Visafone cash generating units (CGU). The recoverable amount of the CGU was determined based on fair value less cost to sell obtained from an independent valuer.

In 2018, The fair value was estimated using the market approach. This entailed estimating spectrum values based on international average spectrum holdings per operator in other countries. The valuation method includes the spectrum auctions in active markets. A spectrum auction will provide an indication of market prices in a competitive market and will provide an indication of market value of the auction prices of the spectrum range of 800 MHz.

From 2017 to 2013, The fair value was estimated using an income approach (also known as the discounted cashflow). The income approach utilized 10-year cash flow projections with a perpetuity value discounted at a risk-free pre-tax rate of 16.15% with a nominal growth rate of 4% applied to the final years' cash flow. The cashflow projections utilized financial budgets approved by management based on past performance and management's expectations of market developments. The Visafone license has a tenure of 10 years with 7 years remaining at year end. The license also has an option of renewal. The results were also benchmarked against worldwide auction results adjusted by Gross Domestic Product Purchasing Power Parity (GDP PPP) to provide comparable results to the valuations produced.

In 2018, The calculated fair value exceeded the carrying amount of cash generating unit and no impairment was recognized in the financial statements.

From 2017 to 2013, The calculated fair value less cost to sell exceeded the carrying amount of cash generating unit and no impairment was recognized in the financial statements. If either the projected rate of long-term growth of cash flows declined by 0.5%, or if the discount rate increased by 0.5%, the fair value would still be higher than the carrying amount of cash generating unit allocated to the goodwill.

15.2	Intangible assets (continued)								
	Network Licences Type	**Date Granted \Renewed**	**Term (Years)**	**Renewable Term**	**Licence Fee Currency**	**Initiation Fee**	**Annual Licence Fees**	**Future Fees\ Obligations**	
	Digital Mobile Licence (DML) - 900MHz & 1800MHz	9 February 2001	15	The NCC has decided to discontinue the issuance of the DML as the services provided thereunder have been subsumed under the UASL. The tenure of the 900MHz and 1800MHz spectrum issued with the DML has been extended to 31st August 2021 to align and expire with our UASL. The sum of N18,559,528,337.17 was paid on the 10th December 2015 for the 5-year extension.	USD	285 million	Annual operating levy - 2.5% of net revenue	None	
	3G Spectrum Licence (Receive Frequency 1920 - 1930 MHz) (Transmit Frequency 2110 - 2120 MHz)	1 May 2007	15	As may be determined by NCC	USD	150 million	Annual operating levy - 2.5% of net revenue	None	
	Universal Access Service Licence (Including International Gateway)	1 September 2006	15	5	NGN	114.6 million	Annual operating levy - 2.5% of net revenue	None	
	International Submarine Cable Infrastructure and Landing Station (WACS)	1 January 2010	20	20	USD	220,500 (thousand)	Annual operating levy - 2.5% of net revenue	None	
	WiMAX 3.5GHz Spectrum	2007/Renewable Annually	Assigned annually - with a use it or lose it term	Annually	NGN	-	427.5 million - Calculated annually using the Frequency Regulation Pricing Formula	None	

	Network Licences Type	Date Granted \Renewed	Term (Years)	Renewable Term	Licence Fee Currency	Initiation Fee	Annual Licence Fees	Future Fees\ Obligations	
	Pay TV Digital Terrestial TV Broadcasting Services (with 700MHz Spectrum)	12th August 2015 (Provisional licence granted effective 27th May 2015)	10	Initial term of 5 years with an additional term of 5 years subject to renewal formalities.	USD but paid in Naira at the prevailing interbank rate	$171 Million USD (N34,114,500,000.00)	None	None	
	Microwave Spectrums 8GHz - 26GHz	2001/Renewable Annually	Assigned annually - with a use it or lose it term	Annually	NGN	-	1.225 billion - Calculated annually using the Frequency Regulation Pricing Formula	None	
	Microwave Spectrums 8GHz - 26GHz	2001/Renewable Annually	Assigned annually - with a use it or lose it term	Annually	NGN	-	1.314 billion - Calculated annually using the Frequency Regulation Pricing Formula	None	
	Spectrums 800MHz (Visafone)	1 January 2015	10	Renewal fees will be based on the frequency fees and Pricing Regulation in force at the time of renewal	NGN	2.87 billion	None	None	
	Spectrums 2.6GHz	1 August 2016	10	Renewable after expiration of 10 years.	NGN	18.9 billion	None	None	
	Universal Access Service Licence (Visafone)	1 July 2017	10	5	NGN	349.6 million	Annual operating levy - 2.5% of net revenue	None	
	Automated Vehicle Tracking License & Nine Private Network Links (regional) Licenses							None	

16	Derivative asset	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
	Currency swap	**(14,152)**	**55,673**	**-**	**-**	**-**	**-**

The Group uses derivative financial instruments such as currency swap to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. All gains and losses from changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss as finance income or cost.

17	Assets held for sale	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
	Balance at 1 January	174	7,229	134,067	57,299,184	-	-
	Property, plant and equipment - network assets	-	-	-	3,593,996	84,483,241	-
	Property, plant and equipment - network inventory	-	-	-	-	4,746,553	-
	Unamortised BTS lease rental	-	-	-	88,800	26,287,855	-
	Motor vehicles	-	-	-	343,903	-	-
	Write back of impairment of assets held for sale	6,996	-	202,841	-	-	-
		7,170	**7,229**	**336,908**	**61,325,883**	**115,517,649**	**-**
	Less: Impairment of assets held for sale	-	-	-	(493,980)	(3,516,910)	-
		7,170	7,229	336,908	60,831,903	112,000,739	-
	Less: Disposal of assets held for sale	(7,170)	(7,055)	(329,679)	(59,613,542)	(42,568,043)	-
	Less: Disposal of prepaid BTS sites (included in receivables note 18)	-	-	-	(1,084,294)	(12,133,512)	-
	Balance at 31 December	**-**	**174**	**7,229**	**134,067**	**57,299,184**	**-**

The impairment of assets held for sale (motor vehicles) was reversed as the realised amount from its disposal exceeded the carrying amount.

18	Inventories	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
	Handsets and accessories	1,472,329	2,770,388	1,066,743	192,098	228,668	1,840,670
	Handsets and accessories - retrospective measurement period adjustment (note 39)	-	-	-	91,000	-	-
	Starter packs	1,600,467	5,927,122	8,507,535	5,110,013	1,595,541	237,850
	Airtime cards	-	5,555	78	119,703	149,870	183,292
		3,072,796	8,703,065	9,574,356	5,512,814	1,974,079	2,261,812
	Inventory write-down	(1,534,030)	(2,973,166)	(413,925)	(72,418)	(37,814)	-
		1,538,766	**5,729,899**	**9,160,431**	**5,440,396**	**1,936,265**	**2,261,812**

Reconciliation of inventory write-down	At beginning of year	Additions	Utilised	Unused reversed	At end of year
	N '000	N '000	N '000	N '000	N '000
31 December 2013					
Movement in write down	(217,812)	(4,729)	-	172,731	(49,810)
31 December 2014					
Movement in write down	(49,810)	(2,770)	-	14,766	(37,814)
31 December 2015					
Movement in write down	(37,813)	(34,605)	-	-	(72,418)
31 December 2016					
Movement in write down	(72,418)	(341,507)	-	-	(413,925)
31 December 2017					
Movement in write down	(413,925)	(2,658,933)	99,692	-	(2,973,166)
31 December 2018					
Movement in write down	(2,973,166)	(2,277,878)	1,350,954	2,366,060	(1,534,030)

Inventory items are written down to net realizable value after considering obsolete items due to change in technology, defective items and physically damaged items.

19 Trade and other receivables	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000	N '000	N '000
Trade receivables	32,790,123	35,636,277	31,995,652	41,028,797	38,248,992	29,741,950
Less: Allowance for impairment of trade receivables	(15,338,739)	(24,044,339)	(18,450,877)	(18,704,443)	(10,904,415)	(12,411,832)
Net trade receivables	17,451,384	11,591,938	13,544,775	22,324,354	27,344,577	17,330,118
Intercompany receivables	6,821,267	6,410,310	5,045,500	3,564,329	-	-
Other receivables*	4,721,131	9,415,665	9,522,511	21,838,880	24,132,001	58,392,493
Sundry debtors and advances	268,265	250,659	4,273,181	1,137,798	1,252,664	420,262
	29,262,047	**27,668,572**	**32,385,967**	**48,865,361**	**52,729,242**	**76,142,873**
Prepayments**	25,082,062	19,439,980	25,613,929	26,125,312	19,796,586	-
Less: non-current prepayments	(15,726,985)	(13,683,216)	(18,449,756)	(16,827,913)	(14,481,239)	(39,011,127)
Trade and other receivables - current	**38,617,124**	**33,425,336**	**39,550,140**	**58,162,760**	**58,044,589**	**37,131,746**

Impairment loss of N5.6 billion (December 2016: impairment loss writeback of N0.26 billion) was booked in the current year, and this amount is included in other operating expenses in profit or loss.

The Group's exposure to currency risk and credit risk and impairment losses related to trade and other receivables are disclosed in note 39.

The carrying value of trade and other receivables materially approximates the fair value because of the short period to maturity.

*Other receivables include withholding tax receivables, accrued investment income receivable and an amount of N776 million (December 2016: N776 million) due from INT Towers in respect of Base Transceiver Station assets transferred.

**Prepayments relate to rent payments for BTS sites, other property leases and Indefeasible Right of Use (IRU).

At 31 December 2015, accrued interconnect payable of N7.37 billion was disclosed as part of trade and other payables. This has been reclassified to trade and other receivables in 2016 and the comparative figures. There is a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis.

19a Contract acquisition costs

	31 December 2018	31 December 2017 Restated	1 January 2017 Restated
	N'000	N'000	N'000
Opening balance	3,411,568	4,314,693	0
Additions	2,830,395	1,674,739	11,037,129
Amortised in the year	(2,475,915)	(2,577,864)	(6,722,436)
Net book value	**3,766,048**	**3,411,568**	**4,314,693**

		31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
20	**Current investments**						
	US Dollar deposits with interest rates of 7 % to 8%.	7,651,077	9,543,790	13,801,205	10,559,871	17,640,000	19,534,640
	Treasury bills held to maturity	56,080,918	42,641,311	115,947,851	-	-	-
	Treasury bills available for sale	434,066	9,970,842	6,426,819	-	-	-
	Treasury bills held for trading	1,302,198	8,922,552	15,261,582	87,615,868	55,133,092	39,103,564
		65,468,259	**71,078,495**	**151,437,457**	**98,175,739**	**72,773,092**	**58,638,204**

Treasury Bills are with interest rates of between 15.60 to 17.75% and maturity dates between January and December 2018.

21 Restricted cash

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Restricted cash deposits	**37,219,023**	**41,617,634**	**17,260,604**	**16,218,755**	**4,097,360**	**4,130,936**

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.

22 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Cash at bank and on hand	53,011,748	89,564,964	146,369,033	200,584,075	207,654,248	144,839,167
Cash at bank and on hand - retrospective measurement period adjustment (note 39)	-	-	-	90 262	-	-
	53,011,748	**89,564,964**	**146,369,033**	**200,674,337**	**207,654,248**	**144,839,167**

The Group's exposure to interest rate risk, credit risk and a sensitivity analysis for financial assets and finance liabilities is disclosed in note 39.

23 Share capital

Authorised:						
500,000,000 ordinary shares of N1 each	500,000	500,000	500,000	500,000	500,000	500,000
4,500,000 "B" ordinary shares of N1 each	4,500	4,500	4,500	4,500	4,500	4,500
402,590,263 preference shares of US$0.005c each	239,420	239,420	239,420	239,420	239,420	239,420
	743,920	**743,920**	**743,920**	**743,920**	**743,920**	**743,920**
Issued and fully paid						
402,590,263 (December 2016: 402,590,263) ordinary shares of N1 each	402,590	402,590	402,590	402,590	402,590	402,590
4,500,000 (December 2016: 4,500,000)"B" ordinary shares of N 1 each	4,500	4,500	4,500	4,500	4,500	4,500
402,590,263 (December 2016: 402,590,263) preference shares of US$ 0.005c each	239,420	239,420	239,420	239,420	239,420	239,420
	646,510	**646,510**	**646,510**	**646,510**	**646,510**	**646,510**

The 'B' ordinary shares were issued to MTN International (Mauritius) Limited in 2006 and carry the same rights and privileges as the ordinary shares.

There are no restriction, rights and preferences including restrictions on dividend distributions attached to ordinary shares.

The preference shares are redeemable preference shares.

24 Share premium

4,500,000 "B" ordinary shares of N 3,779.89 each	17,009,500	17,009,500	17,009,500	17,009,500	17,009,500	17,009,500
138,960 ordinary shares at N 1,488.15 each	206,793	206,793	206,793	206,793	206,793	206,793
402,590,263 US$ 0.005c Preference shares at $0.987c each	47,282,173	47,282,173	47,282,173	47,282,173	47,282,173	47,282,173
	64,498,466	**64,498,466**	**64,498,466**	**64,498,466**	**64,498,466**	**64,498,466**

25 Borrowings

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000	N '000	N '000
The maturity of the loans is as follows:						
Payable within one year (included in current liabilities)	143,875,889	119,820,228	100,054,289	86,320,306	63,518,851	25,999,413
More than one year but not exceeding two years	12,762,693	107,393,556	97,759,207	84,665,797	85,189,386	51,329,824
More than two years but not exceeding five years	18,675,656	28,151,359	92,024,120	165,813,911	244,483,507	227,440,099
More than five years	-	-	-	-	-	72,155,118
Amounts included in non-current liabilities	**31,438,349**	**135,544,915**	**189,783,327**	**250,479,708**	**329,672,893**	**350,925,041**

The Group has the following undrawn facilities:

Floating rate	14,573,480.00	212,075,477	47,250,000	47,250,000	93,111,632	102,655,831
Fixed rate	-	38,247,982	-	-	-	16,012,000
	14,573,480	**250,323,459**	**47,250,000**	**47,250,000**	**93,111,632**	**118,667,831**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

US Dollar	85,289,168	129,723,351	101,599,281	86,012,708	111,193,902	95,028,254
Nigerian Naira	90,025,070	125,641,792	188,238,335	250,787,306	281,997,842	281,896,200
	175,314,238	**255,365,143**	**289,837,616**	**336,800,014**	**393,191,744**	**376,924,454**

Borrowings	31 December 2018	Denominated currency	Description of borrowing	Type of interest charged	Effective interest %	Remaining repayment details
Unsecured						
	N'000					
	85,289,168	NGN	Local Syndicated Facility	Floating	14.95	2 equal semi-annual instalments
	9,007,985	USD	Chinese syndicated equipment finance (G)	Floating	5.56	3 equal semi-annual instalments
	9,885,306	USD	RMB foreign currency facility (E)	Floating	5.63	1 equal semi-annual instalments
	8,919,616	USD	KFW equipment finance (F1 & F3)	Floating	3.56	2 equal semi-annual instalments
	5,946,411	USD	KFW equipment finance (F2)	Fixed	1.67	2 equal semi-annual instalments
	26,973,939	USD	Credit Suisse (Buyer's Credit Facility)	Floating	8.38	8 equal semi-annual instalments
	21,152,327	USD	KfW/Citi Bank (Buyer's Credit Facility)	Floating	3.71	7 equal semi-annual instalments
	8,139,486	USD	Import and Trade Finance (Usance) line with local banks	Floating	6.50	6 months revolving
Total unsecured borrowings	**175,314,238**					
Borrowings	**31 December 2017**	**Denominated currency**	**Description of borrowing**	**Type of interest charged**	**Effective interest %**	**Remaining repayment details**
Unsecured						
	N '000					
	125,641,792	NGN	Local Syndicated Facility	Floating	21.44	4 equal semi-annual instalments
	14,650,616	USD	Chinese syndicated equipment finance (G)	Floating	4.50	5 equal semi-annual instalments
	29,398,289	USD	RMB foreign currency facility (E)	Floating	4.41	3 equal semi-annual instalments
	17,668,179	USD	KFW equipment finance (F1 & F3)	Floating	2.51	4 equal semi-annual instalments
	11,778,786	USD	KFW equipment finance (F2)	Fixed	1.67	4 equal semi-annual instalments
	25,028,387	USD	Credit Suisse (Buyer's Credit Facility)	Floating	7.18	8 equal semi-annual instalments
	27,038,924	USD	KfW/Citi Bank (Buyer's Credit Facility)	Floating	2.61	9 equal semi-annual instalments
	4,160,170	USD	Import and Trade Finance (Usance) line with local banks	Floating	6.92	6 months revolving
Total unsecured borrowings	**255,365,143**					

	31 December 2016	**Denominated currency**	**Description of borrowing**	**Type of interest charged**	**Effective interest %**	**Remaining repayment details**
	N '000					
	188,238,335	NGN	Local currency facility	Floating	20.34	6 equal semi-annual instalments
	18,562,393	USD	Chinese syndicated equipment finance (G)	Floating	4.02	6 equal semi-annual instalments
	43,650,543	USD	RMB foreign currency facility (E)	Floating	4.61	5 equal semi-annual instalments
	23,631,807	USD	KFW equipment finance (F1 & F3)	Floating	2.25	6 equal semi-annual instalments
	15,754,538	USD	KFW equipment finance (F2)	Fixed	1.67	7 equal semi-annual instalments
Total unsecured borrowings	**289,837,616**					

Borrowings	**31 December 2015**	**Denominated currency**	**Description of borrowing**	**Type of interest charged**	**Effective interest %**	**Remaining repayment details**
Unsecured						
	N '000					
	250,787,306	NGN	Local currency facility	Floating	17.54	8 equal semi-annual instalments
	14,336,373	USD	Chinese syndicated equipment finance (G)	Floating	6.75	9 equal semi-annual instalments
	38,970,222	USD	RMB foreign currency facility (E)	Floating	7.01	7 equal semi-annual instalments
	19,862,524	USD	KFW equipment finance (F1 & F3)	Floating	3.50	8 equal semi-annual instalments
	12,843,589	USD	KFW equipment finance (F2)	Fixed	3.50	8 equal semi-annual instalments
Total unsecured borrowings	**336,800,014**					

	31 December 2014	Denominated currency	Description of borrowing	Type of interest charged	Effective interest %	Remaining repayment details
	N '000					
	281,997,842	NGN	Local currency facility	Floating	16.64	9 equal semi-annual instalments
	1,044,274	USD	Export credit agency backed facility from kfw (A)	Floating	4.13	2 equal semi-annual instalments
	952,750	USD	Buyer's credit facility from ICBC (B)	Floating	3.41	1 equal semi-annual instalments
	14,580,691	USD	Chinese syndicated equipment finance (G)	Floating	7.41	10 equal semi-annual instalments
	46,282,201	USD	RMB foreign currency facility (E)	Floating	3.57	9 equal semi-annual instalments
	21,532,061	USD	KFW equipment finance (F1 and F3)	Floating	4.08	10 equal semi-annual instalments
	16,086,446	USD	KFW equipment finance (F2)	Fixed	4.08	10 equal semi-annual instalments
	6,073,590	USD	Export credit agency backed facility from KFW (A)	Fixed	0.61	2 equal semi-annual instalments
	4,641,889	USD	Buyer's credit facility from ICBC (B)	Fixed	0.61	1 instalment
Total unsecured borrowings	**393,191,744**					

