GHANA STOCK EXCHANGE

PRESS RELEASE

PR. No 059/2019

MTN GHANA LIMITED (MTN)
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

MTN has released its Annual Report and Consolidated Financial Statements for the year ended December 31, 2018 as per the attached.

Issued in Accra, this 1st day of March, 2019

- E N D –

att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, MTN
4. Central Securities Depository, (Registrars for MTN shares)
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**JEB*

Scancom Plc

Annual Report and Consolidated financial statements

For the year ended 31 December 2018

everywhere you go

The consolidated financial statements were prepared in accordance with

IFRS and the Companies Act 1963, (Act 179)

The preparation of the consolidated financial statements was supervised by the

Chief Financial Officer

These consolidated financial statements were
authorised by

The Board of Directors

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CORPORATE INFORMATION

Directors	I. Yamson (Chairman) K. Abeasi E. Asante S. Adadevoh - Chief Executive Officer (Appointed 8 June 2018) A. Fernandez F. Daniels M. Kadri - Chief Finance Officer R. Mupita (Appointed 1 June 2018) S. Perumal (Appointed 1 June 2018) K. Toriola (Resigned on 12 April 2018)
Company Secretary	P. Asiedu Ofori Corporate Services Division MTN House Plot OER 6 Independence Avenue West Ridge, Accra
Registered Office	MTN House Plot OER 6 Independence Avenue West Ridge, Accra
Auditor	PricewaterhouseCoopers Chartered Accountants No. 12 Airport City 3rd Floor, Una Home, Accra
Solicitors	Kuenyehia & Nutsukpui Legal Practitioners & Notaries No. 35 Labone Crescent Labone Accra Law Trust Company Suit #1, 5th Floor Trust Towers Asylum Down, Accra Totoe Legal Services Legal Practitioners & Notaries Plot 4 Block 2 Asokwa – Kumasi
Registrars	Central Security Depository (GH) Limited 4th Floor, Cedi House, PMB CT 465 Cantonment, Accra Ghana

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Scancom Plc ("the Company") and its subsidiary (together "the Group) for the year ended 31 December 2018.

Statement of directors' responsibilities.

The directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows for that period.

In preparing these consolidated financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent in the circumstances and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 December 2019. On the basis of the review, and in the light of the current financial position, the directors are satisfied that the Group has access to adequate resources to continue in operation for the foreseeable future and is a going concern.

Nature of business

The Group's principal activities are the provision of telecommunication services including voice, data, enterprises solutions, and the provision of mobile financial services.

Summary of financial results

The financial results for the year ended 31 December 2018 are set out on page 17.

Dividend

Dividend amounting to GH¢1,313 million was declared for the year ended 31 December 2018 (2017: GH¢ 470 million, GH¢0.0437 per share). This consisted of a special dividend of GH¢ 1,068 million paid to pre-IPO shareholders and an interim dividend of GH¢ 245 million (GH¢ 0.02 per share) paid to post IPO shareholders.

The directors recommend the payment of GH¢ 369 million (GH¢ 0.03 per share) as final dividend to shareholders.

Interest of directors and officers

During the year under review, no significant or material contract was entered into in which directors and officers of the Group had an interest which significantly or materially affected the business of the Group. The directors and officers had no interest in any third party or entity responsible for managing any of the business activities of the Group, except for operational contracts with other related companies.

REPORT OF THE DIRECTORS (continued)

Substantive interest in shares

According to the register of members as at 31 December 2018, no other shareholder apart from MTN Group Limited had more than 5% of the issued share capital of the Company.

The number of shares held by directors are shown below:

		31 December 2018	31 December 2017
1.	I. Yamson (Chairman)★	667,300	-
2.	K. Abeasi	230,000	-
3.	E. Asante	8,000,100	-
4.	S. Adadevoh	133,500	-
5.	A. Fernandez	-	-
6.	F. Daniels	-	-
7.	M. Kadri	865,000	-
8.	R. Mupita	-	-
9.	S. Perumal	-	-

★ Held in joint ownership in the name of Ishmael and Lucy Yamson (134,000) and a nominee holding account Octane SD ILY07 2018 (533,300).

Remuneration of executive and non-executive directors

The remuneration of directors is disclosed under key management personnel information in Note 2.34 and non-executive directors is disclosed as directors' fee in Note 2.12.

Stated capital

There was no change in the authorised shares of Scancom Plc during the year under review. A total of 12.29 billion (2017: 10.7 billion) ordinary shares of no par value have been issued as at 31 December 2018. Further details of the authorised and issued ordinary shares are disclosed in Note 2.26.

Localisation

In June 2016, the National Communications Authority ("NCA") issued a provisional authorisation to Scancom Plc to operate and provide mobile broadband services in the 800MHz band. The license required Scancom Plc to fulfill certain conditions including listing on the Ghana Stock Exchange. The initial public offering (IPO) was completed with the listing on the Ghana stock exchange on 5 September 2018.

Subsidiary

MobileMoney Limited, is a wholly owned subsidiary of Scancom Plc, incorporated on 5 November 2015 to operate mobile financial services in Ghana. Prior to 1 January 2018, the results of the mobile money operations were reported as part of the results of Scancom Plc.

Property, plant and equipment

There are no changes in the nature of property, plant and equipment or in the policy regarding the use during the financial year under review. In the opinion of the directors, the fair value of the property plant and equipment is not less than the value shown in the consolidated financial statements.

REPORT OF THE DIRECTORS (continued)

Donations and charity

The Group performs its corporate social responsibility via the MTN foundation. MTN's global policy is to set aside 1% of its profit after tax to fund the foundation's activities.

The foundation has invested over GH¢ 32 million to improve health care, education and living conditions for over 4 million people with 142 projects across the entire country. In the area of education, the foundation has provided scholarships to 1,000 needy and brilliant students in Ghana. During the year, an amount of GH¢7.6 million (2017: GH¢7.1 million) was charged to the statement of comprehensive income.

Auditor

The Group's auditor, Messrs. PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 134(5) of the Companies Act, 1963 (Act 179).

Approval of the annual report and financial statements

The annual report and financial statements of the Company and Group were approved by the Board of Directors on 26 February 2019 and are signed on its behalf by:

ISHMAEL YAMSON
CHAIRMAN

SELORM ADADEVOH
CHIEF EXECUTIVE OFFICER

AUDIT AND RISK COMMITTEE REPORT

Membership of the Audit & Risk Committee (ARC) of the Board

Name	Designation	Date appointed
Fatima Daniels	Chairperson	7 February 2016
Albert Fernandez	Member	10 September 2015
Sugenthanren Perumal	Member	1 June 2018
Ebenezer Asante	VP SEAGHA	14 August 2018

The Chief Executive Officer, the Chief Financial Officer, the General Manager Risk & Compliance/Internal Audit & Forensics and the external auditor (PwC) attend ARC meetings. Other officers (executives and senior management) are also invited to attend meetings, as deemed appropriate.