25.1	Borrowings reconciliation	31 December 2018	31 December 2017	31 December 2016
		₦'000	**₦'000**	**₦'000**
	Balance at 1 January	255,365,143	289,837,616	336,800,014
	Drawdown	136,339,156	50,516,108	-
	Repayment	(216,275,998)	(106,889,704)	(91,943,982)
	Prepaid borrowing cost	512,722	-	-
	Accrued interest	(1,237,813)	1,428,628	1,573,411
	Revaluation loss	611,028	20,472,495	43,408,173
	Balance at 31 December	**175,314,238**	**255,365,143**	**289,837,616**

25.2 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 31 December 2018
Local Facility -	Local Facility - This is a N329.25 billion local currency term loan maturing November 2019. It is a variable interest loan, linked to average 3-Month NIBOR plus a margin of 1%. The total amount has been drawn, with the balance of 47.25 billion drawn in March 2018. The loan is repayable in nine (9) equal semi-annual instalments from November 2015 to November 2019. Local Facility 2 - This is a N200 billion local currency term loan maturing in 2019. It is a variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.5%. As at 31 December 2018, the total amount of N200 billion is yet to be drawn	N86.29 billion.
Foreign facility E	USD 280 million International Syndicated Commercial Loan. The facility is in the form of a foreign currency term loan with a seven-year tenor which was agreed with a consortium of foreign lenders with FirstRand Bank Ltd as the principal lender (and Lenders' Agent). The Facility has been fully drawn, USD 100 million in July and USD 180 million in October 2013. Repayment, in 10 equal semi-annual instalments, commenced in October 2014. Facility E is also a variable interest loan, linked to 6-Month LIBOR, plus a margin of 2.85%.	USD 28 million.
Foreign facility F	USD 300 million Export Credit Agency Backed Facility from KfW-IPEX Bank. This is a Medium-Term Facility from KfW-Ipex Bank of Germany (“KfW”). The facility is in three tranches (F1, F2 and F3) of USD 118 million, USD 100 million and USD 82 million respectively. Facility F1 and F3 - The combined amount is USD 200 million with thirteen (13) and eleven (11) equal principal repayments, respectively. F1 and F3 are variable interest loan facilities linked to the 6-Month LIBOR plus a 1.05% margin. The principal repayment of F1 commenced in August 2013, while that of F3 commenced August 2014. As at 31 December 2018 the outstanding amounts for F1 and F3 are USD 18.15 million and USD 7.29 million respectively. Facility F2- A Swedish Export Credit Agency \ KfW Buyer's Credit Facility for USD 100 million at a fixed interest rate. A full draw down of F2 was made in 2014. The principal repayment is in twelve (12) equal semi-annual instalments and this commenced in February 2014. F2 was agreed at a fixed interest rate of 1.67%. The F2 outstanding balance as at 31 December 2018 is USD 16.67 million	USD 42.11 million.
Foreign facility G	USD 300 million Chinese Banks' Syndicated Buyers Credit Facility. This is a variable interest Medium Term Facility from a syndicate of three Chinese Banks which was agreed in April 2013. A total of USD 85.05 million was drawn on the Facility. The principal repayment of ten (10) equal instalments commenced in July 2015. The interest rate is linked to the 6-Month LIBOR plus a margin of 3.04%.	USD 25.51 million.
Foreign facility H	USD 329 million Export Credit Agency backed Facility from KfW-IPEX Bank and Citibank. This is a Medium-Term Facility from KfW-Ipex Bank of Germany (“KfW”) and Citibank London Branch. The facility is in three tranches (H1, H2 and H3) of USD 103 million, USD 106 million and USD 120 million, respectively: A total drawdown of USD 87.6 million has been made on H1 as at 31 December 2018 while the availability periods for drawing on both H2 and H3 has expired. Facility H1 and H2 have 10 equal principal repayments which commenced September 2017. Facility H3 is designed to have 9 equal instalments, commencing March 2018. H1 and H3 are variable interest loan facilities linked to the 6-Month LIBOR plus a 1.15% margin, while H2 is a fixed interest rate loan at 2.18% p.a. The outstanding balance as at 31 December 2018 is USD 59.9 million.	USD 59.9 million.
Foreign facility J	Syndicated Buyer's Credit Facility.	USD 76.4million.

This contains Facilities J and J1 in the sum of USD 30 million and USD 84 million, respectively. J is a Buyer's Credit Facility from Credit Suisse AG, London Branch while J1 is a Chinese Banks' Syndicated Buyer's Credit Facility from Credit Suisse AG, London Branch and China Export-Import Bank. Both J and J1 are floating interest rate Facilities at LIBOR plus a margin of 5.5%. Full drawdown has been made on J while a total of USD 57.32 million has been drawn on J1. The two Facilities are repayable in 8 equal instalments commencing August 2018

In securing the facilities, MTN Nigeria has made a negative pledge over all existing and future assets to the lenders. The negative pledge signifies that MTN Nigeria has agreed not to deplete its assets via sales, subject to a permitted amount. No other security has been provided.

26	**Trade and other payables**	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015**	**31 December 2014**
		N '000	**N '000**	**N '000**	**N '000**	**N '000**
	Trade payables	18,607,909	28,214,501	75,656,793	30,906,955	25,212,681
	Accrued expenses	140,869,024	171,486,861	112,107,680	71,168,531	82,809,176
	Sundry payables	1,229,176	1,876,507	1,906,924	2,997,301	1,446,677
	Intercompany payables	39,652,033	28,229,643	46,683,357	14,689,456	6,583,791
	Other payables	13,357,067	16,183,701	19,213,116	12,496,969	11,120,288
		213,715,209	**245,991,213**	**255,567,870**	**132,259,212**	**127,172,613**

Other payables include withholding tax and VAT payable.

27	Regulatory fine liability	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
	Balance at 1 January	192,775,764	197,062,911	275,073,747	-	-	-
	Reversal for the year	-	-	(20,383,675)	-	-	-
	Time value accretion (note 8)	22,352,019	25,712,853	22,372,839	-	-	-
	Payment	(110,000,000)	(30,000,000)	(80,000,000)	-	-	-
	Balance at 31 December	**105,127,783**	**192,775,764**	**197,062,911**	-	-	-
	Current portion	(105,127,783)	(101,119,141)	(29,002,060)	-	-	-
	Non-Current portion	-	**91,656,623**	**168,060,851**	-	-	-

28	Unearned revenue						
	Unearned revenue	-	-		39,620,017	42,009,798	33,606,263
	Reclassification to contract liability*	-	38,160,788	39,233,661	-	-	-
	Unearned revenue - retrospective measurement period adjustment	-	(38,160,788)	(39,233,661)	753,345	-	-
		-	-	-	40,373,362	42,009,798	33,606,263

Unearned revenue is cash received in advance from sales of recharge cards and on Subscriber Identification Module (SIM) cards deferred up to the point of usage by the subscribers and point of activation on the network respectively. The entire unearned revenue balance was reclassified to contract liability as a result of the adoption of IFRS 15 Revenue from contracts with customers.

29	Contract liability	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
		42,738,547	**35,532,093**	**38,345,203**	**-**	**-**	**-**

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.

*Contract liabilities relating to unused airtime recharge vouchers and subscriber identification module (SIM cards) were previously presented as unearned revenue.

30	Derivative liability	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
	Currency swap					-	-
		(14,152)	55,673	-	-		

The Company uses derivative financial instruments such as currency swap to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. All gains and losses from changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

31 Provisions

Non-current provisions	At beginning of year	Additional provisions	Unused amounts reversed /reclassified	Utilised	At end of year
	N '000	N '000	N '000	N '000	N '000
31 December 2018					
Decommissioning provision	70,048	-	(4,114)	-	**65,934**
	70,048	-	(4,114)	-	**65,934**
31 December 2017					
Decommissioning provision	210,196	58,704	(1,554)	(197,298)	**70,048**
	210,196	**58,704**	**(1,554)**	**(197,298)**	**70,048**
31 December 2016					
Decommissioning provision	38,797	171,630	-	(231)	**210,196**
NCC fine provision	275,073,747	7,826,416	(232,900,163)	(50,000,000)	-
	275,112,544	**7,998,046**	**(232,900,163)**	**(50,000,231)**	**210,196**
31 December 2015					
Decommissioning provision	24,350	113,114	-	(98,667)	38,797
NCC fine provision	-	195,073,747	-	-	195,073,747
	24,350	**195,186,861**	**-**	**(98,667)**	**195,112,544**
31 December 2014					
Decommissioning provision	845,067	119,663	(485,431)	(454,949)	24,350
	845,067	**119,663**	**(485,431)**	**(454,949)**	**24,350**
31 December 2013					
Decommissioning provision	1,163,852	161,623	(220,234)	(260,174)	845,067
	1,163,852	**161,623**	**(220,234)**	**(260,174)**	**845,067**

Current provisions	At beginning of year	Additional provisions	Unused amounts reversed /reclassified	Utilised	At end of year
	N '000	N '000	N '000	N '000	N '000
31 December 2018					
Bonus provision	3,211,004	3,769,511	-	(3,555,738)	3,424,777
Restructuring provision	116,502	9,349	(3,187)	(122,664)	0
Litigation provision	3,161,624	5,754,285	(460,751)	(1,277,676)	7,177,482
Other provisions	6,703,779	10,031,673	(1,634,832)	(4,343,683)	10,756,937
	13,192,909	**19,564,818**	**(2,098,770)**	**(9,299,761)**	**21,359,196**
31 December 2017					
Bonus provision	2,666,294	2,615,801	-	(2,071,091)	3,211,004
Restructuring provision	1,259,862	950,396	-	(2,093,756)	116,502
Litigation provision	740,020	2,421,604	-	-	3,161,624
Other provisions	7,860,088	7,686,517	(4,032,115)	(4,810,711)	6,703,779
	12,526,264	**13,674,318**	**(4,032,115)**	**(8,975,558)**	**13,192,909**
31 December 2016					
Bonus provision	2,652,608	2,667,014	(2,451,694)	(201,634)	2,666,294
Restructuring provision	872,699	1,252,666	-	(865,503)	1,259,862
Litigation provision	740,020	-	-	-	740,020
Other provisions	14,459,419	2,185,577	(8,640,073)	(144,835)	7,860,088
	18,724,746	**6,105,257**	**(11,091,767)**	**(1,211,972)**	**12,526,264**

	At beginning of year	Additional provisions	Unused amounts reversed /reclassified	Utilised	At end of year
	N '000	N '000	N '000	N '000	N '000
31 December 2015					
Bonus provision	2,642,226	2,732,272	-	(2,721,890)	2,652,608
Restructuring provision	-	1,376,969	-	(504,270)	872,699
Litigation provision	740,020	-	-	-	740,020
Other provisions	23,250,976	3,271,504	(10,772,883)	(1,290,178)	14,459,419
NCC fine provision	-	80,000,000	-	-	80,000,000
	26,633,222	**87,380,745**	**(10,772,883)**	**(4,516,338)**	**98,724,746**

31 December 2014	At beginning of year	Additional provisions	Unused amounts reversed /reclassified	Utilised	At end of year
	N '000	N '000	N '000	N '000	N '000
Bonus provision	3,220,046	2,728,515	(256,985)	(3,049,350)	2,642,226
Restructuring provision	1,378,440	605,795	-	(1,984,235)	-
Litigation provision	705,020	35,000	-	-	740,020
Other provisions	26,791,325	2,849,576	(4,909,179)	(1,480,746)	23,250,976
	32,094,831	**6,218,886**	**(5,166,164)**	**(6,514,331)**	**26,633,222**
31 December 2013					
Bonus provision	3,546,911	3,022,625	(548,690)	(2,800,801)	3,220,045
Restructuring provision	-	1,400,000	-	(21,560)	1,378,440
Litigation provision	420,000	285,020	-	-	705,020
Other provisions	24,489,370	5,580,855	(1,911,719)	(1,367,181)	26,791,325
	28,456,281	**10,288,500**	**(2,460,409)**	**(4,189,542)**	**32,094,830**

The unused amount reversed/reclassified under non-current provisions in the current year includes an amount of N20.38 billion reversed into statement of profit or loss due to the remeasurement NCC fine liability as a result of its reclassification from provision to financial liability.

31.1 **Bonus provision**

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the MTN Group annual results have been announced. Bonus provision is calculated as a percentage of employee's gross annual income plus pension contribution based on the overall performance of the Group, the teams, divisions and the employees.

31.2 **Decommissioning provision**

This provision relates to the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the item and site on which the item is located to its original condition.

31.3 **Restructuring provision**

This provision relates to pay-off to staff due to managed services initiative. The timing of settlement is dependent on when the Group eventually exits the staff.

31.4 **Litigation provision**

This relates to cases between MTN Nigeria and various bodies such as: Abia State vs MTN Nigeria, Corporate Communications Ltd vs MTN Nigeria, C-SOKA Nigeria Limited vs MTN Nigeria, Premium Sports vs MTN Nigeria & Media Reach, arbitration between CALL FIX IT and MTN Nigeria etc. Timing is dependent on the outcome of court judgements in respect of the litigation.

31.5 **Other provisions**

The Group is involved in various regulatory and tax matters. These matters may not necessarily be resolved in a manner that is favourable to the Group. The Group has therefore recognised provisions in respect of these matters based on estimates and the probability of an outflow of economic benefits. BTS sites installation fees payable to different state governments and government agencies is included in other provisions.

31.6 **NCC fine provision**

In June 2016, MTN signed a settlement agreement with NCC, thus the provision of N275 billion ceased to exist as there was no longer any uncertainty as to the timing of payment or the amount of the fine. This led to reversing the provision recognised in respect of the fine and the recognition of the financial liability due to NCC in respect of the fine.

32 Deferred tax

	At beginning of year	Recognised in income statement	Prior year reclass	Arising on consolidation	At end of year
	N '000	N '000		N '000	N '000
Non-current assets					
31 December 2013					
Temporary differences from provisions and unrealised foreign exchange losses	(15,527,444)	6,162,543	-	-	(9,364,901)
Total deferred tax asset	(15,527,444)	6,162,543	-	-	(9,364,901)
31 December 2014					
Temporary differences from provisions and unrealised foreign exchange losses	(9,364,901)	(3,168,234)	-	-	(12,533,135)
Total deferred tax asset	(9,364,901)	(3,168,234)	-	-	(12,533,135)
31 December 2015					
Temporary differences from provisions and unrealised foreign exchange losses	12,533,135	(2,478,482)	-	-	10,054,653
Total deferred tax asset	12,533,135	(2,478,482)	-	-	10,054,653
31 December 2016					
Temporary differences from provisions and unrealised foreign exchange losses	10,054,653	(1,641,466)	-	-	8,413,187
Total deferred tax asset	10,054,653	(1,641,466)	-	-	8,413,187
31 December 2017					
Temporary differences from provisions and unrealised foreign exchange losses	8,413,187	17,240,152	-	-	25,653,339
Total deferred tax asset	8,413,187	17,240,152	-	-	25,653,339
31 December 2018					
Temporary differences from provisions and unrealised foreign exchange losses	25,653,339	(25,653,339)	-	-	-
Total deferred tax asset	25,653,339	(25,653,339)	-	-	-

32 Deferred tax

	At beginning of year N '000	Recognised in income statement N '000	Prior year reclass	Arising on consolidation N '000	At end of year N '000
Non-Current Liabilities					
31 December 2013					
Temporary differences from fixed asset	105,094,225	21,925,636	-	-	127,019,861
Total deferred tax liability	105,094,225	21,925,636	-	-	127,019,861
31 December 2014					
Temporary differences from fixed asset	127,019,861	(6,842,877)	-	-	120,176,984
Total deferred tax liability	127,019,861	(6,842,877)	-	-	120,176,984
31 December 2015					
Arising due to fair value adjustment on business combination including retrospective period adjustment.	-	-	-	(13,584,074)	(13,584,074)
Temporary differences from fixed asset	(120,176,984)	17,571,332	-	-	(102,605,652)
Total deferred tax liability	(120,176,984)	17,571,332	-	(13,584,074)	(116,189,726)
31 December 2016					
Arising due to fair value adjustment on business combination including retrospective period adjustment.	(13,584,074)	1,509,342	-	-	(12,074,732)
Temporary differences from fixed asset	(102,605,652)	9,724,631	2,459,924	-	(90,421,097)
Total deferred tax liability	(116,189,726)	11,233,973	2,459,924	-	(102,495,829)
31 December 2017					
Arising due to fair value adjustment on business combination including retrospective period adjustment.	(12,074,732)	-	-	1,509,342	(10,565,390)
Temporary differences from fixed asset	(90,421,097)	(11,843,411)	-	-	(102,264,508)
Total deferred tax liability	(102,495,829)	(11,843,411)	-	1,509,342	(112,829,898)

31 December 2018

	At beginning of year N '000	Recognised in income statement N '000	Prior year reclass N '000	Arising on consolidation N '000	At end of year N '000
Arising due to fair value adjustment on business combination	(10,565,391)	-	-	1,509,341	(9,056,050)
Temporary differences from fixed asset	(102,264,507)	2,054,538	-	-	(100,209,969)
Total deferred tax liability	(112,829,898)	2,054,538	-	1,509,341	(109,266,019)
Net deferred tax liability					
31 December 2013	89,566,781	28,088,179	-	-	117,654,960
31 December 2014	117,654,960	(10,011,111)	-	-	107,643,849
31 December 2015	(107,643,849)	15,092,850	-	(13,584,074)	(106,135,073)
31 December 2016	(106,135,073)	9,592,507	2,459,924	-	(94,082,642)
31 December 2017	(94,082,642)	5,396,741	-	1,509,342	(87,176,559)
31 December 2018	(87,176,559)	(23,598,801)	-	1,509,341	(109,266,019)

33 Obligations under finance lease

At the reporting date, the Group had outstanding commitments under non-cancellable finance leases which fall due as follows:

Minimum lease payments:	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015**	**31 December 2014**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**
Not later than one year	-	-	-	84,691	275,333
Less: future finance charges on finance leases	-	-	-	-	-
Present value of finance lease obligations	-	-	-	**84,691**	**275,333**

Present value of finance lease obligations are as follows:

Not later than one year	-	-	-	**84,691**	**275,333**

34. Capital commitments	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015**	**31 December 2014**
	N '000	**N '000**	**N '000**		
Commitments for the acquisition of property, plant, equipment and software					
Contracted but not provided for	89,119,572.00	20,856,690	102,007,683	84,013,146	-
Authorised but not contracted for	86,251,509.00	142,407,129	130,720,188	104,311,001	122,955,901
Total commitments for property, plant, equipment and software	**175,371,081**	**163,263,819**	**232,727,871**	**188,324,147**	**122,955,901**

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

35. Operating leases expense	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	N '000	N '000	N '000		
Site build operating lease	233,023,799	203,126,032	130,410,813	79,598,339	25,953,381
Rent and utilities - non-network	1,960,762	1,624,428	1,578,852	1,770,094	1,578,214
Operating leases - equipment	245,256	(1,126)	130,851	130,972	129,833
	235,229,817	**204,749,334**	**132,120,516**	**81,499,405**	**27,661,428**

Site build operating lease expense is included in direct network operating costs while rent and utilities - non-network and equipment operating leases expenses are included in other operating expenses.

35.1 Operating lease commitments

At the year end the Group had outstanding operating leases commitments which fall due as follows:

	Cancellable			Non-cancellable		
	31 December 2018	31 December 2017	31 December 2016	31 December 2018	31 December 2017	31 December 2016
	N '000	N '000	N '000	N '000	N '000	N '000
Less than one year	15,639,023	13,875,188	-	245,682,028	182,318,607	194,746,970
One to five years	50,815,860	55,500,752	-	982,728,112	703,552,771	1,190,488,224
More than five years	-	3,468,797	-	1,409,913,664	1,216,213,050	1,096,404,834
	66,454,883	**72,844,737**	**-**	**2,638,323,804**	**2,102,084,428**	**2,481,640,028**

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000
Less than one year	-	-	61,572,576	28,433,299
One to five years	-	-	244,113,749	113,733,197
More than five years	-	-	243,211,275	142,166,496
	-	**-**	**548,897,600**	**284,332,992**

The Group has lease agreements relating to the use of certain space on telecommunications towers under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

		31 December 2018	31 December 2017 Restated	1 January 2017 Restated	31 December 2015	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000	N '000	N '000
36.	**Income tax**						
	Opening balance	25,996,641	52,806,752	83,344,103	95,008,694	67,316,880	89,804,179
	Provision for the year - company income tax (note 12)	46,659,079	30,064,744	41,572,826	75,547,198	82,637,242	57,532,980
	Provision for the year - education tax (note 12)	6,908,057	5,812,374	5,870,543	7,500,619	8,953,351	8,402,845
	Provision for the year - capital gains tax (note 12)	38	2,605	-	-	-	-
	Impact of IFRS 15 adjustment	-	267,874	-	-	-	-
	Penalty for late filing	115	-	-	-	-	-
	Tax paid	(21,269,927)	(58,876,361)	(80,258,773)	(90,177,057)	(66,743,901)	(87,412,015)
	Withholding tax credit	(3,825,060)	(1,658,836)	(3,704,628)	(4,297,558)	(1,016,179)	(1,011,109)
	Reclassification	(337,507)	(444)	4,317,673	-	3,623,508	-
	Prior year (over)\under provision	-	(2,422,067)	1,665,008	(237,793)	-	-
	Closing balance	**54,131,436**	**25,996,641**	**52,806,752**	**83,344,103**	**94,770,901**	**67,316,880**

Reclassification relates to income tax provision reclassified from other provisions and deferred tax liability.

37. Contingent liabilities

Contingent liabilities represent possible obligations that arise from past event 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 N19.18 billion (2016: N13.02 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. These matters are currently being considered by various courts and the timing of the judgements are unknown. In the opinion of the directors, which is based on advice from the legal counsels, no material loss is expected to arise from these claims and litigations.

The Group had contingent liabilities at 31 December 2017 in respect of:	
A suit involving an ex-staff making claim in the sum of N4.50 billion for wrongful termination and demanding damages, salaries and alleged benefits purportedly accruing to him from Notional Share Option. On 27th September, 2017, National Industrial Court (NIC) granted the Plaintiff's claims. Notice of Appeal as well as Motion for Stay of Execution already filed and hearing dates are being awaited from the court.	4.50
An arbitration proceeding was instituted against MTN Nigeria where the plaintiff is claiming USD17.1m for alleged services rendered in the acquisition of Digital Terrestrial Television (DTT) licence from National Broadcasting Commission (NBC). The arbitration proceeding is still pending. However, MTN Nigeria is currently contesting the arbitration proceeding at an Appeal Court.	6.16
A claim of N2.37 billion on alleged medical negligence in carrying out eye surgeries of the claimants, pursuant to the MTN Foundation Eye Restoration Intervention Scheme ("EyeRis"). MTN Nigeria has filed all relevant processes.	2.37
There are cases on Value Added Service (VAS) subscriber claims, Government demands, Copyright and site related/operations claims instituted against MTN Nigeria in the total sum of N6.15 billion for which court proceedings/ tax tribunals are yet to commence.	6.15
It is not practical to estimate the potential effect of these claims but legal advice indicates that it is not probable that significant liability will arise from the claims.	19.18

A contingent asset is a possible asset that will arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Some network infrastructure vendors sometimes issue asset vouchers to the Group as a business incentive to encourage further network equipment purchases in the future. The vouchers are applied against future purchases to reduce the amount payable to the respective supplier and the cost of the asset.

The Group is subject to various legal claims arising in the normal course of business. In the opinion of the Directors, based on legal advice, no material loss is expected to arise from the claims, for which provision has not been made.

		31 December 2018	31 December 2017 Restated	1 January 2017 Restated	31 December 2015	31 December 2014	31 December 2013
38	**Cash generated from operations**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
	Profit\(loss) before tax	221,342,648	107,889,668	126,651,202	(12,334,936)	290,606,355	311,345,984
	Adjustments for non-cash items:						
	Finance cost (note 8)	67,339,468	131,542,282	145,829,806	70,362,263	66,354,197	45,959,695
	Finance Income (note 8)	(22,568,339)	(43,503,203)	(40,131,256)	(39,588,279)	(28,030,142)	(17,351,551)
	Depreciation of property, plant and equipment (note 13)	141,162,479	123,817,906	116,842,779	122,354,290	134,566,283	128,238,594
	(Reversal of impairment) \impairment of property, plant and equipment (note 13)	758,926	(718,535)	41,714	765,696	1,925,861	(453,623)
	Amortisation of intangible assets (note 14)	26,700,181	26,648,659	26,896,120	-	-	12,948,312
	Amortisation of prepaid indefeasible right of use	-	-	1,106,921	-	-	-
	Loss/(gain) on fair valuation of derivative	69,825	(55,673)	-	-	-	-
	(Loss)\Profit on disposal of property, plant and equipment (note 10)	(456,858)	(434,384)	(590,981)	(41,438)	1,605,387	140,110
	Amortisation of contract acquisition cost	2,475,915	2,577,864	-	-	-	-
	Amortisation of intangible assets	-	-	-	18,052,959	15,852,343	-
	Amortisation of prepaid BTS leases	-	-	-	88,210,509	28,887,103	13,232,493
	Amortisation of IRU	-	-	-	1,812,969	969,325	-
	Fixed assets written off	447	628,462	2,337,135	12,316	183,916	653,585
	Impairment losses recognised on initial application of IFRS 9	(82,348)	-	-	-	-	-
	Share based liability/(excess written back)/expensed	-	-	-	(222,470)	402,618	595,029
	(Reversal of)\bad debts written off	7,746,898	(2,520)	1,478	551,670	4,212,738	132,708
	Impairment\(writeback of impairment) of trade receivables	(8,757,923)	5,595,982	(255,044)	7,800,028	(1,507,417)	976,653
	Management fee reversal	-	-	-	-	-	(28,238,247)
	Writeback of impairment of assets held for sale (note 16)				493,980	3,516,910	-
				(202,841)			
	Impairment of inventory	2,277,878	2,658,933	341,507	34,605	(11,996)	(168,002)
	Loss on sale of assets held for sale	174	-	-	-	-	-
	Movements in provisions	8,164,582	654,689	-	-	-	-
	(Writeback of impairment)/Impairment of other receivables	(268,139)	5,499	268,139	126,066	-	-
	(Decrease)\increase in provision for liabilities associated with assets held for sale	-	-	-	(252,347)	252,347	-
	(Decrease)\increase in provisions			(229,315,617)	271,889,249	4,298,784	3,374,075
		445,905,814	**357,305,629**	**149,821,062**	**530,027,130**	**524,084,612**	**471,385,815**

	31 December 2018 N '000	31 January 2017 Restated N '000	1 January 2017 Restated N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Changes in working capital:						
Decrease\(increase) in inventories	1,913,255	771,594	(4,152,542)	(3,447,736)	337,541	678,826
(Increase)\decrease in receivables and prepayments	(2,043,769)	2,651,665	29,528,353	14,226,312	(19,492,787)	(7,300,887)
Decrease in trade and other payables	(11,066,587)	(54,708,283)	261,554,105	2,406,415	12,487,804	34,560,219
Increase/(Decrease) in unearned income	-	-	(386,356)	(2,389,781)	8,403,534	(5,976,472)
Movement in share-based payment liability	-	-	-	(347,052)	(596,103)	(737,692)
Increase in trade and other payables	(4,426,546)	(18,236,610)	-	-	-	-
(Increase)\decrease in contract liabilities	7,206,454	(2,813,110)	-	-	-	-
	(8,417,193)	**(72,334,744)**	**286,543,560**	**10,448,158**	**1,139,989**	**21,223,994**
Cash generated from operations	**437,488,621**	**284,970,885**	**436,364,622**	**540,475,288**	**525,224,601**	**492,609,809**

39 Earnings per share

Earnings/(Loss) per share of N180.29 (December 2017: N197.77, December 2016: N218.13, December 2015: (N197.23), December 2014:N 513.47, December 2013: N533.84) is based on the profit/loss for the period of N73.4 billion (December 2017: N80.5 billion, December 2016: N88.8 billion, December 2015: (N80.2 billion), December 2014: N209 billion, December 2013: N217.3 billion) and on 407,090,263 ordinary shares in issue at the end of the period (December 2017: 407,090,263, December 2016: 407,090,263, December 2015: 407,090,263, December 2014: 407,090,263, December 2013: 407,090,263).

Interim dividend of N38.6 billion (N94.85 per share) for the period ended 30 June 2018 (December 2017 – N50.0 billion - N122.82 per share, December 2016-Nill, December 2015- Nill, December 2014- Nill, December 2013-Nill) was fully paid.

The Group has no potential dilutive shares as the issued preference shares are not convertible.

40 **Foreign exchange exposure**

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

	United States Dollar	British Pound Sterling	Euro	South African Rand	Total
	N '000	N '000	N '000	N '000	N '000
31 December 2018					
Assets					
Current assets					
Trade and other receivables	7,243,240	-	1,593,810	-	**8,837,050**
Current investments	7,651,077	-	-	-	**7,651,077**
Restricted cash	24,933,524	-	-	-	**24,933,524**
Cash and cash equivalents	1,291,585	6,949	-	-	**1,298,534**
	41,119,426	**6,949**	**1,593,810**	**-**	**42,720,185**
Liabilities					
Current liabilities					
Trade and other payables	87,873,489	37,648	3,846,617	54,932	**91,812,686**
Borrowings	57,488,582	-	-	-	**57,488,582**
	145,362,071	**37,648**	**3,846,617**	**54,932**	**149,301,268**
Non-current liabilities					
Borrowings	32,536,488	-	-	-	**32,536,488**
	32,536,488	**-**	**-**	**-**	**32,536,488**
Total liabilities	**177,898,559**	**37,648**	**3,846,617**	**54,932**	**181,837,756**

31 December 2017

Assets

	United States Dollar N '000	British Pound Sterling N '000	Euro N '000	South African Rand N '000	Total N '000
Current assets					
Trade and other receivables	6,046,571	-	16,379	-	6,062,950
Current investments	9,543,790	-	-	-	9,543,790
Restricted cash	12,993,970	-	-	-	12,993,970
Cash and cash equivalents	970,166	2,315	-	-	972,481
	29,554,497	**2,315**	**16,379**	**-**	**29,573,191**

Liabilities

	United States Dollar N '000	British Pound Sterling N '000	Euro N '000	South African Rand N '000	Total N '000
Current liabilities					
Trade and other payables	126,375,960	7,822	1,666,041	3,658	128,053,482
Borrowings	56,723,912	-	-	-	56,723,912
	183,099,872	**7,822**	**1,666,041**	**3,658**	**184,777,394**
Non-current liabilities					
Borrowings	72,999,439	-	-	-	72,999,439
	72,999,439	-	**-**	-	**72,999,439**
Total liabilities	**256,099,311**	**7,822**	**1,666,041**	**3,658**	**257,776,833**

31 December 2016
Assets

	United States Dollar **N '000**	**British Pound Sterling** **N '000**	**Euro** **N '000**	**South African Rand** **N '000**	**Total** **N '000**
Current assets					
Trade and other receivables	5,502,519	-	3,951	-	5,506,470
Current investments	11,766,862	-	-	-	11,766,862
Restricted cash	10,145,016	-	2,054,963	-	12,199,979
Cash and cash equivalents	1,187,002	1,830	58,469	-	1,247,301
	28,601,399	**1,830**	**2,117,383**	**-**	**30,720,612**
Liabilities					
Current liabilities					
Trade and other payables	112,018,180	1,815	1,908,698	632,277	114,560,970
Borrowings	36,885,324	-	-	-	36,885,324
	148,903,504	**1,815**	**1,908,698**	**632,277**	**151,446,294**
Non-current liabilities					
Borrowings	64,713,957	-	-	-	64,713,957
	64,713,957	**-**	**-**	**-**	**64,713,957**
Total liabilities	**213,617,461**	**1,815**	**1,908,698**	**632,277**	**216,160,251**

	31 December 2017 N '000	31 December 2016 N '000
Assets		
Current assets		
United States Dollar	23,841,896	61,733,527
Euro	1,136,851	1,332,800
Total assets	**24,978,747**	**63,066,327**
Liabilities		
Non-current liabilities		
United States Dollar	62,881,063	79,545,641
	62,881,063	**79,545,641**
Current liabilities		
United States Dollar	71,044,086	60,584,655
British Pound Sterling	-	3,859
South African Rand	414,033	446,103
Euro	787,257	3,844,762
	72,245,376	**64,879,379**
Total liabilities	**135,126,439**	**144,425,020**

40 Foreign exchange exposure (continued)

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

	United States Dollar	British Pound Sterling	Euro	South African Rand	Total
	N '000	N '000	N '000	N '000	N '000
31 December 2015					
Assets					
Current assets					
Trade and other receivables	5,095,651	-	3,352	-	5,099,003
Current investments	10,506,337	-	-	-	10,506,337
Restricted cash	1,389,572	-	835,944	-	2,225,516
Cash and cash equivalents	6,850,335	948	297,555	-	7,148,838
	23,841,895	**948**	**1,136,851**	**-**	**24,979,694**
Liabilities					
Current liabilities					
Trade and other payables	47,910,453	-	787,257	414,033	49,111,743
Borrowings	23,133,634	-	-	-	23,133,634
	71,044,087	**-**	**787,257**	**414,033**	**72,245,377**
Non-current liabilities					
Borrowings	62,881,063	-	-	-	62,881,063
	62,881,063	**-**	**-**	**-**	**62,881,063**
Total liabilities	**133,925,150**	**-**	**787,257**	**414,033**	**135,126,440**

31 December 2014
Assets

	United States Dollar N '000	British Pound Sterling N '000	Euro N '000	South African Rand N '000	Total N '000
Current assets					
Trade and other receivables	4,271,375	-	4,240	-	4,275,615
Current investments	17,494,547	-	-	-	17,494,547
Restricted cash	2,782,802	-	1,314,558	-	4,097,360
Cash and cash equivalents	37,184,803	-	14,002	-	37,198,805
	61,733,527	**-**	**1,332,800**	**-**	**63,066,327**
Liabilities					
Current liabilities					
Trade and other payables	28,936,394	3,859	3,844,762	446,103	33,231,118
Borrowings	31,648,261	-	-	-	31,648,261
	60,584,655	**3,859**	**3,844,762**	**446,103**	**64,879,379**
Non-current liabilities					
Borrowings	79,545,641	-	-	-	79,545,641
	79,545,641	**-**	**-**	**-**	**79,545,641**
Total liabilities	**140,130,296**	**3,859**	**3,844,762**	**446,103**	**144,425,020**

40 Foreign exchange exposure (continued)

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

	31 December 2013
	N '000
Assets	
Current assets	
United States Dollar	26,536,493
Euro	570,950
Total assets	**27,107,443**
Liabilities	
Non-current liabilities	
United States Dollar	69,602,139
	69,602,139
Current liabilities	
United States Dollar	52,437,231
British Pound Sterling	-
South African Rand	111,290
Euro	743,573
	53,292,094
Total liabilities	**122,894,233**

41 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 Limited's subsidiaries are XS Broadband Limited and Visafone Communications Limited, their principal activity is the provision of broadband fixed wireless access service and high-quality telecommunication service respectively.

Key management personnel

For the purpose of the key management compensation below, key management personnel is defined as Executive and Non-Executive Committee members having the authority and responsibility for planning, directing and controlling the activities of the entity.

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000	N '000
Key management compensation:					
Salaries and other short-term employee benefits	1,758,469	1,334,052	1,334,052	566,945	212,483
Post-employment benefits	192,388	92,257	81,492	17,347	70.082
Other benefits	363,457	293,214	192,199	7,386	47,740
Bonuses	916,474	322,970	-	83,358	65,979
Directors' emoluments (note 10.3)	339,185	89,050	209,536	-	-
Compensation for loss of office	-	-	-	350,000	-
Total	**3,569,973**	**2,131,543**	**1,331,008**	1,025,036	**396.284**

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

	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000
Parent company: MTN International (Mauritius) Limited			
Dividends paid (excluding withholding tax):			
MTN International (Mauritius) Ltd	27,172,920	35,186,615	-

	31 December 2015 N '000	31 December 2014 N '000
Dividends paid (excluding withholding tax):	71,660.265	168,094,069

Other parties related to parent company.