Mandate

The Audit and Risk Committee (ARC) assist the board of directors in discharging its duties relating to the safeguarding of assets, operation of adequate risk management, governance, compliance and internal control systems and processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.

These include internal financial controls and ensuring that assurance services and functions enable an effective control environment and that these support the integrity of information produced in compliance with applicable legal and regulatory requirements.

Summary of the Audit Risk Committee Activities in 2018

The ARC remained focused on discharging its responsibility of exercising oversight over governance, risk and compliance activities as well as monitoring the effectiveness of Scancom Plc internal controls (both financial and non-financial).

The ARC met four times during the financial year under review on 27 February, 22 May, 14 August and 13 November 2018. At these meetings, the committee reviewed:

- Company's financial performance;
- Major risk exposures and changes to Company risk profile;
- Adequacy of internal controls – significant financial or non-financial control issues and misstatements (actual or potential), major fraud cases and fraud alert issues;
- IT Governance and Security;
- Significant tax, regulatory and legal issues;
- Adequacy of Business Risk Management (BRM) plans;
- Progress against implementation of issued audit report recommendations (by internal & external auditors);
- Degree of compliance to laid down policies, laws and regulations, code of ethics and business practices of the Company; and
- Realignment of Business Risk Management structures to streamline governance, risk and internal control management activities.

AUDIT AND RISK COMMITTEE REPORT (continued)

Review of the Financial Performance of the Company for the year ended 31 December 2018

The committee at its meeting on 18 February 2019 reviewed the financial statements for the year ended 31 December 2018 presented by management and at its subsequent meeting on 25 February 2019, recommended it to the Board for approval.

Business Risk Management (BRM) Function

The ARC reviewed and approved the BRM Combined Assurance Plan for 2018 at its meeting on 31 October 2017 and was updated on the activities of BRM including the status of audits and findings from internal audit reports.
The committee reviewed and approved a new structure for the BRM function in 2018. The restructuring resulted in the split of second line Risk and Compliance disciplines from third line Internal Audit and Forensics to promote independence of third line assurance providers. Resources were approved for the new structure to enhance Scancom PLC's commitment to embedding governance, risk and compliance in its operations.

External Audit

PwC, the external auditor, at the ARC meeting held on 14 August 2018 shared their audit plan which included objectives of the audit, audit approach, responsibilities of the directors and the auditor, audit scope and reporting timetable for the year ended 31 December 2018.

On an annual basis, external auditor perform an end to end review of the adequacy of system controls and revenue assurance processes and presents findings to ARC. The committee at its meeting on 13 November 2018, deliberated on the Systems and Process Assurance (SPA) reports presented by PwC and reviewed recommendations to remediate potential gaps to achievement of corporate objectives.

At the 18 February 2019 ARC meeting, PwC presented the findings from their audit of the financial statements for the year ended 31 December 2018 to the committee members.

Key focus areas for 2019

- Further strengthen the second and third lines of defense in the organization
- Monitor regulatory compliance and further strengthen maturity of compliance structures
- Further strengthen the internal control environment
- Review progress on implementation of information security and data privacy controls
- Monitor progress on business continuity and operational resilience programs
- Continue to focus on ethics and culture
- Review progress on adoption of new accounting standards
- Extract efficiencies of a combined assurance model
- Continue to facilitate a fair and balanced approach to corporate reporting.

CHIEF FINANCE OFFICER'S REVIEW

The 2018 financial performance was motivated by the **BRIGHT** strategy, with strong emphasis on the return and efficiency element (R).

Business Performance

The Group reported a very strong performance for the year with service revenue increasing by 23.0%, driven by the strong growth in data and digital revenue. Data revenue increased by 30.1% YoY while digital revenue including Mobile Money grew by 34.5%.

Reported EBITDA, improved by 16.5% to GH¢1,588 million in 2018 (2017: GH¢1,363 million), driven mainly by increased revenue and strong operational efficiency. Total operating cost, (including cost of sales), of GH¢2,631 million was up 26.5% YoY driven mainly by implementation of performance driven activities.

In 2018, following the approval by the Ghana Investment Promotion Centre, we commenced payment of management fees to MTN Group from 1 May 2018. The reported earnings before interest, tax, depreciation and amortisation (EBITDA) margin therefore declined YoY by some 2.2% to 37.6%. Adjusting for this, the EBITDA margin would have increased by 3.1 percentage points to 40.7%.

To maintain our lead in the competitive business environment, we invested GH¢825 million in capex during the year, which enabled us to improve the network and ensured the quality delivery thereby enhancing customer experience. The investments made contributed to the improved data performance during the year. As part of the network expansion, Scancom Plc. acquired the individually identifiable assets of Goldkey Limited including its spectrum in 2600 MHz band which have been integrated into the books of Scancom Plc.

In line with performance projections, certain sets of specific financial targets were taken to the market. The table below shows how these financial guidance submitted to market for 2018 were delivered.

	Guidance for 2018 GH¢'million	Performance vs guidance GH¢'million	Performance
Revenue	4,014	4,219	5.1%
EBITDA	1,422	1,588	11.8%
Profit after tax	718	755	5.2%

MobileMoney Limited

MobileMoney Limited (MoMo) performed remarkably during the year, contributing 17.7% of the Group revenue. MoMo overall revenue was up 60.2% YoY. The growth in performance was mainly driven by Cash out fees, commission and transfer services, representing 87.8% of total MoMo revenue. MoMo active subscribers was up 17.8% YoY, driven partly by high adoption of mobile money payment systems. The increased adoption has helped solidify and strengthened our number one position, in entrenching financial inclusion in Ghana. In 2018, the Bank of Ghana reduced the float interest from 7% to 4%.

Initial Public offering

During the year, Scancom Plc completed its initial public offering and the listing of the ordinary shares on the Ghana Stock Exchange on 5 September 2018. The offer, the largest in the history of the Exchange in terms of volume and number of shareholders, raised gross proceeds of GH¢1,146 million, with transaction cost of GH¢50.44 million. The net proceeds was used to pay special dividends to existing shareholders in line with provisions prior to the IPO and in pursuant to section 174 of the Companies Act, 1963 (Act 179).

CHIEF FINANCE OFFICER'S REVIEW (continued)

Loans

We continue to fund our business with cash from operations as well as external debts which stood at GH¢438 million as at December 2018. The Group has utilised GH¢445 million of its GH¢510 million medium term facility. During the year, no debt covenants were breached.

Modupe Kadri
CFO

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SCANCOM PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Scancom Plc (the "Company") and its subsidiary (together the "Group") as at 31 December 2018, and of the financial performance and the cash flows of the Company standing alone and the Group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the financial statements of Scancom Plc (the "Company") and its subsidiary (together the "Group") for the year ended 31 December 2018.