These are subsidiaries and associates of MTN Group

		Sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		N '000	N '000	N '000	N '000
MTN Sudan	31 December 2018	166,189	92,552	54,904	34,027
	31 December 2017	328	2,157	281	-
	31 December 2016	175	1,568	257	-
	31 December 2015	82	1,423	240	-
	31 December 2014	461	2,036	233	-
MTN Swaziland	31 December 2018	93	159	-	23
	31 December 2017	41	349	-	253
	31 December 2016	39	260	-	253
	31 December 2015	50	164	1,162	-
	31 December 2014	160	20	-	-
MTN Syria	31 December 2018	92	411	-	-
	31 December 2017	3	588	-	-
	31 December 2016	11	994	-	-
	31 December 2015	3	777	-	-
	31 December 2014	9	672	-	-
MTN Uganda	31 December 2018	89,477	20,512	11,314	16,750
	31 December 2017	2,033	2,106	-	7,641
	31 December 2016	2,693	1,338	-	7,641
	31 December 2015	1,678	1,062	7,887	805
	31 December 2014	8,311	1,366	7,555	805
MTN Yemen	31 December 2018	-	39	-	-
	31 December 2017	15	17	-	-
	31 December 2016	1	53	-	-
	31 December 2015	-	17	-	-
	31 December 2014	4	28	-	-
MTN Zambia	31 December 2018	86,178	5,304	17,691	8,182
	31 December 2017	62,587	1,206	1,701	2,481

	Sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
	N '000	N '000	N '000	N '000
31 December 2016	11,074	973	-	3,843
31 December 2015	460	646	-	-
31 December 2014	7,226	586	1,158	-

41 Related party transactions (continued)

		Sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		N'000	N'000	N'000	N'000
MTN Dubai	31 December 2018	44,077	10,080,752	-	286,193
	31 December 2017	282,166	-	137,194	637,235
	31 December 2016	20,575	-	589,340	-
	31 December 2015	22,745	1,390,556	42,511	-
	31 December 2014	2,399	1,359,909	13,707	-
MTN South Sudan	31 December 2018	17,740	451	635	-
	31 December 2017	11,464	164	28,157	-
	31 December 2016	1,171	143	22,399	-
	31 December 2015	366	111	15,778	-
	31 December 2014	-	1,147	4,540	-
MTN Procurement Global Trading Company	31 December 2018	-	5,009,354	-	2,795,104
	31 December 2017	-	2,162,631	-	3,294,413
	31 December 2016	-	-	-	1,475,527
	31 December 2015	-	949,012	-	625,403
	31 December 2014	-	746,459	-	671,813
Botswana (MASCOM)	31 December 2018	-	-	-	-
	31 December 2017	-	-	-	-
	31 December 2016	279	66	-	-
	31 December 2015	54	54	-	-
	31 December 2014	81	50	-	-
Lonestar Communications Corporations (Liberia)	31 December 2018	13,800	3,859	14,155	-

	31 December 2017	7,899	3,683	22,911	-
	31 December 2016	6,854	3,943	17,671	-
	31 December 2015	2,323	3,865	8,934	-
	31 December 2014	2,463	917	3,123	-

		Sales to related parties N'000	Purchases from related parties N'000	Amounts due from related parties N'000	Amounts due to related parties N'000
MTN Afghanistan	31 December 2018	-	-	259	-
	31 December 2017	-	-	131	-
	31 December 2016	2	22	-	-
	31 December 2015	3	56	-	-
	31 December 2014	53	14	-	-
MTN Benin	31 December 2018	8,581,415	16,601,877	1,120,783	2,625,094
	31 December 2017	6,740,210	2,011,738	904,673	873,815
	31 December 2016	394,765	2,009,521	233,006	1,098,147
	31 December 2015	364,283	1,028,010	176,717	381,932
	31 December 2014	424,765	1,013,331	250,424	209,714
MTN Cameroon	31 December 2018	5,138,451	1,806,406	1,479,451	557,781
	31 December 2017	6,202,740	242,568	667,297	173,223
	31 December 2016	510,825	123,393	469,502	137,977
	31 December 2015	372,683	65,989	335,524	86,541
	31 December 2014	227,840	171,630	208,826	95,867
MTN Congo	31 December 2018	13,329	4,802	7,346	782
	31 December 2017	3,123	567	24,815	-
	31 December 2016	1,021	621	5,880	-
	31 December 2015	1,856	689	16	-
	31 December 2014	1,098	2,989	-	-
MTN Cote d'Ivoire	31 December 2018	2,201,551	763,845	757,745	426,926
	31 December 2017	2,145,357	127,741	398,511	184,773
	31 December 2016	86,011	98,353	63,239	44,387
	31 December 2015	118,804	93,453	165,609	145,466
	31 December 2014	91,392	135,959	87,837	72,459
MTN Cyprus	31 December 2018	64	522	-	-
	31 December 2017	38	257	-	-
	31 December 2016	142	240	-	-
	31 December 2015	38	119	-	-

	31 December 2014	51	135	-	-
MTN Ghana	31 December 2018	4,752,964	3,734,487	12,319,273	946,703
	31 December 2017	4,601,558	581,795	1,323,375	933,557
	31 December 2016	456,410	703,669	780,464	760,531
	31 December 2015	622,003	481,008	965,228	756,198
	31 December 2014	840,095	917,724	722,894	756,198
MTN Guinea Bissau	31 December 2018	204	-	5,162	2,056
	31 December 2017	247	691	-	1
	31 December 2016	186	442	-	-
	31 December 2015	34	388	-	-
	31 December 2014	172	312	-	-
MTN Guinea Conakry	31 December 2018	6,329	636	12,947	-
	31 December 2017	2,287	835	3,604	-
	31 December 2016	1,215	1,407	-	581
	31 December 2015	459	185	-	-
	31 December 2014	334	22	-	-
MTN Irancell	31 December 2018	64	304	-	-
	31 December 2017	13	465	-	-
	31 December 2016	8	282	-	-
	31 December 2015	13	733	-	-
	31 December 2014	15	272	-	-
MTN Rwanda	31 December 2018	1,094	4,005	5,372	7,201
	31 December 2017	421	2,082	-	492
	31 December 2016	935	1,073	-	-
	31 December 2015	695	1,091	-	-
	31 December 2014	629	1,508	-	-
MTN South Africa	31 December 2018	-	-	634,016	174,122
	31 December 2017	7,422,453	151,896	789,664	138,982
	31 December 2016	611,658	82,052	497,734	131,296
	31 December 2015	520,622	145,925	554,338	121,067
	31 December 2014	260,488	318,747	302,660	214,629
Interserve Overseas Ltd	31 December 2018	-	-	-	10,762,382
	31 December 2017	-	2,884,851	-	3,889,554
	31 December 2016	-	-	-	11,099,279
	31 December 2015	-	-	-	7,893,682

	31 December 2014	-	-	-	4,997,064
MTN Management Services Co	31 December 2018	-	-	814,428	-
	31 December 2017	-	-	1,332,116	677,416
	31 December 2016	-	-	666,082	500,981
	31 December 2015	-	-	206,091	262,426
	31 December 2014	-	-	95,674	112,973
MTN Shared Services (SEA)	31 December 2018	-	-	-	-
	31 December 2017	-	-	-	398
	31 December 2016	-	-	-	398
	31 December 2015	-	-	-	-
	31 December 2014	-	-	1,556	-
MTN MAURITIUS	31 December 2018	-	1,258,643	-	8,483,323
	31 December 2017	-	1,258,643	-	7,732,663
	31 December 2016	-	732,695	924,046	31,413,957
	31 December 2015	-	35	-	4,407,377
	31 December 2014	-	-	-	4,401
MTN Holding	31 December 2018	-	-	-	13,218
	31 December 2017	-	-	-	8,559
	31 December 2016	-	-	-	8,559
	31 December 2015	-	-	-	8,559
	31 December 2014	-	-	-	-
INT Towers Limited	31 December 2018	-	-	775,880	-
	31 December 2017	-	793,220	775,880	-
	31 December 2016	-	72,083,257	775,880	-
	31 December 2015	60,697,836	-	1,084,294	-
	31 December 2014	54,701,555	-	12,133,512	-

Effective 1 February 2017, INT Towers ceased to be a related party to the Group as MTN Group Limited exchanged its 51% interest in Nigeria Tower InterCo B.V., the parent company of INT Towers Limited, for an additional shareholding in IHS Holding Limited.

There was an accrual of N827 million made in the year for donation to MTN Foundation Limited by Guarantee (December 2016 : N957 million).

42 Share based payment

42.1 Share based payment liability

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
	N '000	N '000	N '000	N '000	N '000
Non-current	654,791	655,565	657,448	916,223	913,775
Current	-	-	-	41,687	494,170
	654,791	**655,565**	**657,448**	**957,910**	**1,407,945**

42.2 Share appreciation rights

Notional share scheme (NSS)

The share based payment liability above relates to the following notional share scheme.

MTN Nigeria Communications Limited operates a notional share scheme, where qualifying staff receive the increase in a phantom MTN share price at exercise date as compared to the offer price. The scheme is a cash-settled share-based payment scheme. The vesting period is 100% on the third anniversary after the grant date.

Options expire after 10 years from grant date.

2018

Offer	Naira strike price		Number outstanding at 1 January 2018		Offered During 2018		Expired\Forfeited During 2018		Exercised During 2018		Number outstanding at 31 December 2018	
date	**LAN**	**GAN**	**LAN**	**GAN**	**LAN**	**GAN**	**LAN**	**GAN**	**LAN**	**GAN**	**LAN**	**GAN**
01-Dec-2004												
01-Dec-2005												
01-Apr-2007	-	-	-	-	-	-	-	-	-	-	-	-
01-Oct-2007	-	-	-	-	-	-	-	-	-	-	-	-
01-Apr-2008	2,916	2,160	-	-	-	-	-	-	-	-	-	-
01-Nov-2008	2,916	1,291	1,960	1,030	-	-	1,960	1,030	-	-	-	-
01-Apr-2009	3,726	1,570	-	-	-	-	-	-	-	-	-	-
01-Apr-2010	4,991	2,288	6,680	5,660	-	-	-	-	-	-	6,680	5,660
01-Apr-2011	6,067	3,123	48,600	21,790	-	-	1,000	240	-	-	47,600	21,550
01-Apr-2012	6,100	2,780	113,000	86,020	-	-	4,400	2,520	-	-	108,600	66,680
01-Apr-2013	5,009	2,781	373,520	286,080	-	-	14,860	11,280	-	-	252,852	196,040
01-Apr-2014	5,313	3,367	73,100	49,700	-	-	6,500	4,400	-	-	57,000	38,800
01-Apr-2015	5,299	3,354	173,400	117,800	-	-	9,000	6,200	-	-	145,200	99,000
01-Apr-2016	4,747	1,787	175,500	199,600	-	-	3,500	4,000	-	-	165,300	187,800
01-Apr-2017	4,207	2,810	347,300	223,100	-	-	12,700	8,200	-	-	334,600	214,900
1-Apr-18	3,820	3,619	-	-	571,200	251,600	7,500	3,400	-	-	563,700	248,200
			1,011,550	**774,520**	**571,200**	**251,600**	**61,420**	**41,270**	**-**	**-**	**1,681,532**	**1,078,630**

2017

Offer date	Naira strike price		Number outstanding at 1 January 2017		Offered During 2017		Expired\Forfeited During 2017		Exercised During 2017		Number outstanding at 31 December 2017	
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN
01-Apr-2007	-	-	-	-	-	-	-	-	-	-	-	-
01-Oct-2007	-	-	-	-	-	-	-	-	-	-	-	-
01-Apr-2008	-	-	-	-	-	-	-	-	-	-	-	-
01-Nov-2008	2,916	1,291	1,960	1,660	-	-	-	-	-	630	1,960	1,030
01-Apr-2009	3,726	1,570	480	480	-	-	480	480	-	-	-	-
01-Apr-2010	4,991	2,288	8,090	6,980	-	-	-	-	1,410	1,320	6,680	5,660
01-Apr-2011	6,067	3,123	66,200	26,200	-	-	-	-	17,600	4,410	48,600	21,790
01-Apr-2012	6,100	2,780	139,300	86,020	-	-	-	-	26,300	16,820	113,000	69,200
01-Apr-2013	5,009	2,781	373,520	286,080	-	-	-	-	105,808	78,760	267,712	207,320
01-Apr-2014	5,313	3,367	73,100	49,700	-	-	-	-	9,600	6,500	63,500	43,200
01-Apr-2015	5,299	3,354	173,400	117,800	-	-	-	-	19,200	12,600	154,200	105,200
01-Apr-2016	4,747	1,787	175,500	199,600	-	-	-	-	6,700	7,800	168,800	191,800
01-Apr-2017	4,207	2,810	-	-	362,200	232,400	-	-	14,900	9,300	347,300	223,100
			1,011,550	**774,520**	**362,200**	**232,400**	**480**	**480**	**201,518**	**138,140**	**1,171,752**	**868,300**

2016

Offer date	Naira strike price		Number outstanding at 1 January 2016		Offered During 2016		Expired\Forfeited During 2016		Exercised During 2016		Number outstanding at 31 December 2016	
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN
01-Apr-2007	2,442	1,797	-	-	-	-	-	-	-	-	-	-
01-Oct-2007	2,442	2,005	-	-	-	-	-	-	-	-	-	-
01-Apr-2008	2,916	2,160	-	-	-	-	-	-	-	-	-	-
01-Nov-2008	2,916	1,291	1,960	1,660	-	-	-	-	-	-	1,960	1,660
01-Apr-2009	3,726	1,570	480	480	-	-	-	-	-	-	480	480
01-Apr-2010	4,991	2,288	8,750	7,280	-	-	660	300	-	-	8,090	6,980
01-Apr-2011	6,067	3,123	67,200	26,680	-	-	1,000	480	-	-	66,200	26,200
01-Apr-2012	6,100	2,780	140,300	86,620	-	-	1,000	600	-	-	139,300	86,020
01-Apr-2013	5,009	2,781	395,100	302,660	-	-	21,580	16,580	-	-	373,520	286,080
01-Apr-2014	5,313	3,367	74,000	50,300	-	-	900	600	-	-	73,100	49,700
01-Apr-2015	5,299	3,354	181,600	123,300	-	-	8,200	5,500	-	-	173,400	117,800
01-Apr-2016	4,747	1,787	-	-	193,100	219,400	17,600	19,800	-	-	175,500	199,600
Total			**869,390**	**598,980**	**193,100**	**219,400**	**50,940**	**43,860**	**-**	**-**	**1,011,550**	**774,520**

The weighted average price of the GAN options granted during the year is N4,207.04; 362,200 options (2016: N1,787.48; 219,400), while the weighted average price of LAN options granted during the year is N2,809.76; 232,400 options (2016: N4,746.84; 193,100 options)

The options outstanding at the end of the year under review have a weighted remaining contractual life of seven years (2016: eight years).

2015

Offer date	Naira strike price		Number outstanding at 1 January 2015		Offered During 2015		Expired\Forfeited During 2015		Exercised During 2015		Number outstanding at 31 December 2015	
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN
01-Dec-2004	742	909	-	-	-	-	-	-	-	-	-	-
01-Dec-2005	1,187	1,279	-	-	-	-	-	-	-	-	-	-
01-Apr-2007	2,442	1,797	-	1,700	-	-	-	1,700	-	-	-	-
01-Oct-2007	2,442	2,005	-	1,090	-	-	-	1,090	-	-	-	-
01-Apr-2008	2,916	2,160	-	-	-	-	-	-	-	-	-	-
01-Nov-2008	2,916	1,291	10,440	11,910	-	-	-	-	8,480	10,250	1,960	1,660
01-Apr-2009	3,726	1,570	4,320	32,130	-	-	-	-	3,840	31,650	480	480
01-Apr-2010	4,991	2,288	48,280	38,560	-	-	-	-	39,530	31,280	8,750	7,280
01-Apr-2011	6,067	3,123	71,500	40,580	-	-	4,300	1,110	-	12,790	67,200	26,680
01-Apr-2012	6,100	2,780	213,600	244,460	-	-	2,400	1,320	-	35,560	211,200	207,580
01-Apr-2013	5,009	2,781	629,160	583,500	-	-	33,380	25,840	81,680	66,420	514,100	491,240
01-Apr-2014	5,313	3,367	79,500	53,900	-	-	2,800	1,800	-	-	76,700	52,100
01-Apr-2015	5,299	3,354	-	-	189,800	128,900	8,200	5,600	-	-	181,600	123,300
Total			**1,056,800**	**1,007,830**	**189,800**	**128,900**	**51,080**	**38,460**	**133,530**	**187,950**	**1,061,990**	**910,320**

2014

Offer date	Naira strike price		Number outstanding at 1 January 2014		Offered During 2014		Expired\Forfeited During 2014		Exercised During 2014		Number outstanding at 31 December 2014	
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN
01-Dec-2004	742	909	-	8,720	-	-	-	8,720	-	-	-	-
01-Dec-2005	1,187	1,279	-	2,300	-	-	-	2,300	-	-	-	-
01-Apr-2007	2,442	1,797	-	1,700	-	-	-	-	-	-	-	1,700
01-Oct-2007	2,442	2,005	2,820	9,790	-	-	1,710	7,000	1,110	1,700	-	1,090
01-Apr-2008	2,916	2,160	4,260	26,320	-	-	4,260	19,200	-	7,120	-	-
01-Nov-2008	2,916	1,291	33,470	36,800	-	-	5,160	8,160	17,870	16,730	10,440	11,910
01-Apr-2009	3,726	1,570	65,520	131,400	-	-	17,640	61,100	43,560	38,170	4,320	32,130
01-Apr-2010	4,991	2,288	105,000	91,200	-	-	4,910	3,970	51,810	48,670	48,280	38,560
01-Apr-2011	6,067	3,123	78,000	53,940	-	-	6,500	3,180	-	10,180	71,500	40,580
01-Apr-2012	6,100	2,780	226,900	286,600	-	-	13,300	11,720	-	30,420	213,600	244,460
01-Apr-2013	5,009	2,781	672,600	618,300	-	-	43,440	34,800	-	-	629,160	583,500
01-Apr-2014	5,313	3,367	-	-	81,400	55,200	1,900	1,300	-	-	79,500	53,900
Total			**1,188,570**	**1,267,070**	**81,400**	**55,200**	**98,820**	**161,450**	**114,350**	**152,990**	**1,056,800**	**1,007,830**

The weighted average price of the GAN options granted during the year is N4,083.81; 128,900 options (2014: N4,264.82 ;55,200 options), while the weighted average price of LAN options granted during the year is N5,298.75; 189,800 options (2014: N5,313.03 ;81,400 options)

The options outstanding at the end of the year under review have a weighted remaining contractual life of seven years (2014: six years).

43 Business combination

On 31 December 2015, the Group acquired 100% share capital of Visafone Communications Limited, a company licenced to provide telecommunication service in Nigeria, operating Code Division Multiple Access (CDMA) network for a purchase consideration of N43.78 billion.

The acquisition of Visafone Communications Limited is to improve the quality of broadband services to subscribers. The acquisition reflects the Group’s concerted efforts to deepen the growth and roll out of broadband services across the country.

The acquisition of the Visafone network is an avenue for meeting customers’ increasing data needs in line with MTN's vision ‘to lead the delivery of a bold new digital world to our customers’. It will ensure that Nigerians experience a boost in the quality of broadband internet services.

The acquired business contributed nil revenues and net profit to the Group for the period ended 31 December 2015 as the business was acquired on the last day of the year. The consolidated pro-forma revenue and profit for the year ended 31 December 2015 as though the acquisition had occurred on 1 January 2015 cannot be disclosed as the audited financial statements of the acquired business for the year ended 31 December 2015 is yet to be finalised as at the time of preparation of these financial statements.

Purchase consideration

	As previously reported as at 31 Dec 2015		**Fair value adjustments**
	N '000	**N '000**	**N '000**
Cash paid	38,780,542	-	38,780,542
Retention amount	4,997,458	-	4,997,458
Total purchase consideration	43,778,000	-	43,778,000
Recognised amounts of identifiable net assets acquired			
800MHz Spectrum licence (Note 14)	47,865,768		47,865,768
Universal Access Service Licence (UASL)	-	52,350	52,350
Inventory	-	91,000	91,000
Cash and cash equivalents	-	90,262	90,262
Deferred tax liability (Note 28)	(13,551,512)		(13,584,074)
		(32,562)	
Deferred revenue	-		(753,345)
		(753,345)	
Total identifiable net assets	34,314,256		33,761,961
		(552,295)	
Goodwill (Note 14)	9,463,744	552,295	10,016,039
Total	**43,778,000**	-	**43,778,000**

The retention amount is an amount deposited into an Escrow Account by MTN as agreed by the parties to the acquisition, to be utilized for the satisfaction of the outstanding liabilities, the shareholder debt, warranty claims and termination of contracts in respect of the acquisition. MTN did not assume any financial liabilities from the acquisition of Visafone Communications Limited.

The assets and liabilities (net asset) and the amounts allocated to them are provisional and are subject to change as MTN is yet to finalise the fair valuation of all identifiable net assets acquired. The goodwill arising on the acquisition of Visafone Communications Limited was tested for impairment in line with IFRS 3. For the purpose of impairment testing, goodwill was allocated to Visafone Communications Limited, which is the cash generating unit (CGU) expected to benefit from the effect of the business combination.

The recoverable amount for the CGU was based on the fair value less cost to sell of the asset acquired. From the assessment carried out, the carrying amount of the CGU was determined to be lower than the recoverable amount, hence no impairment charge was recognized. See below:

	Net asset	**Provisional goodwill allocation**		**Carrying amount**
	N '000	**N '000**	**N '000**	**N '000**
Visafone Communications Limited	33,761,961	10,016,039	43,778,000	52,031,408

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The fair value of the acquired identifiable asset (i.e. 800MHz frequency Spectrum) is based on an independent valuation by KPMG Advisory Services, a qualified independent professional and advisory services firm, on 03 November 2015 using the market-based approach which estimates the fair value of the spectrum by referring to the purchase prices paid for similar spectrums across different markets.

The acquired business contributed nil revenues and net profit to the Group for the period ended 31 December 2015 as the business was acquired on the last day of the year. If the acquisition had occurred on 1 January 2015, consolidated pro-forma revenue and profit for the year ended 31 December 2015 would have been N816,295,739 and N183,831,186 respectively.

44 Financial risk management and financial instruments

Introduction

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial instruments into the following categories depending on the purpose for which the financial instruments were acquired:

- Financial assets: Amortised cost, fair value through OCI (FVOCI); fair value through profit or loss (FVTPL), loans and receivables, fair value through profit or loss, available for sale and held to maturity;
- Financial liabilities: fair value through profit or loss and amortised cost.

Financial instruments comprise trade and other receivables, cash and cash equivalents, current investments, borrowings and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk profile

The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors of the Group. The Group's executives identify and evaluates financial risks. The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

The carrying value of financial instruments materially approximate their fair values.

44.1 *Accounting classes and fair values*

	Amortised costs	Fair value through profit or loss	Fair value through other comprehensive income	Total Carrying Amount
	N '000	N '000	N '000	N '000
31 December 2018				
Current financial assets				
Trade and other receivables	29,262,047	-	-	29,262,047
Current investments	63,731,995	1,302,198	434,066	65,468,259
Cash and cash equivalents	53,011,748	-	-	53,011,748
Restricted cash	37,219,023	-	-	37,219,023
	183,224,813	**1,302,198**	**434,066**	**184,961,077**
Non-current financial liabilities				
Borrowings	31,438,349	-	-	31,438,349
Regulatory fine	-	14,152	-	14,152
	31,438,349	**14,152**	**-**	**31,452,501**
Current financial liabilities				
Trade and other payables	18,607,914	-	-	18,607,914
Current borrowings	143,875,889	-	-	143,875,889
Accrued expenses	121,315,900	-	-	121,315,900
Other payables	1,196,006	-	-	1,196,006
Intercompany payables	39,652,033	-	-	39,652,033
Regulatory fine payables	105,127,783	-	-	105,127,783
	429,775,525	**-**	**-**	**429,775,525**
	461,213,874	**14,152**	**-**	**461,228,026**

44.1 Accounting classes and fair values (continued)

	Loans and receivables N '000	Fair value through profit or loss N '000	Fair value through other comprehensive income N '000	Total Carrying Amount N '000
31 December 2017				
Non-current financial assets				
Derivative asset	-	55 673	-	55,673
	-	**55,673**	**-**	**55,673**
Current financial assets				
Trade and other receivables	22,170,037	-	-	22,170,037
Current investments	52,185,101	8,922,552	9,970,842	71,078,495
Cash at bank and on hand	89,564,964	-	-	89,564,964
Restricted cash	41,617,634	-	-	41,617,634
	205,537,736	**8,922,552**	**9,970,842**	**224,431,130**
Non-current financial liabilities				
Borrowings	135,544,915	-	-	135,544,915
Regulatory fine	91,656,623	-	-	91,656,623
	227,201,538	**-**	**-**	**227,201,538**
Current financial liabilities				
Trade and other payables	28,214,500	-	-	28,214,500
Current borrowings	119,820,228	-	-	119,820,228
Accrued expenses	161,057,759	-	-	161,057,759
Other payables	996,463	-	-	996,463
Intercompany payables	28,229,643	-	-	28,229,643
Regulatory fine	101,119,141	-	-	101,119,141
	439,437,734	**-**	**-**	**439,437,734**
	666,639,272	**-**	**-**	**666,639,272**

	Loans and receivables	Fair value through profit or loss	Available for sale	Held to Maturity	Amortised Cost	Total Carrying Amount
	N '000	N '000	N '000	N '000	N '000	N '000
31 December 2016						
Current financial assets						
Trade and other receivables	28,525,322	-	-	-	-	**28,525,322**
Current Investments	13,801,205	15,261,582	6,426,819	115,947,851	-	**151,437,457**
Cash at bank and on hand	146,369,032	-	-	-	-	**146,369,032**
Restricted cash	17,260,604	-	-	-	-	**17,260,604**
	205,956,163	**15,261,582**	**6,426,819**	**115,947,851**	**-**	**343,592,415**
Non-current financial liabilities						
Borrowings	-	-	-	-	189,783,327	**189,783,327**
Regulatory fine	-	-	-	-	168,060,851	**168,060,851**
	-	**-**	**-**	**-**	**357,844,178**	**357,844,178**
Current financial liabilities						
Trade and other payables	-	-	-	-	75,656,792	**75,656,792**
Accrued expenses	-	-	-	-	102,193,339	**102,193,339**
Other payables	-	-	-	-	5,076,039	**5,076,039**
Intercompany payables	-	-	-	-	46,683,357	**46,683,357**
Borrowings	-	-	-	-	100,054,289	**100,054,289**
Regulatory fine	-	-	-	-	29,002,060	**29,002,060**
	-	**-**	**-**	**-**	**358,665,876**	**358,665,876**
	-	**-**	**-**	**-**	**716,510,054**	**716,510,054**

Withholding tax credit note receivable yet to be utilised to offset income tax liability has been excluded from trade and other receivables as non-financial asset. Output VAT has also been excluded from other payables as non-financial liability.

44.2 Fair value estimation

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

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

Level 2: Valuation techniques with inputs other than quoted prices (included within level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (e.g. a valuation that uses observable interest rates or foreign exchange rates as inputs).
Level 3: Valuation techniques with inputs that are not based on observable market data (that is, unobservable inputs) (e.g. a valuation that uses the expected growth rate of an underlying business as input)

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

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
31 December 2018				
Assets				
Fair value through profit or loss	1,302,198	-	-	1,302,198
Available for sale assets	434,066	-	-	434,066
	1,736,264	**-**	**-**	**1,736,264**
Liabilities				
Currency swap	-	14,152	-	14,152
	-	**14,152**	**-**	**14,152**
31 December 2017				
Assets				
Fair value through profit or loss	8,922,552	-	-	8,922,552
Available for sale assets	9,970,842	-	-	9,970,842
Derivative asset	-	55,673	-	55,673
	18,893,394	**55,673**	**-**	**18,949,067**
Liabilities				
Fair value through profit or loss	-	-	-	-
	-	**-**	**-**	**-**

44 Financial risk management and financial instruments (cont'd)

Introduction

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial instruments into the following categories: loans and receivables, held-to-maturity investments and financial liabilities depending on the purpose for which the financial instruments were acquired.

Financial instruments comprise trade and other receivables, cash and cash equivalents, current investments, borrowings and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk profile

The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Board of Directors of the Group. The Group's executives identify and evaluate financial risks . The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

The carrying value of financial instruments materially approximates the fair value.

44.1 *Accounting classes and fair values*

	Assets		Liabilities	
	Loans and Receivables	Held to Maturity	Amortised Cost	Total Carrying Amount
	N '000	N '000	N '000	N '000
31 December 2015				
Current financial assets				
Trade and other receivables	48,865,361	-	-	**48,865,361**
Current investments	10,559,871	87,615,868	-	**98,175,739**
Cash at bank and on hand	200,674,337	-	-	**200,674,337**
Restricted cash	16,218,755	-	-	**16,218,755**
	276,318,324	87,615,868	-	**363,934,192**
Non-current financial liabilities				
Non-current borrowings	-	-	250,479,708	**250,479,708**
Current financial liabilities				
Trade and other payables	-	-	30,906,955	**30,906,955**
Obligations under finance leases under 1 yr.	-	-	84,691	**84,691**
Current borrowings	-	-	86,320,306	**86,320,306**
Accrued expenses	-	-	71,168,531	**71,168,531**
Sundry payables	-	-	2,997,301	**2,997,301**
Intercompany payables	-	-	14,689,456	**14,689,456**
	-	-	**456,646,948**	**456,646,948**

44 Financial risk management and financial instruments

Introduction
Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial instruments into the following categories: loans and receivables, held-to-maturity investments and financial liabilities depending on the purpose for which the financial instruments were acquired.

Financial instruments comprise trade and other receivables, cash and cash equivalents, current investments, borrowings and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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The carrying value of financial instruments materially approximates the fair value.

44.1 Accounting classes and fair values

	Assets		Liabilities	
	Loans and Receivables	**Held to Maturity**	**Amortised Cost**	**Total Carrying Amount**
	N '000	**N '000**	**N '000**	**N '000**
31 December 2014				
Current financial assets				
Trade and other receivables	52,729,242	-	-	**52,729,242**
Current investments	17,640,000	55,133,092	-	**72,773,092**
Cash at bank and on hand	207,654,248	-	-	**207,654,248**
Restricted cash	4,097,360	-	-	**4,097,360**
	282,120,850	**55,133,092**	**-**	**337,253,942**
Non-current financial liabilities				
Non-current borrowings	-	-	329,672,893	**329,672,893**
Obligations under finance leases over 1 yr.	-	-	-	-
Current financial liabilities				
Trade and other payables	-	-	25,212,681	**25,212,681**
Obligations under finance leases under 1 yr.	-	-	275,333	**275,333**
Current borrowings	-	-	63,518,851	**63,518,851**
Accrued expenses	-	-	82,809,176	**82,809,176**
Sundry payables	-	-	1,446,677	**1,446,677**
Intercompany payables	-	-	6,583,791	**6,583,791**
	-	**-**	**509,519,402**	**509,519,402**

	Assets		Liabilities	
	Loans and Receivables	Held to Maturity	Amortised Cost	Total Carrying Amount
	N '000	N '000	N '000	N '000
31 December 2013				
Current financial assets				
Trade and other receivables	25,725,850	-	-	**25,725,850**
Current Investments	19,534,640	39,103,564	-	**58,638,204**
Cash at bank and on hand	144,839,167	-	-	**144,839,167**
Restricted cash	4,130,936	-	-	**4,130,936**
	194,230,593	**39,103,564**	**-**	**233,334,157**
Non-current financial liabilities				
Non-current borrowings	**-**	**-**	350,925,041	**350,925,041**
Obligations under finance leases over 1 yr.	-	-	-	-
Current financial liabilities				
Trade and other payables	-	-	22,106,884	**22,106,884**
Obligations under finance leases under 1 yr.	-	-	263,593	**263,593**
Accrued expenses	-	-	92,751,329	**92,751,329**
Sundry payables	-	-	1,122,813	**1,122,813**
Current borrowings	-	-	25,999,413	**25,999,413**
Intercompany payables	-	-	2,635,113	**2,635,113**
	-	**-**	**495,804,186**	**495,804,186**

44.2

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
31 December 2016				
Assets				
Fair value through profit or loss	15,261,582	-	-	15,261,582
Available for sale assets	6,426,819	-	-	6,426,819
	21,688,401	**-**	**-**	**21,688,401**

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

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

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

31 December 2015
The Group does not have any financial instrument measured at fair value at December 2015.

44.3 **Financial assets and liabilities subject to offsetting**

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

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

31 December 2018	Gross amount N '000	Amount offset N '000	Net amount N '000
Current financial assets			
Interconnect receivables	21,129,283	10,149,839	**10,979,444**
	21,129,283	**10,149,839**	**10,979,444**
Current financial liabilities			
Interconnect payables	13,908,787	10,149,839	**3,758,948**
	13,908,787	**10,149,839**	**3,758,948**

31 December 2017	Gross amount N '000	Amount offset N '000	Net amount N '000
Current financial assets			
Interconnect receivables	32,723,775	17,910,195	**14,813,580**
	32,723,775	**17,910,195**	**14,813,580**
Current financial liabilities			
Interconnect payables	17,910,195	17,910,195	-
	17,910,195	**17,910,195**	**-**

31 December 2016	Gross amount N '000	Amount offset N '000	Net amount N '000
Current financial assets			
Interconnect receivables	32,670,800	17,730,689	**14,940,111**
	32,670,800	**17,730,689**	**14,940,111**
Current financial liabilities			
Interconnect payables	17,730,689	17,730,689	-
	17,730,689	**17,730,689**	**-**

44.3 Financial assets and liabilities subject to offsetting

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

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

	Gross amount of financial asset	Gross amount of financial liability offset	Net
	N '000	N '000	N '000
31 December 2015			
Current financial assets			
Trade and other receivables (includes interconnect)	34,831,760	8,111,036	**26,720,724**
	34,831,760	**8,111,036**	**26,720,724**

	Gross amount of financial liability	Gross amount of financial asset offset	Net
	N '000	N '000	N '000
Current financial liabilities			
Trade and other payables (includes interconnect)	8,111,036	8,111,036	-
	8,111,036	**8,111,036**	**-**

44 Financial risk management and financial instruments (continued)

44.3 Financial assets and liabilities subject to offsetting

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

	Gross amount of financial asset	Gross amount of financial liability offset	Net
	N '000	N '000	N '000
2014			
Current financial assets			
Trade and other receivables (includes interconnect)	53,892,590	1,163,348	**52,729,242**
	53 892 590	**1 163 348**	**52 729 242**

	Gross amount of financial liability	Gross amount of financial asset offset	Net
	N '000	N '000	N '000
Current financial liabilities			
Trade and other payables (includes interconnect)	26,376,029	1,163,348	**25,212,681**
	26 376 029	**1 163 348**	**25 212 681**

2013			
Current financial assets			
Trade and other receivables (includes interconnect)	27,881,681	2,155,831	**25,725,850**
	27 881 681	**2 155 831**	**25 725 850**

	Gross amount of financial liability	Gross amount of financial asset offset	Net
	N '000	N '000	N '000
Current financial liabilities			
Trade and other payables (includes interconnect)	24,262,715	2,155,831	**22,106,884**
	24,262,715	**2,155,831**	**22,106,884**

44 Financial risk management and financial instruments
(continued)

44.4 Credit risk

Credit risk, or the risk of financial loss to the Group due to customers or counterparties 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	31 December 2018	31 December 2017	31 December 2016
	N '000	**N '000**	**N '000**
Trade and other receivables	29,262,047	27,668,572	28,525,322
Cash at bank and on hand	53,011,748	89,564,964	146,369,032
Restricted cash	37,219,023	41,617,634	17,260,604
Current investments	65,468,259	71,078,495	151,437,457
Derivative asset	-	55,673	-
	184,961,077	**229,985,338**	**343,592,415**

Cash and cash equivalents, restricted cash, current investments and derivative asset
The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of investment portfolio is spread amongst approved financial institutions, typically lending institutions to the Group. The Group actively seeks to limit the amount of credit exposure to any one financial institution (not more than 30% of total exposure) and credit exposure is controlled by a right of set off and counterparty limits indexed against the facility amount provided to the Group by each of the lending institutions. Excess cash over and above these limits are invested in government securities.

These financial assets are neither past due nor impaired and are assessed by reference to the counterparty financial institutions' credit ratings.

The credit ratings of the counterparty financial institutions where we have bank deposits and restricted cash range from ngA to CCC.
The credit ratings of the counterparty financial institutions where we have current investment range from ngA to BBB+(ng).
The credit rating of the counterparty financial institutions with whom we have derivative asset is A3.

Trade and other receivables
The majority of the Group's trade receivables are due from large national or multinational companies where the risk of default is considered low. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Ageing and impairment analysis

	31 December 2017 N '000 Gross	31 December 2017 N '000 Allowance for impairment	31 December 2017 N '000 Net	31 December 2016 N '000 Gross	N '000 Allowance for impairment	31 December 2016 N '000
Neither past due nor impaired trade receivables*	**7,320,528**	**-**	**7,320,528**	**9,374,076**	**-**	**9,374,076**
Interconnect receivables	1,598,352	-	1,598,352	301,568	-	301,568
Contract receivables	5,554,885	-	5,554,885	8,452,303	-	8,452,303
Other receivables	167,291	-	167,291	620,205	-	620,205
Past due but not impaired trade receivables**	**3,496,853**	**-**	**3,496,853**	**2,154,470**	**-**	**2,154,470**
Interconnect receivables	**875,036**	**-**	**875,036**	**2,154,470**	**-**	**2,154,470**
0 to 3 months	875,036	-	875,036	-	-	-
3 to 6 months	-	-	-	2,154,470	-	2,154,470
						-
Contract receivables	**1,915,158**	**-**	**1,915,158**	**-**	**-**	**-**
0 to 3 months	1,047,548	-	1,047,548	-	-	-
3 to 6 months	867,610	-	867,610	-	-	-
						-
Other receivables	**706,659**	**-**	**706,659**	**-**	**-**	**-**
0 to 3 months	644,440	-	644,440	-	-	-
3 to 6 months	62,219	-	62,219	-	-	-
Impaired trade receivables***	**24,818,896**	**(24,044,339)**	**774,557**	**20,467,106**	**(18,450,877)**	**2,016,229**
Interconnect receivables	14,607,611	(14,607,611)	-	9,670,517	(8,865,395)	805,122
Contract receivables	8,078,402	(7,638,963)	439,439	10,796,589	(9,585,482)	1,211,107
Other receivables	2,132,883	(1,797,765)	335,118	-	-	-
Total	**35,636,277**	**(24,044,339)**	**11,591,938**	**31,995,652**	**(18,450,877)**	**13,544,775**

*These classes of trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

**These classes of trade and other receivables do not contain impaired assets and are past due. These relate to a number of independent customers for whom there is no recent history of default.

***Individual receivables which are known to be uncollectible are immediately impaired. Other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but is not yet been identified.