The financial statements on pages 17 to 74 comprise:

- the separate and consolidated statements of financial position as at 31 December 2018;
- the separate and consolidated statements of comprehensive income for the year then ended;
- the separate and consolidated statements of changes in equity for the year then ended;
- the separate and consolidated statements of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's and the Group's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment losses on trade receivables of GH¢11.1 million The Group provides network services and ICT services to post-paid individual and corporate subscribers, enterprise business units and interconnect partners on credit. As at 31 December 2018, trade receivables amounted to GH¢370 million after providing for impairment losses of GH¢ 11.1 million. Management applies the simplified approach (provision matrix) to providing for expected credit losses (ECL), which requires the use of lifetime expected loss allowance. In applying the provision model, management estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of trade receivables by applying the historic write offs to the payment profile of the population and adjusted to reflect current and forward looking information. Management exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets. The accounting policies, judgements and disclosures are set out in note 2.5.2, 2.35.7, 2.36.3 and 2.36.4 of the financial statements.	We evaluated the design and tested the operating effectiveness of controls in respect of the revenue and receivables cycle including the use of revenue assurance specialists. We tested the ageing analysis of trade receivables to assess the appropriateness of the ageing profile of trade receivable balances. We assessed the appropriateness and reasonableness of judgements made in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets by measuring them against historical trends where available. We assessed the adequacy of impairment losses as at 31 December 2018. We assessed the appropriateness and adequacy of the related disclosures made in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Audit and Risk Committee Report, Chief Finance Officer's review, Shareholding Information and Five Year Financial Summary but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SCANCOM PLC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Group's balance sheet (statement of financial position) and Group's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers (ICAG/F/2019/028)

Chartered Accountants

Accra, Ghana

27 February 2019

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana Cedis)

	Note	2018		2017 Restated
		Group	**Company**	Group and Company
Revenue from contract with customers	2.6.6	**4,218,847**	**3,471,007**	3,423,551
Other income	2.7	**-**	**-**	18,700
Direct network operating costs	2.8	**(889,026)**	**(888,987)**	(757,257)
Cost of handsets and other accessories		**(87,262)**	**(87,011)**	(93,933)
Interconnect and roaming costs	2.9	**(381,838)**	**(381,838)**	(334,007)
Employee benefits expense	2.10.4	**(188,392)**	**(184,365)**	(160,131)
Selling, distribution and marketing expenses	2.11	**(797,561)**	**(446,205)**	(603,297)
Other operating expenses	2.12	**(287,139)**	**(283,246)**	(131,068)
Earnings Before Interest Tax Depreciation and Amortisation		**1,587,629**	**1,199,355**	1,362,558
Depreciation	2.17.1	**(382,413)**	**(382,301)**	(295,375)
Amortisation	2.18.3	**(81,154)**	**(81,063)**	(64,553)
Operating profit		**1,124,062**	**735,991**	1,002,630
Finance income	2.13.3	**75,693**	**70,608**	50,122
Finance costs	2.13.3	**(120,561)**	**(120,404)**	(72,078)
Profit before income tax		**1,079,194**	**686,195**	980,674
National fiscal stabilisation levy	2.15	**(53,960)**	**(34,310)**	(49,767)
Income tax expense	2.14.3	**(270,558)**	**(172,371)**	(212,395)
Profit after income tax		**754,676**	**479,514**	718,512
Other comprehensive income		**-**	**-**	-
Total comprehensive income		**754,676**	**479,514**	718,512
Diluted/Basic Earnings per share	2.16	**GH¢ 0.067**	**GH¢ 0.043**	GH¢ 0.067

The notes on pages 22 to 74 are an integral part of these financial statements.

Scancom Plc
Consolidated financial statements
for the year ended 31 December 2018

STATEMENT OF FINANCIAL POSITION
(All amounts are in thousands of Ghana Cedis)

	Note	Group At 31 December 2018	Company At 31 December 2018	Group and Company At 31 December 2017 Restated
Non-current assets		**3,060,546**	**3,059,107**	2,670,033
Property, plant and equipment	2.17	**2,549,095**	**2,548,171**	2,267,833
Intangible assets	2.18	**418,536**	**417,971**	340,305
Investment in subsidiary	2.19	**-**	**50**	-
IRU assets	2.20	**76,303**	**76,303**	52,331
Contract asset	2.21.2	**5,353**	**5,353**	1,732
Capitalised contract cost	2.21.3	**11,259**	**11,259**	7,832
Current assets		**1,156,334**	**1,010,918**	778,356
Inventories	2.22	**10,305**	**10,305**	20,300
Trade receivables	2.23.1	**370,038**	**329,855**	271,597
Other assets	2.24	**100,337**	**100,337**	61,519
Other financial assets at amortised cost	2.23.2	**47,135**	**158,648**	45,056
Income tax assets	2.14.5	**206,862**	**211,937**	172,426
National stabilisation levy receivable	2.15	**4,207**	**5,218**	2,504
IRU assets	2.20	**10,925**	**10,925**	8,224
Cash and cash equivalents	2.25	**406,525**	**183,693**	196,730
Total assets		**4,216,880**	**4,070,025**	3,448,389
Equity		**2,410,392**	**2,135,230**	1,872,381
Stated capital	2.26	**1,097,504**	**1,097,504**	1,363
Income surplus account	2.37	**1,312,888**	**1,037,726**	1,871,018
Liabilities				
Non-current liabilities		**653,090**	**653,083**	585,178
Borrowings	2.27	**338,854**	**338,854**	337,164
Deferred tax liabilities	2.14.6	**304,206**	**304,199**	237,229
IRU liability	2.20	**6,260**	**6,260**	7,015
Provisions		**3,770**	**3,770**	3,770
Current liabilities		**1,153,398**	**1,281,712**	990,830
Trade and other payables	2.29	**911,051**	**1,039,785**	862,569
Contract liability	2.21.1	**89,838**	**89,838**	86,941
Provisions	2.28	**51,987**	**51,567**	40,793
IRU liability	2.20	**522**	**522**	527
Borrowings	2.27	**100,000**	**100,000**	-
Total liabilities		**1,806,488**	**1,934,795**	1,576,008
Total equity and liabilities		**4,216,880**	**4,070,025**	3,448,389

The notes on pages 22 to 74 are an integral part of these financial statements.