	At beginning of year **N '000**	**Additions** **N '000**	**Unused reversed** **N '000**	**Write off** **N '000**	**At end of year** **N '000**
Impairment movement					
31 December 2017					
Movement in provision for impairment of trade receivables		5,593,862	2,120	(2,520)	**24,044,339**
31 December 2016					
Movement in provision for impairment of trade receivables		6,430,172	(6,685,216)	1,478	**18,450,877**

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

		31 December 2017
	N '000	**N '000**
Counterparties without external credit rating		
Group 1	2,659,805	3,415,864
Group 2	4,660,723	5,958,212
Total trade receivables	**7,320,528**	**9,374,076**

Group 1 – Existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.
Group 2 – Existing customers (more than 6 months) amounts received regularly and on time historically.

Credit risk, or the risk of financial loss to the Group due to customers or counterparties 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	**31 December 2015**	**31 December 2014**
	N '000	**N '000**
Trade and other receivables	48,865,361	52,729,242
Cash at bank and on hand	200,674,337	207,654,248
Restricted cash	16,218,755	4,097,360
Current investments	98,175,739	72,773,092
	363,934,192	**337,253,942**

Cash and cash equivalents and current investments

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate values of investment portfolio is spread amongst approved financial institutions, typically lending institutions to the Group. The Group actively seeks to limit the amount of credit exposure to any one financial institution (not more than 30% of total exposure) and credit exposure is controlled by a right of set off and counterparty limits indexed against the facility amount provided to the Group by each of the lending institutions. Excess cash over and above these limits are invested in government securities.

Trade and other receivables

The majority of the Group's trade receivables are due from large national or multinational companies where the risk of default is considered low. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Ageing and impairment analysis

	31 December 2015 N '000 Gross	31 December 2015 N '000 Allowance for impairment	31 December 2015 N '000 Net	31 December 2014 N '000 Gross	N '000	31 December 2014 N '000 Allowance for impairment
Neither past due nor impaired trade receivables*	**18,526,021**	**-**	**18,526,021**	**19,109,262**	**-**	**19,109,262**
Interconnect\roaming\capacity\ transmission receivables	11,831,464	-	11,831,464	10,415,804	-	10,415,804
Contract receivables	1,240,093	-	1,240,093	3,704,867	-	3,704,867
Other receivables	5,454,464	-	5,454,464	4,988,591	-	4,988,591
Past due but not impaired trade receivables**	**12,768,873**	**-**	**12,768,873**	**7,573,622**	**-**	**7,573,622**
Interconnect receivables	**8,682,024**	**-**	**8,682,024**	**5,839,465**	**-**	**5,839,465**
0 to 3 months	4,382,261	-	4,382,261	5,724,684	-	5,724,684
3 to 6 months	4,299,763	-	4,299,763	114,781	-	114,781
						-
Contract receivables	**3,399,597**	**-**	**3,399,597**	**1,681,348**	**-**	**1,681,348**
0 to 3 months	2,083,329	-	2,083,329	355,646	-	355,646
3 to 6 months	733,664	-	733,664	1,325,702	-	1,325,702
6 to 9 months	582,604	-	582,604	-	-	-
						-
Other receivables	**687,252**	**-**	**687,252**	**52,809**	**-**	**52,809**
0 to 3 months	598,258	-	598,258	52,809	-	52,809
3 to 6 months	85,697	-	85,697	-	-	-
6 to 9 months	3,297	-	3,297	-	-	-
Impaired trade receivables***	**19,381,768**	**(18,704,443)**	**677,325**	**11,566,108**	**(10,904,415)**	**661,693**
Interconnect receivables	**13,581,156**	**(13,428,843)**	**152,313**	**7,524,444**	**(7,524,444)**	**-**
6 to 9 months	2,544,433	(2,392,120)	152,313	-	-	-
9 to 12 months	11,036,723	(11,036,723)	-	7,524,444	(7,524,444)	-
Contract receivables	**4,164,152**	**(4,058,431)**	**105,721**	**3,538,926**	**(2,877,233)**	**661,693**
6 to 9 months	-	-	-	770,455	(108,762)	661,693
9 to 12 months	4,164,152	(4,058,431)	105,721	2,768,471	(2,768,471)	-
Other receivables	**1,636,460**	**(1,217,169)**	**419,291**	**502,738**	**(502,738)**	**-**
9 to 12 months	1,636,460	(1,217,169)	419,291	502,738	(502,738)	-
Total	**50,676,662**	**(18,704,443)**	**31,972,219**	**38,248,992**	**(10,904,415)**	**27,344,577**

*These classes of trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

**These classes of trade and other receivables do not contain impaired assets and are past due. These relate to a number of independent customers for whom there is no recent history of default.

***Individual receivables which are known to be uncollectible are immediately impaired. Other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but is not yet been identified. The Group considers that there is evidence of impairment if any of the following indicators are present:

• Cases of dispute over invoice amount.
• Probability that the debtor will enter bankruptcy or financial reorganisation.
• Default or delinquency in payments (100% impairment is recognised on some classes of receivables when overdue for more than 180days while 50% impairment is recognised on other classes of receivables when overdue for 180 days and 100% impairment is recognised when overdue 365 days).

Ageing and impairment analysis

	At beginning of year	Additions		Utilised \reversed
	N '000	**N '000**	**N '000**	**N '000**
Impairment movement				
31 December 2015				
Movement in provision for impairment of trade receivables		8,351,698	(551,670)	**18,704,443**
31 December 2014				
Movement in provision for impairment of trade receivables		-	(1,507,417)	**10,904,415**

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

		31 December 2015
	N '000	**N '000**
Counterparties without external credit rating		
Group 1	3,423,692	14,120,671
Group 2	5,454,464	4,986,017
Total trade receivables	**8,878,156**	**19,106,688**

Group 1 – Existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.
Group 2 – Existing customers (more than 6 months) amounts received regularly and on time historically.

44.5 **Liquidity risk** (continued)

The following are the liquid resources:

	Carrying Amount		
	31 December 2018	**31 December 2017**	**31 December 2016**
	N '000	**N '000**	**N '000**
Cash at bank and on hand	53,011,748	89,564,964	146,369,032
Trade and other receivables	29,262,047	27,668,572	28,525,322
Current investments	65,468,259	71,078,495	151,437,457
	147,742,054	**188,312,031**	**326,331,811**

The following are the contractual maturities of financial liabilities:

	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	Total
	N '000	N '000	N '000	N '000	N '000	N '000	N '000
31 December 2018							
Trade and other payables	18,607,914	17,932,860	675,054				**18,607,914**
Accrued expenses	121,315,900	112,236,563	9,079,337				**121,315,900**
Other payables	1,196,006	1,196,006	-				**1,196,006**
Intercompany payables	39,652,033	11,789,647	27,862,386				**39,652,033**
Current regulatory fine	105,127,783	55,000,000	55,000,000				**110,000,000**
Current borrowings	143,875,889	3,410,063	16,788,921	129,118,855	-	-	**149,317,839**
Non-current regulatory fine	31,438,349	-	-		15,977,537	23,436,517	**39,414,054**
Non-current borrowings	14,152	-	-		14,152		**14,152**
	461,228,026	**201,565,139**	**109,405,698**	**129,118,855**	**15,991,689**	**23,436,517**	**479,517,898**

31 December 2017

Trade and other payables	28,214,500	7,993,592	20,220,908				**28,214,500**
Accrued expenses	161,057,759	5,176,610	155,881,149				**161,057,759**
Other payables	996,463	89,252	883,645	23,566			**996,463**
Intercompany payables	28,229,643	9,674,187	18,555,456				**28,229,643**
Current regulatory fine	101,119,141		55,000,000	55,000,000			**110,000,000**
Current borrowings	119,820,228	3,627,084	20,156,008	125,912,988			**149,696,080**
Non-current regulatory fine	91,656,623				110,000,000		**110,000,000**
Non-current borrowings	135,544,915				139,294,513	37,584,434	**176,878,947**
	666,639,272	**26,560,725**	**270,697,166**	**180,936,554**	**249,294,513**	**37,584,434**	**765,073,392**

31 December 2016							
Trade and other payables	75,656,792	37,751,431	37,905,361	-	-	-	**75,656,792**
Accrued expenses	102,193,339	4,348,614	97,844,725	-	-	-	**102,193,339**
Other payables	5,076,039	49,638	273,936	4,752,465	-	-	**5,076,039**
Intercompany payables	46,683,357	-	46,683,357	-	-	-	**46,683,357**
Current regulatory fine	29,002,060	-	30,000,000	-	-	-	**30,000,000**
Current borrowings	100,054,289	6,629,994	13,747,568	114,578,423	-	-	**134,955,985**
Non-current regulatory fine	168,060,851	-	-	-	110,000,000	110,000,000	**220,000,000**
Non-current borrowings	189,783,327	-	-	-	120,202,286	101,265,847	**221,468,133**
	716,510,054	**48,779,677**	**226,454,947**	**119,330,888**	**230,202,286**	**211,265,847**	**836,033,645**

44.5 Liquidity risk

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

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

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

The following are the liquid resources:

	Carrying Amount	
	31 December 2015	**31 December 2014**
	N '000	**N '000**
Cash at bank and on hand	200,674,337	207,654,248
Trade and other receivables	48,865,361	52,729,242
Current investments	98,175,739	72,773,092
	347,715,437	**333,156,582**

The following are the contractual maturities of financial liabilities:

	Carrying amount	**More than one year but not exceeding two years**	**More than two years but not exceeding five years**	**Total**
Non-current Liabilities	**N '000**	**N '000**	**N '000**	**N '000**
31 December 2015				
Non-current borrowings	250,479,708	111,902,279	185,543,348	297,445,627
	250,479,708	**111,902,279**	**185,543,348**	**297,445,627**
31 December 2014				
Non-current borrowings	329,672,893	128,033,148	301,289,791	429,322,939
	329,672,893	**128,033,148**	**301,289,791**	**429,322,939**

During the year (June, August and October), the Group was overdue paying principal and interest on some bank borrowings, the overdue occurred as a result of slight delay in the payment of a portion of the maturing obligations on Facility A, 15 June 2015 (USD26.1 million, 2 days overdue), Facility E, 17 August 2015 (USD31.7 million, 10 days overdue) and Facility F, 30 October 2015 (USD13.6 million, 2 days overdue). The delay resulted from challenges in obtaining foreign exchange to settle the obligations rather than liquidity pressure.

There was no carrying amount of the loan payable in default at the end of the reporting period as all principal has been settled by the end of the year.

Management expects that the company will be able to meet all contractual obligations from borrowings on a timely basis.

44.5	*Liquidity risk (continued)*	**Carrying amount**	**Payable within 1 month or on demand**	**More than 1 month but not exceeding 3 months**	**More than 3 months but not exceeding 1 year**	**More than 3 months but not exceeding 2 year**		**Total**
	Current Liabilities	**N '000**	**N '000**	**N '000**	**N '000**			**N '000**
	31 December 2015							
	Trade and other payables	30,906,955	21,114,702	9,792,253	-	-	-	**30,906,955**
	Current borrowings	86,320,306	1,949,452	15,702,817	108,042,014	-	-	**125,694,283**
	Accrued expenses	71,168,531	4,350,839	56,789,292	10,028,400	-	-	**71,168,531**
	Sundry payables	2,997,301	34,869	1,528,245	1,434,187	-	-	**2,997,301**
	Intercompany payables	14,689,456		14,689,456		-	-	**14,689,456**
	Obligations under finance leases under 1 yr.	84,691	-	-	84,691	-	-	**84,691**
	Non-current borrowings	250,479,708	-	-	-	111,902,279	185,543,348	**297,445,627**
		456,646,948	**27,449,862**	**98,502,063**	**119,589,292**	**111,902,279**	**185,543,348**	**542,986,844**

31 December 2014

	Carrying amount	Payable within 1 month or on demand	More than 1 month but not exceeding 3 months	More than 3 months but not exceeding 1 year	More than 3 months but not exceeding 2 year		Total
	N '000	N '000	N '000	N '000	N '000		N '000
Trade and other payables	25,212,681	8,459,766	16,752,915	-	-	-	**25,212,681**
Current borrowings	63,518,851	50,395	19,040,724	99,890,757	-	-	**118,981,876**
Accrued expenses	82,809,176	4,818,298	61,672,893	16,317,985	-	-	**82,809,176**
Sundry payables	1,446,677	10,022	484,419	952,236	-	-	**1,446,677**
Intercompany payables	6,583,791	-	6,583,791	-	-	-	**6,583,791**
Obligations under finance leases under 1 yr.	275,333	-	-	275,333	-	-	**275,333**
	179,846,509	**3,338,481**	**104,534,742**	**117,436,311**	**-**	**-**	**235,309,534**

Current Liabilities	Carrying amount	Payable within 1 month or on demand	More than 1 month but not exceeding 3 months	More than 3 months but not exceeding 1 year	Total
	N '000	N '000	N '000	N '000	N '000
31 December 2013					
Trade and other payables	22,106,884	6,616,689	15,490,195	-	**22,106,884**
Current borrowings	25,999,413	23,770	12,015,441	65,098,325	**77,137,536**
Accrued expenses	92,751,329	19,535,334	66,707,318	6,508,677	**92,751,329**
Sundry payables	1,122,813	16,639	449,805	656,369	**1,122,813**
Intercompany payables	2,635,113	-	2,635,113	-	**2,635,113**
Obligations under finance leases under 1 yr.	263,593	7,895	15,789	247,692	**271,376**
	144,879,145	**26,200,327**	**97,313,661**	**72,511,063**	**196,025,051**

_44.6_ Market risk

Market risk is the risk that changes in market prices (interest rate, price risk and currency risk) will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to price risk.

Derivatives are entered into solely for risk management purposes and not as speculative investments. The Group treasury policy specifies approved instruments which may be used to economically hedge the Group's exposure to variability in foreign currency and to manage and maintain market risk exposures within the parameters set by the Group's board of directors.

44.6.1 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 loans payable. 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 reprising of the Company'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.
Changes in the fair value of the interest rate swap during the year were insignificant.

Profile

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

	31 December 2018			31 December 2017			31 December 2016		
	Fixed rate instruments N '000	**Variable rate instruments N '000**	**Non-interest bearing N '000**	**Fixed rate instruments N '000**	**Variable rate instruments N '000**	**Non-interest bearing N '000**	**Fixed rate instruments N '000**	**Variable rate instruments N '000**	**Non-interest bearing N '000**
Financial assets									
Cash at bank and on hand	53,011,748	-	-	86,400,166	-	3,164,798	138,024,373	-	8,344,659
Current investments	65,468,259	-	-	71,078,495	-	-	151,437,457	-	-
Restricted cash	-	-	37,219,023	-	-	41,617,634	-	-	17,260,604
Trade and other receivables	-	-	29,262,047	-	-	27,668,572	-	-	28,525,322
	118,480,007	**-**	**66,481,070**	**157,478,661**	**-**	**72,451,004**	**289,461,830**	**-**	**54,130,585**
Financial liabilities									
Trade payables	-	-	18,607,914	-	-	37,888,687	-	-	75,656,792
Accrued expenses	-	-	121,315,900	-	-	161,057,759	-	-	102,193,339
Other payables	-	-	1,196,006	-	-	810,349	-	-	5,076,039
Intercompany payables	-	39,652,033	-	-	28,229,643	-	-	46,683,357	-
Current regulatory fine	-	-	105,127,783	-	-	101,119,141	-	-	29,002,060
Current borrowings	-	143,875,889	-	6,327,964	113,492,264	-	5,168,725	94,885,564	-
Non-current regulatory fine	-	-	-	-	-	91,656,623	-	-	168,060,851
Non-current borrowings	-	31,438,349	-	5,450,822	130,094,093	-	10,585,813	179,197,514	-
	-	**214,966,271**	**246,247,603**	**11,778,786**	**271,816,000**	**392,532,559**	**15,754,538**	**320,766,435**	**379,989,081**

44 Financial risk management and financial instruments (continued)

44.6.1 Interest rate risk (cont'd)

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 loans payable. 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 reprising of the Company'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. Accordingly, the Company entered into floating-to-fixed interest rate swaps effective 17 December 2012 in the amount of USD 250 million (N 39.1 billion). At 31 December 2015, the interest rate swaps contracts had been fully unwound, with the underlying loan facilities (Facilities A and B) fully repaid.

Changes in the fair value of the interest rate swap during the year were insignificant.

Profile

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

	31 December 2015			**31 December 2014**		
	Fixed rate instruments	**Variable rate instruments**	**No interest**	**Fixed rate instruments**	**Variable rate instruments**	**No interest**
	N '000	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
Financial assets						
Cash at bank and on hand	,276,696	-	307,379	170,902,185	-	36,752,063
Current investments	98,175,739	-	-	72,773,092	-	-
Restricted cash	-	-	16,218,755	-	-	4,097,360
Trade and other receivables	-	-	48,865,361	-	-	-
	298,452,435	**-**	**65,391,495**	**243,675,277**	**-**	**40,849,423**
Financial liabilities						
Trade payables	-	-	30,906,955	13,019,779	316,653,114	-
Accrued expenses	-	-	71,168,531	-	-	-
Sundry payables	-	-	2,997,301	-	-	-
Obligations under finance leases under 1 yr.	84,691	-	-	275,333	-	-
Non-current borrowings	9,960,000	240,519,708	-	-	-	-
Current borrowings	2,883,589	83,436,717	-	13,782,146	49,736,705	-
Intercompany payables	-	14,689,456	-	-	6,583,791	-
	12,928,280	**338,645,881**	**105,072,787**	**27,077,258**	**372,973,610**	**-**

44.6.1 *Interest rate risk (continued)*

Sensitivity analysis

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

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

A change in the above market interest rates at the reporting date would have increased\(decreased) the loss 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 2016.

	31 December 2018 (Increase)\decrease in loss before tax			31 December 2017 Increase\(decrease) in profit before tax		
Income	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**
	%	**N '000**	**N '000**	**%**	**N '000**	**N '000**
LIBOR						
	1	(808,831)	808,831	1	(1,227,566)	1,227,566
NIBOR						
	1	(862,917)	862,917	1	(1,265,809)	1,265,809

	31 December 2018 (Increase)\decrease in loss before tax			31 December 2017 Increase\(decrease) in profit before tax		
Expense	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**
	%	**N '000**	**N '000**	**%**	**N '000**	**N '000**
LIBOR						
	1	(808,831)	808,831	1	(1,227,566)	1,227,566
NIBOR						
	1	(862,917)	862,917	1	(1,265,809)	1,265,809

	31 December 2015 (Increase)\decrease in loss before tax			31 December 2014 Increase\(decrease) in profit before tax		
Net	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**
	%	**N '000**	**N '000**	**%**	**N '000**	**N '000**
LIBOR						
	1	(878,425)	878,425	1	(1,080,685)	1,080,685
NIBOR						
	1	(2,506,667)	2,506,667	1	(2,820,000)	2,820,000

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

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

A change in the above market interest rates at the reporting date would have increased\(decreased) the loss 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 2014.

	31 December 2015 (Increase)\decrease in loss before tax			31 December 2014 Increase\(decrease) in profit before tax		
Income	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**
	%	**N '000**	**N '000**	**%**	**N '000**	**N '000**
LIBOR	1	-	-	1	-	-
NIBOR	1	-	-	1	-	-

	31 December 2015 (Increase)\decrease in loss before tax			31 December 2014 Increase\(decrease) in profit before tax		
Expense	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**
	%	**N '000**	**N '000**	**%**	**N '000**	**N '000**
LIBOR	1	(878,425)	878,425	1	(1,080,685)	1,080,685
NIBOR	1	(2,506,667)	2,506,667	1	(2,820,000)	2,820,000

	31 December 2015 (Increase)\decrease in loss before tax			31 December 2014 Increase\(decrease) in profit before tax		
Net	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**	**Change in interest rate**	**Upward change in interest rate**	**Downward change in interest rate**
	%	**N '000**	**N '000**	**%**	**N '000**	**N '000**
LIBOR	1	(878,425)	878,425	1	(1,080,685)	1,080,685
NIBOR	1	(2,506,667)	2,506,667	1	(2,820,000)	2,820,000

44.6.2 Currency risk

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

The Group operations is exposed to currency risk arising from various currency exposures. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity’s functional currency.
The Group manages foreign currency risk on major foreign denominated purchase orders through the use of Letters of Credit. The Group has also entered into a currency swap arrangement to enhance dollar liquidity to address critical operational requirements.

Sensitivity analysis

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

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous 10% strengthening or 5% weakening in the Nigerian Naira against the US Dollar, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant. A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased\(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period. The analysis is performed on the same basis for 2016.

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

	31 December 2018 Increase\(decrease) in profit before tax		**31 December 2017** Increase\(decrease) in profit before tax		**31 December 2016**	
Denominated: Functional	10% weakening in Naira, resulting in a decrease in profit before tax **N '000**	5% strengthening in Naira, resulting in an increase in profit before tax **N '000**	10% weakening in Naira, resulting in a decrease in profit before tax **N '000**	5% strengthening in Naira, resulting in an increase in profit before tax **N '000**	10% weakening in Naira, resulting in a decrease in profit before tax **N '000**	5% strengthening in Naira, resulting in an increase in profit before tax **N '000**
USD:NGN	(10,553,811)	5,276,905	(19,136,979)	9,568,490	(18,539,012)	9,269,506

44 Financial risk management and financial instruments (continued)

44.6.2 Currency risk (continued)

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 weakening in the Nigerian Naira against the US Dollar, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant.

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

The analysis has been performed on the basis of the change occurring at the start of the reporting period. The analysis is performed on the same basis for 2014.

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

	31 December 2015 (Increase)\decrease in loss before tax			**31 December 2014 Increase\(decrease) in profit before tax**		
	Change in exchange rate	Weakening in Naira, resulting in an increase in loss before tax	Strengthening in Naira, resulting in a decrease in loss before tax	Change in exchange rate	Weakening in Naira, resulting in a decrease on profit before tax	Strengthening in Naira, resulting in an increase on profit before tax
Denominated: Functional	**%**	**N '000**	**N '000**	**%**	**N '000**	**N '000**
USD:NGN	20	(17,793,283)	17,793,283	20	(21,192,412)	21,192,412

44 Financial risk management and financial instruments (continued)

44.7 Capital risk management

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

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

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

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

During the year, an arbitration proceeding was instituted by Discover Digital International Limited against MTN Group, MTN Nigeria and three other entities.

The arbitration was in respect of disputes arising on the Services and Digital Content Agreement (the framework agreement), the Services and Digital Content Contract (the Nigerian contract) and the Specific Content Agreement for providing Video on Demand services to some MTN operations across the MTN group including MTN Nigeria. The arbitration proceedings were finalised after year end and the decision was in favour of Discover Digital International. $7.95 million of the total liability resulting from a Comprehensive Settlement Agreement dated 30 March 2017 was allocated to MTN Nigeria and paid by MTN Mauritius on its behalf. This amount will be refunded in 2017.

On 20 October 2015, the Nigerian Communications Commission imposed a fine relating to the timing of the disconnection of 5.1 million MTN Nigeria subscribers. Subsequent to the reporting period and pursuant to the engagement with the Nigerian authorities, MTN Nigeria on 24 February 2016 made an agreed-without-prejudice good-faith payment of N50 billion to the Federal Government of Nigeria on the basis that this will be applied towards a settlement, when it is arrived at. On 10 June 2016, an agreement was reached between the NCC and MTN in the sum of N330 billion in full settlement of the fine to be paid in 7 instalments which form the basis of the provision that was made on this matter (see note 19.1).

In addition to the monetary settlement set out above:

• MTN Nigeria subscribes to the voluntary observance of the Code of Corporate Governance for the Telecommunications Industry and will ensure compliance when the said Code is made mandatory for the Telecommunications Industry.

• MTN Nigeria undertakes to take immediate steps to ensure the listing of its shares on the Nigerian Stock Exchange as soon as commercially and legally possible after the date of execution of the settlement agreement.

• MTN Nigeria shall always ensure full compliance with its license terms and conditions as issued by Nigerian Communication Commission (NCC).

17 INCORPORATION AND SHARE CAPITAL HISTORY

MTN Nigeria Communications PLC, (previously called MTN Nigeria Communications Limited) was incorporated as a private limited company on November 8, 2000. On April 18, 2019, MTN Nigeria Communications Limited re-registered as a public limited company, MTN Nigeria Communications PLC.

MTN Nigeria was incorporated with an authorised share capital of ₦10,000,000, divided into 10,000,000 Ordinary Shares of ₦1 each. The Company subsequently increased its share capital as follows:

(i) *From ₦10,000,000 to ₦350,000,000 by the creation of 340,000,000 ordinary shares of ₦1.00 each pursuant to a resolution of the Company dated March 9, 2001 and evidenced by a certificate of registration of increase in share capital dated May 9, 2001;*

(ii) *From ₦350,000,000 to ₦500,000,000 by the creation of 150,000,000 ordinary shares of ₦1.00 each pursuant to a resolution of the Company dated September 21, 2001 and evidenced by a certificate of registration of increase in share capital dated November 12, 2001;*

(iii) *From ₦500,000,000 to ₦504,500,000 by the creation of 4,500,000 B ordinary shares of ₦1.00 each pursuant to a resolution of the Company dated November 9, 2006 and evidenced by a certificate of registration of increase in share capital dated November 22, 2006;*

(iv) *From ₦504,500,000 to ₦504,500,000 and US$2,012,951.31 by the creation of 402,590,263 preference shares of US$0.005 each pursuant to a resolution of the Company dated November 8, 2007 and evidenced by a certificate of registration of increase dated November 29, 2007;*

(v) *From ₦504,500,000 to ₦557,000,000 by the creation of 52,500,000 ordinary shares of ₦1.00 each pursuant to a resolution of the Company dated February 8, 2018 and evidenced by a certificate of registration of increase in share capital dated April 5, 2018;*

(vi) *By an ordinary resolution dated 31 January 2019, the nominal value of the Company's shares was sub-divided from ₦1.00 to 2 Kobo; and*

(vii) *By a notice of redemption dated April 25, 2019, the Company redeemed all the 402,590,261 preference shares in its share capital".*

As of the date of this Listing Memorandum, the authorised share capital of MTN Nigeria Communications PLC is made up of ₦557,000,000 divided into 27,850,000,000 Ordinary Shares of ₦0.02 each. The issued share capital of the Company is made up of ₦407,090,261 divided into 20,354,513,050 Ordinary Shares of ₦0.02 each.

At its meeting held on April 24, 2019, the Board authorised the redemption of the 402,590,261 Convertible Redeemable Cumulative Preference Shares of the Company (the "**Preference Shares**"), subject to the Company obtaining all necessary regulatory approvals. Pursuant to the aforementioned resolution of the Board, the Company has issued to holders of the Preference Shares a redemption notice to redeem all of the Preference Shares on such date(s) and on such other terms and conditions as the Board deems appropriate; in accordance with the Articles of Association of the Company, the terms of the redemption notice and applicable statutory and legal requirements.

Upon completion of the process of redemption, there shall be no Preference Shares in issue. However, the nominal value of the Preference Share capital shall continue to form part of the Company's authorized share capital.

The changes in the authorised ordinary share capital of the Company since incorporation are reflected in tabular form as follows:

Year	Authorized Share Capital (₦)				Issued and Fully Paid Up (₦)		Consideration/Method of Issue
	Increase	Cumulative	Par Value of each share	Number of shares	Increase	Cumulative	
2000	-	10,000,000	₦1.00	10,000,000	-	2,500,000	Subscribed at incorporation
2001	340,000,000	350,000,000	₦1.00	350,000,000	298,000,000	300,500,000	Allotment
2001	-	-	₦1.00	350,000,000	(500,000)	300,000,000	Surrender
2001	150,000,000	500,000,000	₦1.00	500,000,000	37,500,000	337,500,000	Allotment
2002	-	500,000,000	₦1.00	500,000,000	25,210,528	362,710,528	Allotment
2002		500,000,000	₦1.00	500,000,000	3,000,000	365,710,528	Allotment
2003	-	500,000,000	₦1.00	500,000,000	1,270,118	366,980,646	Allotment
2003	-	500,000,000	₦1.00	500,000,000	34,867,459	401,848,105	Allotment
2005	-	500,000,000	₦1.00	500,000,000	603,196	402,451,301	Allotment
2006	-	500,000,000	₦1.00	500,000,000	138,960	402,590,261	Allotment
2006	4,500,000 (B Shares)	504,500,000	₦1.00	504,500,000	4,500,000 (B Shares)	402,590,261 4,500,000 (B Shares)	Allotment
2018	52,500,000	557,000,000	₦1.00	557,000,000	-	402,590,261 4,500,000 (B Shares)	Sub-division of Ordinary Shares/reclassification of 4,500,000 B Shares
2019	-	557,000,000	₦0.02	27,850,000,000	-	20,354,513,050	Sub-division of Ordinary Shares/reclassification of 4,500,000 B Shares

The historical changes in the Convertible Redeemable Preference Shares of the Company since incorporation are as follows:

Year	Authorized Share Capital (US$)				Issued and Fully Paid Up (US$)	
	Increase	Cumulative	Par Value of each share	Number of shares	Increase	Cumulative
2000 - 2006	-	-	-	-	-	-
2007	US$2,012,951.31	US$2,012,951.31	US$0.005	402,590,263	US$2,012,951.31	US$2,012,951.31
2019[5]	-	US$2,012,951.31	US$0.005	402,590,261	-	US$2,012,951.31
2019[6]	-	US$2,012,951.31	US$0.005	402,590,261	-	-

[5] Prior to payment of Redemption Proceeds by the Company.
[6] Upon completion of the process of redemption, there shall be no Preference Shares in issue. However, the nominal value of the Preference Share capital shall continue to form part of the Company's authorized share capital.

18 SHAREHOLDING STRUCTURE

The table below sets out the issued and paid-up capital legally and/or beneficially held by shareholders holding more than 5% of the Company's Ordinary Shares as at the date of this Memorandum:

Shareholder	Ordinary Shares Held	Shareholding %
MTN International (Mauritius) Limited	**15,485,544,050**	**76.08%**
Stanbic IBTC Asset Management Limited[7]	**1,988,269,050**	**9.77%**

19 DIRECTORS' INTERESTS

The Directors and their respective shareholdings are as recorded in the register of members as at the date of this Memorandum and set out below:

Name of Director	Ordinary Shares Held	Total % of Holding	Indirect Holding Entities
Victor Odili OON	**806,886,900**	**3.96%**	Hermitage Overseas Limited
Pascal Dozie CON	**340,409,900**	**1.67%**	Celtelcom Investment Limited, NISPV Limited
Sani Mohammed Bello OON	**265,092,150**	**1.3%**	One Africa Investment Limited
Babatunde Folawiyo	**218,815,100**	**1.07%**	Universal Communications Limited, NISPV Limited
Gbenga Oyebode MFR	**181,776,250**	**0.89%**	N-cell Limited, NISPV Limited
Mallam Ahmed Dasuki	**152,717,850**[8]	**0.75%**	NISPV Limited, SASPV Limited
Ferdinand Moolman	**Nil**		
Robert Shuter	**Nil**		
Ralph Mupita	**Nil**		
Paul Norman	**Nil**		
Karl Olutokun Toriola	**Nil**[9]		
Rhidwaan Gasant	**Nil**		
Jens Schulte-Bockum	**Nil**		
Ernest Ndukwe OFR	**Nil**		

[7] Shareholding prior to termination of Nominee arrangement.
[8] Mallam Ahmed Dasuki will hold an additional 25,000,000 (Twenty-Five Million) Ordinary Shares in the Company by virtue of the unwinding of the nominee arrangement.
[9] Karl Olutokun Toriola will hold 920,000 (Nine Hundred and Twenty Thousand) Ordinary Shares in the Company through a vehicle, MTN Employees Cooperative Society, by virtue of the unwinding of the nominee arrangement.

20 RELATED PARTY TRANSACTIONS

MTN Nigeria enters into a number of transactions with related parties in the normal course of business, including the MTN Group. All of these transactions are executed on an "arm's length" basis and do not pose any conflict of interest.

In 2001, MTN Nigeria entered into a Technical Services Agreement and the Intellectual Property ("IP"), Know-How License and Management Services Agreement with MTN International (Mauritius) Limited (together, the "**Agreements**") for the provision of technical services, IP and Know-How License and the provision of management services by MTN International (Mauritius) Limited. MTN Nigeria is required to make payments for the technical and management services to the Group. The validity of the Agreements is subject to the approval of the Nigerian National Office of Technology Acquisition and Promotion. The Agreements are renewable every 3 (three) years.

Furthermore, MTN Nigeria intends to execute a Strategic Investor Agreement with MTN Group Limited (the "**Strategic Investor Agreement**") which memorialises the relationship between MTN Nigeria and MTN Group. Pursuant to the Strategic Investor Agreement, MTN Group undertakes that it will treat all unpublished information that it receives from MTN Nigeria which is of a price sensitive nature with appropriate confidentiality and acknowledges that, it shall at all times ensure that it will treat and procure the treatment of the information disclosed to it as insider information/unpublished price sensitive information as envisaged in the Investments and Securities Act 2007 and the rules and regulations of the SEC and The NSE. MTN Nigeria likewise undertakes to provide MTN Group with all operational and financial information reasonably requested by MTN Group to enable MTN Group to comply with its legal and contractual obligations and that it will treat all unpublished information that it receives from MTN Group which is of price sensitive nature with appropriate confidentiality and acknowledges that it shall at all times ensure that it will treat and procure the treatment of the information disclosed to it as inside information.

By the provisions of the Strategic Investor Agreement, each of MTN Nigeria and MTN Group acknowledge that, because the nature of their relationship and the holding by certain individuals of directorships of both companies and the existence of minority shareholders in MTN Nigeria, there may be circumstances where a conflict of interest could arise or be perceived to arise. In such circumstances, both parties will liaise with each other to ensure that appropriate arrangements are put in place to deal with the situation.

Each of MTN Nigeria and MTN Group undertake to promptly disclose any real or potential conflict of interest that a director may have regarding any matters that may come before the board or its committees and to abstain from discussions and voting on any matter in which a director has or may have a conflict of interest. Each of MTN Nigeria and MTN Group agrees that it will not use its position to disadvantage the other and that relationships between MTN Nigeria and MTN Group will be on an arm's length basis, unless otherwise mutually agreed and appropriately disclosed. The Strategic Investor Agreement is governed by Nigerian law.

21 INDEBTEDNESS

As at **31 December, 2018** the Company had bank facilities in the ordinary course of business amounting to **₦175,314,237,688** (One Hundred and Seventy-Five Billion, Three Hundred and Fourteen Million, Two Hundred and Thirty-Seven Thousand, Six Hundred and Eighty-Eight Naira).

The Company had no other outstanding debenture, mortgages, charges or similar indebtedness or contingent liabilities as at the referenced date. For a summary of the Company's outstanding facility agreements and its cross-currency swap arrangements, see "Material Contracts" below.

22 SUBSIDIARIES AND ASSOCIATED COMPANIES

The summarised details of the Company's subsidiaries as at the date of this Memorandum are set out below:

Subsidiary	Registration Number	Date and Place of Incorporation	Principal Place of Business	Number of Subsidiary's Ordinary Shares in Issue	Effective Date of Becoming a Subsidiary	MTNN's Shareholding in the Subsidiary
Visafone Communications Limited	RC:1476139	4 July 1996 Nigeria	4, Aromire Road, Off Alfred Rewane Road, Lagos	11,750,000,000	31 December 2015	11,749,999,999
XS Broadband Limited	RC:504183	12 February 2004, Nigeria	22 B Idowu Taylor Street, Victoria Island, Lagos	5,000,000	31 July 2007	4,999,999
Yello Digital Financial Services Limited	RC:1476139	6 March 2018, Nigeria	MTN Plaza, Ikoyi Lagos	50,000,000	6 March 2018	49,950,000

*MTN Nigeria, through its subsidiary YDFS, has applied to the CBN for a Payment Services Banking License and a company will be incorporated after the acquisition of the License.

- The Company also established the MTN Nigeria Foundation Limited by Guarantee in 2004.

Name	Registration Number	Date and Place of Incorporation	Registered Office Address
MTN Nigeria Foundation Limited by Guarantee	RC:602002	19 July 2004, Nigeria	4, Aromire Road, Off Alfred Rewane Road, Lagos

23 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The following are the relevant extracts from MTN Nigeria Communications PLC Memorandum and Articles of Association.

1. The objects for which the company is established are:

   a) To undertake the business of operating AMPS and GSM Cellular Network Systems nation-wide in Nigeria as well as all other types of communication systems.

   b) To operate, install and activate Information Communications Technology and Cellular Radio-Telephone System nation-wide in Nigeria.

   c) To undertake, set up, manage and maintain telecommunication systems generally.

   d) To carry on the business as an Information Communications Technology service provider of providing both mobile and fixed tele-communication services to both urban and rural areas, operating and maintaining such services and any other electronic and electrical services as the company may desire.

e) To manufacture, supply and deal in telephones, pagers, facsimile machines, teleprinters and telecommunication apparatus or devices of all kinds; and to do likewise in respect of their accessories (including but not limited to telephone answering machines).

f) To acquire all licenses and processes required to carry out the objects of the company.

g) To carry on business as an Information Communications Technology and Telecommunications/electronics company, and to engage in any or all aspects of the electronics business or industry, whether in the area of manufacturing, trading, the provision of service, or otherwise.

h) To carry on business as electronic and electrical engineers, and to engage in electronic engineering works and functions of all types, including the design, development and application of electronic equipment and systems and to develop, adapt, utilise and exploit all forms of technology in the performance of such works and functions.

i) To carry on business as consultants and advisers on matters relating to telecommunications and the electronic industry and in that capacity, to conduct feasibility studies, economic and marketing evaluation, data acquisition, the appraisal, planning and management of projects, and all other such works.

j) To invest in, and to purchase, acquire, hold, develop, work and turn to account any land, buildings, landed property or real estate of any kind whatsoever including proprietary rights.

k) To carry on the business of property developers and to provide all associated services, including maintenance, repair, cleaning and security services.

l) To purchase, lease or otherwise acquire houses, offices, workshops, buildings and premises and any fixed and movable machinery, tools, engines, boilers, plant implement, patterns and stock-in-trade, patents and patent rights, convenient to be used in or about the trade or business of engineers, founders, smiths or machinists.

m) To do all such things as may be incidental or conducive to the attainment of the above objects or calculated in any way to benefit the company.