The financial statements on pages 17 to 74 were approved by the Board of Directors on 26 February 2019 and signed on their behalf by:

ISHMAEL YAMSON
CHAIRMAN

SELORM ADADEVOH
CHIEF EXECUTIVE OFFICER

STATEMENT OF CHANGES IN EQUITY- GROUP

(All amounts are in thousands of Ghana Cedis)

Year ended 31 December 2018

	Note	Stated Capital	Income Surplus	Total equity
Balance at 31 December 2017 as originally presented		**1,363**	**1,867,274**	**1,868,637**
Change in accounting policy	2.39	**-**	**3,744**	**3,744**
Restated total equity at 1 January 2018		**1,363**	**1,871,018**	**1,872,381**
Profit for the year		**-**	**754,676**	**754,676**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**-**	**754,676**	**754,676**
Transaction with owners				
Issue of shares		**1,096,141**	-	**1,096,141**
Dividend declared		**-**	**(1,312,806)**	**(1,312,806)**
Balance at 31 December 2018		**1,097,504**	**1,312,888**	**2,410,392**

Year ended 31 December 2017

Balance at 1 January 2017	1,363	1,622,506	1,623,869
Profit for the year	-	718,512	718,512
Other comprehensive income	-	-	-
Total comprehensive income	-	718,512	718,512
Transaction with owners			
Dividend declared	-	(470,000)	(470,000)
Balance at 31 December 2017	1,363	1,871,018	1,872,381

The notes on pages 22 to 74 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY – COMPANY

(All amounts are in thousands of Ghana Cedis)

Year ended 31 December 2018

	Note	Stated Capital	Income Surplus	Total equity
Balance at 31 December 2017 as originally presented		**1,363**	**1,867,274**	**1,868,637**
Change in accounting policy	2.39	**-**	**3,744**	**3,744**
Restated total equity at 1 January 2018		**1,363**	**1,871,018**	**1,872,381**
Profit for the year		**-**	**479,514**	**479,514**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**-**	**479,514**	**479,514**
Transaction with owners				
Issue of shares		**1,096,141**	**-**	**1,096,141**
Dividend declared		**-**	**(1,312,806)**	**(1,312,806)**
Balance at 31 December 2018		**1,097,504**	**1,037,726**	**2,135,230**

Year ended 31 December 2017

Balance at 1 January 2017		1,363	1,622,506	1,623,869
Profit for the year		-	718,512	718,512
Other comprehensive income		-	-	-
Total comprehensive income		-	718,512	718,512
Transaction with owners				
Dividend declared		-	(470,000)	(470,000)
Balance at 31 December 2017		1,363	1,871,018	1,872,381

The notes on pages 22 to 74 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana Cedis)

	Note	For the year ended 31 December 2018		For the year ended 31 December 2017
		Group	Company	Group and Company
Cash generated from operations	2.31	**1,616,438**	**1,286,249**	1,253,282
Interest received		**24,455**	**19,462**	7,061
Interest paid		**(68,996)**	**(68,996)**	(9,421)
Dividend paid	2.30	**(1,381,806)**	**(1,381,806)**	(401,000)
Income tax paid	2.14.5	**(338,017)**	**(244,912)**	(381,727)
National stabilization levy	2.15	**(55,663)**	**(37,024)**	(76,873)
Net cash (used in) / generated from operations		**(203,589)**	**(427,027)**	391,322
Cash flow from investing activities				
Acquisition of property, plant and equipment	2.17.2	**(606,898)**	**(606,898)**	(436,435)
Acquisition of intangible assets	2.18.4	**(149,880)**	**(149,224)**	(53,856)
Investment in subsidiary	2.19	-	**(50)**	-
Proceeds from disposal of property, plant and equipment	2.17.6	**607**	**607**	131
Acquisition of additional IRU capacity	2.20.1	**(26,673)**	**(26,673)**	(22,644)
Net cash used in investing activities		**(782,844)**	**(782,238)**	(512,804)
Cash flows from financing activities				
Proceeds from share issue	2.26	**1,096,141**	**1,096,141**	-
Borrowing repayment	2.27.1	-	-	(284,558)
Proceeds from borrowing	2.27	**100,000**	**100,000**	470,483
Net cash generated from financing activities		**1,196,141**	**1,196,141**	185,925
Movement in cash and cash equivalents		**209,708**	**(13,124)**	64,443
At beginning of the year		**196,730**	**196,730**	151,671
Exchange gain / (losses) on cash and cash equivalents		**87**	**87**	(19,384)
At end of year	2.25	**406,525**	**183,693**	196,730

The notes on pages 22 to 74 are an integral part of these financial statements.

NOTES

1. GENERAL INFORMATION

Scancom Plc was incorporated as a private limited liability company on 14 April 1994 and commenced operations on 9 September, 1994. The Company's regulations were amended on 13 October 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on 5 September 2018.

Its ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange.

The registered address of the business is MTN House, Plot OER 6, Independence Avenue, West Ridge, Accra. The principal activities are the provision of telecommunication services including voice, data, enterprises solutions, and the provision of mobile financial inclusion. The consolidated financial statements are for the Group consisting of the Company, Scancom Plc and its subsidiary, MobileMoney Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual consolidated financial statements are set out below and are consistent with those adopted in the prior year, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standard Board (IASB), and interpretations issued by the IFRS interpretations committee (IFRSIC) of IASB that are effective as at 31 December 2018, and the requirements of the Companies Act, 1963 (179).

The financial statements have been prepared on the historical cost basis.

2.2 New and amended standards adopted by the Group

The group has applied the following standards for the first time for the reporting period commencing on 1 January 2018.

- IFRS 15 – Revenue from contracts with customers
- IFRS 9 – Financial instruments
- Amendments to IFRS 2-(classification and measurement fee-based payment transactions).

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 15 and 9. Retrospective adjustments in respect of IFRS 15 are disclosed in Note 2.39. The Group applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

The adoption of the amendments to IFRS 2 did not result in any adjustments to the consolidated financial statements.

NOTES (continued)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. Those that are likely to have an impact on the Group's financial statements when the standards become effective are set out below:

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, 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. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group had non-cancellable operating lease commitments of GH¢3.258 billion (2017: GH¢ 3.078 billion), disclosed in Note 2.33.2. The Group has not yet assessed what other adjustments, if any, are necessary because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward. The adoption of the IFRS 16 will result in the reduction of operating expense, EBITDA will improve, depreciation, and recognised will increase driven mainly because of recognised of right-of-use (ROU) assets.

The new standard is mandatory for financial years commencing on 1 January 2019.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The effective date for adoption of this interpretation is 1 January 2019.

There are no other standards that are effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES (continued)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.4 Measurement principles

Key assets and liabilities shown in the statement of financial position are measured as follows:

Item	Measurement principle
Assets	
Non-current assets	
Property ,plant and equipment	Historical cost, less accumulated depreciation and impairment losses
Intangible assets	Historical cost, less accumulated recognised and impairment losses
Investments in subsidiaries	Cost less accumulated impairment losses
Contract assets	Amortised cost
Capitalised contract cost	Cost less accumulated amortisation
Current assets	
Inventories	Lower of cost and net recognised value
Trade receivables	Amortised cost
Prepayment	Cost
Income tax assets	Amount expected to be recovered from the tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date

Item	Measurement principle
Liabilities	
Non-current liabilities	
Borrowing	Amortised cost
Deferred income tax liabilities	Undiscounted amount measured at the tax rates that are expected to apply to the period when the liability is settled
Provisions	Present value of settlement amount
Others	Cost
Current liabilities	
Trade and other payables	Amortised cost
Contract liabilities	Amortised cost
Unearned income	Cost
Provision	Present value of settlement amount
Taxation liabilities	Amount expected to be paid to the tax authorities using tax rates that have been enacted at the reporting date
Borrowing	Amortised cost
Bank overdrafts	Amortised cost

NOTES (continued)

2.5 Critical accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. The 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:

2.5.1 Contract Liability

Recharge vouchers that have been purchased but not loaded and airtime loaded but not recognised is recorded as contract liability. Customers may not exercise all their rights and these are often called breakage. The Group recognised the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The pattern of rights exercised is estimated by reference to recharge/usage patterns. Management estimates a breakage rate with which to gradually release unexercised rights or recognised credit into revenue.

2.5.2 Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

In applying the provision matrix, the Group estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of the trade receivables by applying the historic write offs to the payment profile of the population adjusted to reflect current and forward looking information on microeconomic factors. The Group exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets.

2.5.3 Income tax and deferred income tax

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

NOTES (continued)

2.6 Revenue from contract with customers

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 indirect taxes, estimated returns and trade discounts.

The Group derives revenue from the transfer of mobile handset, devices and accessories and the rendering of services at a point in time and over time in the following major product and services lines.

2.6.1 Prepaid products and services

- SIM kits: Revenue is recognised at a point in time.
- Airtime voice, data and SMS. Value added service: revenue is recognised over time commencing on the date of activation or subscription;

Revenue received from prepaid voucher sales is deferred as a contract liability, and recognised when services are recognised by the customer or on termination of the customer relationship.

2.6.2 Post-paid products and services

Post-paid products typically include the sale of a handset, activation fee and a service contract and are defined as multiple element arrangements. These arrangements are divided into separate performance obligations and revenue is recognised as the performance obligations are satisfied. Revenue is measured through the application of the relative fair value. In applying the relative fair value method, the transaction price is allocated to both the undelivered elements and delivered elements in the transaction, and any discount is applied relatively to the consideration received on each element. Handsets revenue is recognised on the basis set out in Note 2.6.3 below and network services are recognised over time on a usage basis.

2.6.3 Interconnect and roaming

Interconnect/roaming revenue is recognised on a usage basis, over time, 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. It is measured at the transaction price agreed with the counterparties or by the regulator.

2.6.4 Mobile handset, devices and accessories

Revenue from the sale of mobile handset devices and accessories to third parties are recognised at a point in time, when risks and rewards of ownership are transferred to the buyer. It is measured at the transaction price agreed in the contract. Policy is as stated in note 2.6.2 when it is bundled with network services.

2.6.5 Mobile Financial Services

Mobile financial services revenue is driven by fee income received from, transactions by subscribers on money transfers, subscriber cash out and other fees charge to merchants. Revenue is recognised when subscriber payment transactions are made and are based on transaction prices set out for those services.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.6.6 Disaggregation of revenue from contract with customers

Year ended 31 December 2018

Group	**Network Services**	**Interconnect and roaming**	**Mobile Money**	**Digital services**	**Mobile, devices and accessories**	**Total**
Revenue from contract with customers	**2,779,989**	**369,627**	**747,840**	**296,358**	**25,033**	**4,218,847**
Timing of revenue recognition						
At a point in time	-		747,840	-	25,033	774,199
Over time	2,779,989	369,627	-	296,358	-	3,444,648
	2,779,989	369,627	747840	296,358	25,033	4,218,847
Company						
Revenue from contract with customers	**2,779,989**	**369,627**	**-**	**296,358**	**25,033**	**3,471,007**
Timing of revenue recognition						
At a point in time	-	-	-	-	25,033	25,033
Over time	2,779,989	369,627	-	296,358	-	3,445,974
	2,779,989	369,627	-	296,358	25,033	3,471,007

Year ended 31 December 2017

Group and Company

Revenue from contract with customers	2,261,150	352,612	466,555	309,398	33,836	3,423,551
Timing of revenue recognition						
At a point in time	-	-	466,555	-	33,836	500,391
Over time	2,261,150	352,612	-	309,398	-	2,923,160
	2,261,150	352,612	466,555	309,398	33,836	3,423,551

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.6.7 Segment reporting

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group.The Group has identified reportable segments that are used by the executive committee to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to how data on the segments are managed and reported internally to the Group.

	Network Services	Interconnect and roaming	Mobile Money	Digital services	Mobile, devices and accessories	Total
2018 Revenue	2,779,989	369,627	747,840	295,032	25,033	4,218,847
2017 Revenue	2,261,150	352,612	466,555	309,398	33,836	3,423,551
% YoY	23%	5%	60%	(4)%	(26)%	23%
2018 EBITDA margin						38%
2017 EBITDA margin						40%
2018 Capex spend						824,196
2017 Capex spend						751,969
% YoY						10%
2018 Profit after tax						754,676
2017 Profit after tax						718,512

The group focuses on revenues from the various categories, EBITDA margin, Capex spend.

2.6.8 Assets and liabilities related to contracts with customers

i) Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent and dealer commissions on successful SIM activation costs, agent commissions for successful portings to the MTN network via the mobile number portability (MNP) platform, and fees to the operator of the MNP platform for successful portings. These have therefore been capitalised.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.6.8 Assets and liabilities related to contracts with customers (continued)

(i) Capitalisation of subscriber acquisition costs (continued)

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset: capitalised contract costs.

(ii) Assets recognised from costs to fulfil a contract

In adopting IFRS 15, the Group recognised an asset in relation to costs to fulfil long-term Wi-Fi service contracts. This is presented as Contract assets on the statement of financial position. The contract asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. The impact was a reclassification from prepayments.

The group has recognised the following assets and liabilities related to contracts with customers:

	Note	**31 December 2018**	31 December 2017 Restated
Capitalised costs relating to acquisition of customer contracts	2.21.3	**11,259**	7,832
Loss allowance		**-**	-
Capitalised contract cost		**11,259**	7,832
Costs incurred to fulfil a contract (contract assets)	2.21.2	**5,353**	1,732
Amortisation recognised during the year		**-**	519
Contract liabilities – customer loyalty points		**12,172**	8,787
Contract liabilities – network services		**77,666**	78,154
Total contract liabilities	2.21.1	**89,838**	86,941

2.7 Other income

	2018 Group and Company	2017 Group and Company
Other income	**-**	18,700

Other income for 2017 relates to accruals no longer required on certain staff expenses recharged from MTN Dubai Limited during the period May 2013 to August 2017.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.8 Direct network operating costs

	2018		2017
	Group	**Company**	Group and Company
Transmission costs	**578,544**	**578,509**	512,841
Network maintenance costs	**198,512**	**198,508**	139,046
Leased lines costs	**12,989**	**12,989**	10,289
Spectrum and regulatory fees	**98,981**	**98,981**	95,081
	889,026	**888,987**	757,257

2.9 Interconnect and roaming costs

	2018 Group and Company	2017 Group and Company
Interconnect costs	**355,886**	313,147
Roaming Costs	**25,952**	20,860
	381,838	334,007

2.10 Employee benefits expense

2.10.1 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. Provision is made for accumulated leave and for non-vested 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 up to the financial year end;
- 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.