2. The company is a public company.

3. The liability of the members is limited by shares.

4. The share capital of the company is made up of ₦557,000,000 divided into 27,850,000,000 ordinary shares of ₦0.02 each.

Articles of Association

Share capital and alteration of rights

The authorised share capital of the Company is made up of ₦557,000,000 divided into 27,850,000,000 ordinary shares of ₦0.02 each.

By a special resolution dated 8 February 2018, the Authorised Share Capital of the Company was increased from ₦504,500,000 to ₦557,000,000 by the creation and addition thereto of ₦52,500,000 ordinary shares of ₦1.00 each.

5. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting or otherwise or on the basis that the same is or at the option of the Company is liable to be redeemed as the Company may from time to time by ordinary resolution determine.

6. Pursuant to the provisions of the Act, the Company may accept such considerations, whether (i) cash, (ii) valuable consideration other than cash or (iii) partly cash and partly a valuable consideration other than cash, in exchange for the issuance of its shares.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

8. Every Person whose name is entered as a member in the register of members shall be entitled without payment to receive within three months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of a fee as the Directors shall from time to time determine. Every certificate shall specify the shares to which it relates and the amount paid up thereon. Provided that in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for sufficient delivery to all such holders.

Alteration of capital

9. The Company may from time to time, in General Meeting, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the General Meeting resolving upon the creation thereof shall direct. Subject and without prejudice to any rights for the time being attached to the shares of any special class, any share in such increased capital may have attached thereto, such special rights or privileges as the general meeting resolving upon the creation thereof shall by resolution determine and in particular any such shares may be issued with a preferential, deferred or qualified right to dividends or in the distribution of assets and with a special or without any right of voting.

10. Unless otherwise determined by the Company in General Meeting, any shares for the time being unissued shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares held by them or be offered to the holders of shares of any particular class or classes. Such offer shall be made by notice specifying the number of shares offered and limiting time within which the offer, if not accepted will be deemed to be declined and after the expiration of such time or on the receipt of an imitation from the member to whom such notice is given that he declines to accept the share offered, the Directors may dispose of the same in such manner as they deem most beneficial to the Company and further if, owing to the proportion which the number of the new shares bears to the number of shares held by members entitled to such offer as aforesaid or from any other cause, any difficulty shall arise in apportioning the new shares or any of them in manner aforesaid, the Directors may in like manner dispose of the shares in respect of which such difficulty arises. Subject as aforesaid any shares for the time being unissued shall be at the disposal of the Directors.

11. Subject to the provisions of the Act on reduction of capital, the Company may, whenever it considers it expedient to do so, by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account.

12. Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares).

Meetings

13. The annual general meetings shall be held at such time and place, as the directors shall appoint.

Voting

14. All shareholders shall be entitled to attend and vote at meetings and the provisions of the Act as it relates to the procedure of voting shall apply to the Company.

15. Subject to the provisions of article 53, at a general meeting or adjourned general meeting of the Company at which the holders of the preference shares and the holders of the ordinary shares are present and entitled to vote on a resolution which relates to (i) varying the rights attaching to the preference shares or (ii) the winding up of the Company, the holders of the preference shares shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the par value plus the premium of the preference shares held by that preference shareholder bears to the aggregate amount of the par value plus the premium paid up on all shares (both preference shares and ordinary shares) issued by the Company and entitled to vote at the meeting. For the purpose of this article:

    15.1. the aggregate amount of the par value plus the premium in respect of the preference shares held by any preference shareholder shall be the Naira value of such par value plus premium as converted at the ruling US$: Naira exchange rate as quoted by the Central Bank of Nigeria on the date immediately prior to the relevant general meeting; and

    15.2. the aggregate amount of the par value plus premium paid up in respect of all shares (being ordinary shares and preference shares) issued by the Company shall be calculated by adding the following:

        15.2.1. the Naira amount of the ordinary share capital and any share premium paid in respect of the ordinary shares in the Company (both denominated in Naira); plus

        15.2.2. a Naira amount calculated by obtaining the Naira value of the aggregate of the par value plus premium of all the preference shares as converted at the US$: Naira exchange rate as quoted by the Central Bank of Nigeria on the date immediately prior to the relevant general meeting.

Material decisions

16. Unless sanctioned with a 75% vote of the shareholders, the Company shall not:

    16.1. enter into any new line of business or undertake any business outside the scope of the Company's business, or enter into any joint venture, partnership or other business venture in combination with any third party or take over or acquire the whole or any part of the business or assets of any other person or merge or amalgamate with any other company, entity or business; or

    16.2. make any material change to the nature of its business.

Directors

17. The directors of the Company shall not be less than (9) unless and until otherwise determined by the Company.

18. The first directors and subsequent directors of the Company shall continue to hold office for maximum tenor permitted under the applicable regulations unless any of them is removed by the Company in a general meeting in accordance with the provisions of the Act.

19. The directors shall appoint the Chief Executive Officer of the Company, who shall thereby become a director of the Company during the tenure of his appointment.

    The appointment of the Chief Executive Officer shall be automatically terminated if he ceases for any reason to be a director.

20. Each director shall be entitled to appoint and remove an alternate director, such appointment or removal to be effected by notice in writing to the Company under the hand of the director concerned and to take effect automatically and immediately upon receipt by the Company of such written notice or otherwise in accordance with its terms.

21. At meetings of directors, voting shall be by show of hands, and each director shall be entitled to one vote. The Chairman shall be entitled to a casting vote in the event of an equality of votes.

22. The right of a shareholder to nominate directors shall, if the shares in the Company are held by a company or a trust, be subject to the condition that such company or trust shall at all times be controlled by the person concerned who is the initial shareholder. Should a shareholder cease to be so controlled, the shareholder shall forthwith procure the resignation of the director nominated by it.

The seal

23. The Directors shall provide for the safe custody of the seal, which shall be used by the authority of the directors or a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by one director and shall be counter-signed by the secretary or by some other persons appointed by the directors for the purpose.

Borrowing powers

24. The Directors may exercise all powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

24 CORPORATE GOVERNANCE

The Company is fully committed to implementing best practice corporate governance standards. The Company recognises that corporate governance practices must achieve two goals: protecting the interest of Shareholders and guiding the Board and management to direct and manage the affairs of the Company effectively and efficiently.

The Company has recently gone through a Corporate Governance Rating System assessment in order to enable it list its Ordinary Shares on the Premium Board of The NSE. The purpose of the assessment is to rate listed companies in Nigeria based on their corporate governance (and integrity) practices. The Company's compliance with applicable codes of corporate governance and relevant Nigerian laws, including but not limited to CAMA, were assessed. The assessment included a Corporate Compliance Assessment, Corporate Integrity Assessment and a Fiduciary Awareness Certification Test taken by the Directors of the Company.

25 BOARD COMMITTEES

The Board has committed substantial time and resources towards the development and implementation of a Code of Corporate Business Principles for directors, managers and employees of MTN Nigeria which incorporates best practice principles. To enhance corporate governance, the Board has established 3 (three) subcommittees with delegated authorities:

- The Audit, Risk Management and Compliance Committee is headed by Rhidwaan Gasant. Gbenga Oyebode, Ahmed Dasuki, Karl Olutokun Toriola and Ralph Mupita are members.

- The Remuneration, Human Resources and Social and Ethics Committee is headed by Victor Odili. Sani Mohammed Bello, Robert Shuter, Babatunde Folawiyo, Paul Norman and Jens Schulte-Bockum are members.

- The Board Nomination and Governance Committee is headed by Gbenga Oyebode. Robert Shuter, Babatunde Folawiyo, Ralph Mupita, Ernest Ndukwe and Paul Norman are members.

Board committees are constituted to assist the Board properly assess management reports, proposals, effectively exercise oversight functions and make recommendations to the Board. In addition to its overall responsibility for corporate governance, the Board's duties include setting the Company's strategy and values and overseeing and supporting the management team in its day-to-day running of the business. The Company believes that the Board has the requisite knowledge, diversity, skills and independence to enable it successfully discharge its duties. MTN Nigeria is dedicated to the protection and promotion of shareholders' interests. The Company recognises the importance of the adoption of superior management principles, its valuable contribution to long-term business prosperity and accountability to its shareholders.

The Board recognises the need for the directors, managers and employees of MTN Nigeria, as well as external consultants and contractors that may from time to time be engaged by MTN Nigeria, to observe the highest standards of behaviour and business ethics. The Board has adopted a formal code of conduct applying to the Board and all managers, employees and external consultants and contractors, requiring them to act in accordance with the highest ethical standards. The Code of Conduct can be viewed on the Company's website. The Board takes ultimate responsibility for these matters.

In compliance with the Code of Corporate Governance issued by the SEC (the "**Corporate Governance Code**"), the Company ensures that the Board is accountable and responsible for the affairs of the Company in conducting all its operations and transactions in a transparent manner on terms that are commercially at arm's length. The Board ensures good corporate governance practices by ensuring effective communication with its shareholders, ensuring that ethical standards are maintained and putting in place sufficient internal control systems to ensure effective running of the Company's day-to-day activities, amongst others.

In order to uphold global corporate governance practices, the Board comprises of a mix of executive and non-executive directors and is headed by a chairman. Also, all directorships held by members of the Board on the boards of other companies are disclosed to the Board. Furthermore, the Company Secretary, Ms. Uto Ukpanah, possesses the relevant competence and skill to discharge the duties of her office.

The Board meets at least once every quarter to deliberate and address relevant issues which affect the Company's affairs and business. The Board, in carrying out its functions requires that Directors are required to disclose any real or potential conflict of interest where such arises.

In furtherance of its aim of reducing overall corporate management risks, in 2016 the NCC made compliance with its Code of Corporate Governance for the Telecommunications Industry mandatory for all licensees that meet certain criteria, including MTN Nigeria. The Company has a compliance and ethics team, responsible for ensuring that the Company complies with applicable laws, regulations, directives and both internal and external policies.

26 RESPONSIBILITY OF THE BOARD

The Company is fully compliant with all the duties and responsibilities stated under Parts A, B and C of the Corporate Governance Code as well as other corporate governance codes applicable to its affairs.

27 COMPOSITION OF THE BOARD

The Board is currently comprised of 13 (thirteen) Non-Executive Directors and 1 (one) Executive Director**.** The Non-Executive Directors are independent of management and free from constraints that could materially interfere with the exercise of their independent judgement. They have experience and knowledge of the industry, markets, financial and/or other business information to make a valuable contribution to the Company's progress.

28 CHAIRMAN AND CHIEF EXECUTIVE OFFICER ROLES

Responsibilities of the board of directors of the Company are well defined and the Board is not dominated by one individual. The Chief Executive Officer is a separate individual from the Chairman and he implements the management strategies and policies adopted by the Board. The Chairman is not involved in the day to day operations of the Company.

29 PROCEEDINGS AND FREQUENCY OF MEETINGS

The Board meets regularly (at least once every quarter). A clear agenda and relevant reports and board papers are provided to all Directors ahead of each meeting.

30 NON-EXECUTIVE DIRECTORS

The Company's Non-Executive Directors are of strong calibre and actively contribute to Board deliberations and decision-making. The Board is refreshed from time to time to enhance its effectiveness and ensure the infusion of fresh ideas and perspectives.

Non-Executive Directors remain in office in accordance with the provisions of extant legislation and corporate governance codes. To ensure alignment with the tenure and other board composition requirements of the NCC Code of Corporate Governance for the telecommunications industry, the Board will evolve post the Listing and members of the board of the Company will be periodically changed to ensure continuity and injection of fresh ideas, in accordance with applicable codes of corporate governance. The Board is currently sourcing suitable candidates that will fill those vacancies and ensure that the Board is refreshed in a manner that reflects diversity of experience, gender and knowledge without compromising the quality of board effectiveness.

31 CODE OF BUSINESS ETHICS

The Company is committed to conducting all of its activities with utmost professionalism and integrity by ensuring it is in compliance with all applicable laws, effectively managing any conflicts of interest arising from time to time, and putting in place systems and controls to avoid bribery. The Company also has a Code of Ethics and the Employee Conduct Pledge which it regularly monitors and communicates to the relevant stakeholders.

32 CLAIMS AND LITIGATION

The Company, as of April 8, 2019 and in its ordinary course of business, is involved in a total of Five Hundred and Two (502) cases, forty (40) of which the Company considers to be material. Of the forty (40) cases, thirty (30) cases are ongoing, five (5) cases have been struck out and rulings/judgments have been delivered in favour of the Company in five (5) cases. As of April 8, 2019, there is no evidence that the relevant claimants have taken steps to re-list the suits that have been struck out; and/or lodge appeals against the rulings/judgments delivered in favour of the Company.

The aggregate sum claimed against the Company in the thirty (30) ongoing cases is approximately ₦231,182,638,316.67 (Two Hundred and Thirty-One Billion, One Hundred and Eighty-Two Million, Six Hundred and Thirty-Eight Thousand, Three Hundred and Sixteen Naira and Sixty-Seven Kobo); US$19,721,386.21 (Nineteen Million, Seven Hundred and Twenty-One Thousand, Three Hundred and Eighty-Six United States Dollars and Twenty-One Cents); and GBP40,000 (Forty Thousand Pounds Sterling), excluding interests and costs, which may be awarded by the courts at the conclusion of the cases.

The Solicitors to the Listing are of the opinion that the contingent liability, if any, that could materialize against the Company on account of the cases will not have a material adverse effect on the Listing and/or the Company.

The Directors of the Company are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the Listing and/or the Company and are not aware of any other pending and/or threatened claim or litigation.

33 MATERIAL CONTRACTS

The following agreements have been entered into and are considered material contracts:

1. **Termination Agreement amongst MTN International (Mauritius) Limited, MTN Nigeria Communications Limited and Stanbic IBTC Asset Management Limited (collectively, the "Parties")**

   By a termination agreement dated May 13, 2019, the Parties agreed to terminate the Amended and Restated Nominee Agreement entered into by the Parties (the "**Nominee Agreement**") which supersedes a nominee agreement amongst MTN Nigeria Communications Limited, MTN International (Mauritius) Limited, Celtelecom Investment Limited, Celtel Funded Shares Limited, Mobile Communications Holding Limited, Mobile Communications Invest Limited, N-CELL Limited, SASPV Limited, Universal Communications Limited and Stanbic IBTC Asset Management Limited (as amended).

2. Financing/facility agreements between the Company and relevant financing institutions:

   i. Facility Letter dated 24 August 2017 issued by Citibank to MTN Nigeria, for the purpose of issuing sight/usage import Letters of Credit under approved Import Trade Finance Facility product programme and accepting/discounting Bankers Acceptances for up to 180 days under the import finance product programme, in connection with a US$20,000,000 facility.

   ii. Trade Line dated 17 March 2017 issued by United Bank for Africa PLC on behalf of the Company to the tune of $10,000,000 to establish Confirmed and Unconfirmed Letters of Credit.

   iii. Naira Backed Confirmed Deferred Letters of Credit dated 10 March 2017 issued by Access Bank PLC up to a limit of US$100,000,000.

   iv. Clean Confirmation/Unconfirmed Letter of Credit Line dated 1 June 2017 issued by First Bank of Nigeria Limited to the tune of US$10,000,000 for the purpose of providing cash for any shortfall for the purchase of dollars.

   v. Offer Letter for Confirmation Line Facility for MTN Nigeria dated 4 August 2017 issued by Fidelity Bank PLC (as Lender) for US$1,000,000 for the purpose of establishing Letters of Credit for the importation of telecoms equipment.

   vi. Facility Letter issued by Rand Merchant Bank Nigeria Limited dated 7 July 2017 to MTN Nigeria in connection with a trade facility of US$5,000,000.

   vii. Letter dated 24 March 2017 notifying MTN Nigeria Communications Limited of the approval by the management of United Bank for Africa PLC of a trade finance line up to the tune of US$5,000,000 to establish confirmed and unconfirmed letters of credit on behalf of the Company.

   viii. Credit Facility Letter dated June 5, 2018 issued by First Bank of Nigeria Limited to MTN Nigerian in the sum of US$30,000,000 for the purpose of processing foreign exchange transactions by MTN Nigeria.

   ix. Confirmed and Unconfirmed Letters dated June 11, 2018 issued by United Bank for Africa Plc on behalf of MTN Nigeria to the tune of US$50,000,000 for the purpose of establishing Confirmed and Unconfirmed Letters of Credit.

x. Offer Letter dated April 5, 2018 in connection with Confirmation Facility of US$5,000,000 issued by Union Bank of Nigeria Plc to MTN Nigeria for the importation of various telecommunications equipment and accessories.

xi. Offer Letter for Confirmation Line Facility of US$40,000,000 issued by Fidelity Bank Plc to MTN Nigeria dated February 2, 2018 for the purpose of facilitating the importation of telecommunication equipment for network expansion and maintenance.

xii. Credit Facility Letter dated February 5, 2018 issued by Zenith Bank Plc to MTN Nigeria for the sum of US$50,000,000, being an import finance facility line, to finance the importation of telecommunication equipment by MTN Nigeria.

34 MERGERS AND ACQUISITIONS

As at the date of this Memorandum, the Company has not received any merger or takeover offer from a third party in respect of its securities nor has the Company made any merger or takeover offer to any other company in respect of another company's securities within the current or preceding financial years.

35 MAJOR CUSTOMERS/SUPPLIERS

The suppliers below represent more than 10% of MTN Nigeria's overall supplier spend in the year 2018:

Supplier:	**Percentage of MTN Nigeria's total spend:**
IHS Towers / INT Towers / Helios Towers	37%
Ericsson	10%
Huawei Technologies Company Nigeria Limited	16%

With the exception of IHS, the Company does not believe that its business is dependent on any of the other above-mentioned suppliers. The contracts between the Company and IHS are long-term in nature and will expire in 2029.

furthermore, the Company does not have any customers on which it is dependent or which individually accounts for more than 10% of its revenue.

36 RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS

As at the date of this Memorandum, there was no relationship between the Company and any of the advisers except in the ordinary course of business.

37 CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Memorandum with the inclusion of their names and reports (where applicable) in the form and context in which they appear:

Directors:

Chairman	Pascal Dozie CON
Non-Executive Directors	Sani Mohammed Bello OON
	Robert Shuter
	Ralph Mupita
	Paul Norman
	Karl Olutokun Toriola
	Ahmed Dasuki
	Babatunde Folawiyo
	Victor Odili OON
	Gbenga Oyebode MFR
	Rhidwaan Gasant
	Jens Schulte-Bockum
	Ernest Ndukwe OFR
Chief Executive Officer	Ferdinand Moolman
Company Secretary	Uto Ukpanah

Solicitors to the Listing	Banwo & Ighodalo
Financial Adviser	Stanbic IBTC Capital Limited
Financial Adviser	Chapel Hill Denham Advisory Limited
Stockbroker	Stanbic IBTC Stockbrokers Limited
Auditors to the Company	PricewaterhouseCoopers Chartered Accountants
Registrar	United Securities Limited