2.10.2 Long term employee benefits

The Group has a compensation scheme for managers and executives based on both the appreciation of Scancom Plc's value according to set rules and movements in the MTN Group Limited share price. A provision is raised to represent the growth in value of all unexercised compensation at the end of each reporting date.

Long service awards were instituted and implemented in December 2016. The qualification criteria was for permanent staff who have attained a minimum of five years of service to the Group. The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value.

2.10.3 Defined contribution plan

The Group operates a defined contribution scheme. A defined contribution plan is one under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.10 Employee benefits expenses (continued)

2.10.4 Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are charged against profit or loss when the Group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy and it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the statement of financial position date are discounted to their present value.

	2018		2017
	Group	**Company**	Group and Company
Employee benefits expense			
Salaries and other short-term employee benefits	**132,360**	**129,601**	107,943
Post- employment benefits	**6,483**	**6,309**	4,892
Share based payments	**6,848**	**6,824**	3,004
Training	**7,117**	**6,493**	5,177
Long service awards	**1,451**	**1,451**	1,158
Pension cost	**13,715**	**13,403**	19,962
Bonus provision	**20,418**	**20,284**	17,995
	188,392	**184,365**	160,131

2.11 Selling, distribution and marketing expenses

	2018		2017
	Group	**Company**	Group and Company
Expenses incurred in respect of valued added services (VAS)	**121,346**	**119,579**	128,538
Dealer commissions	**230,535**	**230,535**	161,423
Mobile money commissions	**327,730**	**-**	237,973
Marketing and advertising expenses★	**117,950**	**96,091**	75,363
	797,561	**446,205**	603,297

★Included in the marketing and advertising expenses is an amount of GH¢29.2 million incurred in respect of the Initial Public Offering (IPO).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.12 Other operating expenses

	2018		2017
	Group	**Company**	Group and Company
General expenses	**56,551**	**54,950**	31,220
Management fees	**130,311**	**130,311**	-
Power, maintenance and security costs	**23,232**	**23,955**	27,717
Impairment of trade receivables	**2,963**	**2,963**	13,196
Travel and entertainment	**14,624**	**13,883**	10,664
Lease payment – non network	**18,268**	**18,646**	12,095
MTN foundation expenses	**7,621**	**4,969**	7,002
Outsourced expenses non-network	**33,569**	**33,569**	29,174
	287,139	**283,246**	131,068

Included in general expenses are the following:

Audit fees and expenses	**3,359**	**3,359**	2,567
Directors' fees and expenses	**523**	**523**	659

2.13 Foreign currency translation

2.13.1 Functional and Presentation Currency

Items included in the annual financial statements are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ghana Cedis, which is the functional and presentation currency of the Group.

2.13.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation, where items are revalued. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.13.3 Finance income and costs

Finance income comprises interest income on funds invested and foreign currency gains that are recognised in the statement of comprehensive income. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method. Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and foreign exchange losses.

All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case the directly attributable borrowing costs are capitalised.

	2018		2017
	Group	**Company**	Group and Company
Interest income from banks	**24,455**	**19,462**	7,061
Realised foreign exchange gains	**32,173**	**32,173**	43,061
Unrealised foreign exchange gains	**19,065**	**18,973**	-
Finance income	**75,693**	**70,608**	50,122
Interest expense on financial liabilities measured at amortised cost	**(64,984)**	**(64,984)**	(11,165)
Other finance cost	**(4,012)**	**(4,012)**	(6,959)
Realised foreign exchange losses	**(26,927)**	**(26,925)**	(47,142)
Unrealised foreign exchange losses	**(24,638)**	**(24,483)**	(6,812)
Finance costs	**(120,561)**	**(120,404)**	(72,078)

2.14 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity. For these items the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14.1 Current income tax

Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.14.2 Deferred income tax

Deferred income tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is measured at tax rates (and laws) that have been enacted or substantially enacted at the statement of financial position date and are expected to apply to temporary differences when they reverse or are settled.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.14.2 Deferred income tax (continued)

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, where there is an intention to settle these balances on a net basis.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be recognised.

2.14.3 Analysis of income tax expense

	2018		2017
	Group	**Company**	Group and Company
Current income tax charge	**203,581**	**105,401**	192,141
Deferred income tax charge	**66,977**	**66,970**	20,254
Income tax expense	**270,558**	**172,371**	212,395

2.14.4 Tax rate reconciliation

The tax on the profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2018		2017
	Group	**Company**	Group and Company
Profit before income tax	**1,079,194**	**686,195**	980,674
Tax at standard rate of 25% (2017: 25%)	**269,799**	**171,549**	245,169
Tax effects of:			
Current tax of prior periods	**-**	**-**	(26,485)
Deferred tax of prior periods	**(2,516)**	**(2,516)**	(7,394)
Vehicle restriction	**1,370**	**1,370**	1,105
Profit on disposal	**-**	**(365)**	
Expenses not deductible	**1,905**	**2,333**	-
Income tax expense	**270,558**	**172,371**	212,395
Effective tax rate	**25%**	**25%**	22%

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.14.5 Current income tax liabilities

Group

Years of assessment

	At 1 January Restated	Charge for the year	Adjust-ment	Payments during the year	At 31 December Restated
Up to 2017	**(172,426)**	-	-	-	**(172,426)**
2018	-	**203,581**	**100,000**	**(338,017)**	**(34,436)**
	(172,426)	**203,581**	**100,000**	**(338,017)**	**(206,862)**
Up to 2016	17,160	(30,151)	-	(67,261)	(80,252)
2017	-	222,292	-	(314,466)	(92,174)
	17,160	192,141	-	(381,727)	(172,426)

Company

Years of assessment

Up to 2017	**(172,426)**	-	-	-	**(172,426)**
2018	-	**105,401**	**100,000**	**(244,912)**	**(39,511)**
	(172,426)	**105,401**	**100,000**	**(244,912)**	**(211,937)**
Up to 2016	17,160	(30,151)	-	(67,261)	(80,252)
2017	-	222,292	-	(314,466)	(92,174)
	17,160	192,141	-	(381,727)	(172,426)

Adjustment of GH¢100 million relates to tax prepayment used to set off VAT obligations in 2018 which is permitted under the Revenue Administration Act, 2016 (Act 915).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.14.6 Deferred income tax liabilities

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 2.14.2. Deferred income tax assets are recognised for tax losses carried forward to the extent that the recognition of the related tax benefit through taxable future profits is probable. The deductible temporary differences have no expiry dates and are allowed as and when they crystallise.

Deferred income tax liabilities/ (assets) are attributable to the following:

At 31 December 2018

Group

Deferred tax liabilities/(assets)	**Balance at 1 January**	**Recognised in profit or loss**	**Balance at 31 December**
Property, plant and equipment	**271,994**	**55,165**	**327,159**
Provisions	**(20,770)**	**(2,183)**	**(22,953)**
Unrealised exchange differences	**(13,995)**	**13,995**	**-**
	237,229	**66,977**	**304,206**

Company

Deferred tax liabilities/(assets)			
Property, plant and equipment	**271,994**	**55,054**	**327,048**
Provisions	**(20,770)**	**(2,079)**	**(22,849)**
Unrealised exchange differences	**(13,995)**	**13,995**	**-**
	237,229	**66,970**	**304,199**

At 31 December 2017

Group and Company Deferred income tax liabilities/(assets)			
Property, plant and equipment	232,699	39,295	271,994
Provisions	(26,220)	5,450	(20,770)
Unrealised exchange differences	10,496	(24,491)	(13,995)
	216,975	20,254	237,229

2.15 National Fiscal Stabilisation Levy

	2018		2017
	Group	**Company**	Group and Company Restated
At 1 January	**(2,504)**	**(2,504)**	24,602
Charge for the year	**53,960**	**34,310**	49,767
Payments during the year	**(55,663)**	**(37,024)**	(76,873)
At 31 December	**(4,207)**	**(5,218)**	(2,504)

The National Fiscal Stabilisation Levy is a levy of 5% on profit before income tax introduced in July 2013.

NOTES (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16 Earnings per share

The Group present basic and diluted earnings per share (EPS) for outstanding ordinary shares. The Group calculates basic earnings per share by dividing profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. On the other hand, dilutive EPS shall be calculated by adjusting profit or loss attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

	2018		2017
	Group	**Company**	Group and Company
Profit attributable to shareholders	**754,676**	**479,514**	718,512
Weighted average number of shares	**11,254,783**	**11,254,783**	10,760,000
Earnings per share	**GH¢0.067**	**GH¢0.043**	GH¢0.067

At the reporting date, the basic and diluted earnings per share were the same. There are no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue.

2.17 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. The cost of self-constructed assets 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, and the present value of future decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Property, plant and equipment under construction is measured at initial cost and depreciated from the date the asset is made available for use in the manner intended by management over its useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The Group capitalises general and specific 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. Other borrowing costs are expensed in profit or loss. Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable.

No asset exchange transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets or a combination of monetary and non-monetary assets occurred in the current period.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.17 Property, plant and equipment (continued)

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

	2018	2017
Buildings – owned	**20 years**	20 years
Buildings – leased	**Lease term**	Lease term
Network infrastructure	**3 - 20 years**	3 - 20 years
Information systems	**3 - 5 years**	3 - 5 years
Furniture and equipment	**5 years**	5 years
Office equipment	**5 years**	5 years
Leasehold improvement	**Lease term**	Lease term
Vehicles	**5 years**	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, during each financial year. Land is held under leasehold terms. Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses 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 operating profit.

2.17.1 Impairment of assets

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").

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. An impairment loss in respect of goodwill is not reversed.

The Group annually reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.17.1 Movement in property, plant and equipment

GROUP

COST	Land & Buildings	Leasehold improvements	Network equipment	Information Systems	Furn & Fittings	Motor Vehicles	Office equipment	Work in Progress	TOTAL
Balance at 1 January 2018	**182,735**	**48,262**	**2,921,060**	**303,265**	**95,580**	**42,128**	**7,594**	**246,228**	**3,846,852**
Disposal	**-**	**-**	**(4,099)**	**(266)**	**(2,491)**	**(3,847)**	**(1,027)**	**-**	**(11,730)**
Reallocations	**639**	**(639)**	**238,120**	**(5,929)**	**(82)**	**-**	**-**	**(232,109)**	**-**
Additions	**22,083**	**13,806**	**543,640**	**53,166**	**2,491**	**9,073**	**227**	**20,325**	**664,811**
Balance at 31 December 2018	**205,457**	**61,429**	**3,698,721**	**350,236**	**95,498**	**47,354**	**6,794**	**34,444**	**4,499,933**
ACCUMMULATED DEPRECIATION									
Balance at 1 January 2018	**(31,419)**	**(29,227)**	**(1,261,987)**	**(159,430)**	**(70,876)**	**(20,733)**	**(5,347)**	**-**	**(1,579,019)**
Depreciation charge	**(12,010)**	**(3,003)**	**(300,332)**	**(50,878)**	**(8,402)**	**(7,025)**	**(763)**	**-**	**(382,413)**
Disposal	**-**	**-**	**3,467**	**295**	**2,508**	**3,299**	**1,025**	**-**	**10,594**
Balance at 31 December 2018	**(43,429)**	**(32,230)**	**(1,558,852)**	**(210,013)**	**(76,770)**	**(24,459)**	**(5,085)**	**-**	**(1,950,838)**
CARRYING AMOUNT									
At 31 December 2018	**162,028**	**29,199**	**2,139,869**	**140,223**	**18,728**	**22,895**	**1,709**	**34,444**	**2,549,095**
COST									
Balance at 1 January 2017	151,278	35,302	2,340,485	214,344	91,659	27,970	7,360	299,235	3,167,633
Additions	32,096	12,960	444,126	53,734	5,421	14,278	363	117,850	680,828
Disposal	-	-	(58)	(989)	(185)	(120)	(129)	-	(1,481)
Write off			(128)	-	-	-	-	-	(128)
Reclassification	(639)	-	136,635	36,176	(1,315)	-	-	(170,857)	-
Balance at 31 December 2017	182,735	48,262	2,921,060	303,265	95,580	42,128	7,594	246,228	3,846,852
ACCUMMULATED DEPRECIATION									
Balance at 1 January 2017	(22,303)	(26,745)	(1,034,300)	(121,211)	(61,643)	(14,175)	(4,682)	-	(1,285,059)
Depreciation charge	(9,165)	(2,170)	(227,761)	(39,188)	(9,681)	(6,619)	(791)	-	(295,375)
Disposal	-	-	7	969	185	61	126	-	1,348
Write off			67						67
Reclassification	49	(312)	-	-	263	-	-	-	-
Balance at 31 December 2017	(31,419)	(29,227)	(1,261,987)	(159,430)	(70,876)	(20,733)	(5,347)	-	(1,579,019)
CARRYING AMOUNT									
At at 31 December 2017	151,316	19,035	1,659,073	143,835	24,704	21,395	2,247	246,228	2,267,833
At 1 January 2017	128,975	8,557	1,306,185	93,133	30,016	13,795	2,678	299,235	1,882,574

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.17.1 Movement in property, plant and equipment (continued)

COMPANY

COST	Land & Buildings	Leasehold improvements	Network equipment	Information Systems	Furn & Fittings	Motor Vehicles	Office equipment	Work in Progress	TOTAL
Balance at 1 January 2018	**182,735**	**48,262**	**2,921,060**	**303,265**	**95,580**	**42,128**	**7,594**	**246,228**	**3,846,852**
Disposal	**-**	**-**	**(4,099)**	**(449)**	**(2,674)**	**(5,227)**	**(1,027)**	**-**	**(13,476)**
Reallocations	**639**	**(639)**	**238,120**	**(5,929)**	**(82)**	**-**	**-**	**(232,109)**	**-**
Additions	**22,083**	**13,806**	**543,571**	**53,292**	**2,529**	**8,978**	**227**	**20,325**	**664,811**
Balance at 31 December 2018	**205,457**	**61,429**	**3,698,652**	**350,179**	**95,353**	**45,879**	**6,794**	**34,444**	**4,498,187**
ACCUMMULATED DEPRECIATION									
Balance at 1 January 2018	**(31,419)**	**(29,227)**	**(1,261,987)**	**(159,430)**	**(70,876)**	**(20,733)**	**(5,347)**	**-**	**(1,579,019)**
Depreciation charge	**(12,010)**	**(3,003)**	**(300,332)**	**(50,870)**	**(8,392)**	**(6,932)**	**(762)**	**-**	**(382,301)**
Disposal	**-**	**-**	**3,355**	**355**	**2,577**	**3,992**	**1,025**	**-**	**11,304**
Balance at 31 December 2018	**(43,429)**	**(32,230)**	**(1,558,964)**	**(209,945)**	**(76,691)**	**(23,673)**	**(5,084)**	**-**	**(1,950,016)**
CARRYING AMOUNT									
At at 31 December 2018	**162,028**	**29,199**	**2,139,688**	**140,234**	**18,662**	**22,206**	**1,710**	**34,444**	**2,548,171**
COST									
Balance at 1 January 2017	151,278	35,302	2,340,485	214,344	91,659	27,970	7,360	299,235	3,167,633
Additions - total	32,096	12,960	444,126	53,734	5,421	14,278	363	117,850	680,828
Disposal	-	-	(58)	(989)	(185)	(120)	(129)	-	(1,481)
Write off	-		(128)	-	-	-	-	-	(128)
Reclassification	(639)	-	136,635	36,176	(1,315)	-	-	(170,857)	-
Balance at 31 December 2017	182,735	48,262	2,921,060	303,265	95,580	42,128	7,594	246,228	3,846,852
ACCUMULATED DEPRECIATION									
Balance at 1 January 2017	(22,303)	(26,745)	(1,034,300)	(121,211)	(61,643)	(14,175)	(4,682)	-	(1,285,059)
Depreciation charge	(9,165)	(2,170)	(227,761)	(39,188)	(9,681)	(6,619)	(791)	-	(295,375)
Disposal	-	-	7	969	185	61	126	-	1,348
Write off			67						67
Reclassification	49	(312)	-	-	263	-	-	-	-
Balance at 31 December 2017	(31,419)	(29,227)	(1,261,987)	(159,430)	(70,876)	(20,733)	(5,347)	-	(1,579,019)
CARRYING AMOUNT									
At 31 December 2017	151,316	19,035	1,659,073	143,835	24,704	21,395	2,247	246,228	2,267,833
At 1 January 2017	128,975	8,557	1,306,185	93,133	30,016	13,795	2,678	299,235	1,882,574

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.17.2 Property, plant and equipment (continued)

Cash used for the purchase of property, plant and equipment

	2018		2017
	Group	**Company**	Group and Company
Additions for the year	**664,811**	**664,811**	680,828
Credit purchases	**(57,913)**	**(57,913)**	(244,398)
Cash used for purchase of property, plant and equipment	**606,898**	**606,898**	436,435

2.17.3 Impairment

During the year, no property, plant and equipment was impaired.

2.17.4 Leased property, plant and equipment

Leases over property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and 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.

2.17.5 Encumbrances

Borrowings are secured by a floating charge on the Group's total assets over 5 years with a carrying value of GH¢ 4,217 million (2017: GH¢ 3,454 million).

2.17.6 Loss/ (Profit) on disposal of property, plant and equipment

	2018		2017
	Group	**Company**	Group and Company
Cost	**11,730**	**13,476**	1,481
Accumulated depreciation	**(10,594)**	**(11,304)**	(1,348)
Net book value	**1,136**	**2,172**	133
Proceeds	**(607)**	**(3,633)**	131
Loss/ (Profit) on disposal of property, plant and equipment	**529**	**(1,461)**	2

Disposal proceeds include an amount of GH¢ 3 million payable from MobileMoney Limited.

2.18 Intangible assets

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits, are recognised as intangible assets when the following conditions are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.18 Intangible assets (continued)

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Other development expenditure that does not meet the criteria is accounted for as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives which does not exceed three years.

2.18.1. Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised in the statement of comprehensive income over their estimated useful lives (three to five years).

2.18.2 Licenses

Licenses are initially shown at historical cost. Licenses have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives. The useful lives and renewal periods of licenses are given below and are determined primarily with reference to the contractual or unexpired license period.

Type of License	Date granted /renewed	License term	Useful life
900 MHz and 1800 MHz	12 February 2004	15 years	15 years
3G	23 January 2009	15 years	15 years
International Gateway	11 August 2014	5 years	5 years
800MHz Spectrum	21 June 2016	15 years	15 years
Fixed Access Services of Unified Access	06 July 2015	4 years	4 years
2600MHz spectrum	1 December 2018	15years	15 years
IRU	Various dates	15 years on average	15 years

NOTES (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.18 Intangible assets (continued)

2.18.3 Movement in intangible assets for 2018 and 2017 were as follows:

GROUP	Network licences	Software	Work in progress	Total
COST				
Balance at 1 January 2018	**348,103**	**177,304**	**379**	**525,786**
Additions	**98,906**	**60,471**	**8**	**159,385**
Balance at 31 December 2018	**447,009**	**237,775**	**387**	**685,171**
ACCUMMULATED AMORTISATION				
Balance at 1 January 2018	**(74,726)**	**(110,755)**	**-**	**(185,481)**
Reallocations	**1,250**	**(1,250)**	**-**	**-**
Amortisation for the year	**(31,931)**	**(49,223)**	**-**	**(81,154)**
Balance at 31 December 2018	**(105,407)**	**(161,228)**	**-**	**(266,635)**
CARRYING AMOUNT				
At 31 December 2018	**341,602**	**76,547**	**387**	**418,536**
COST				
Balance at 1 January 2017	323,610	120,812	10,223	454,645
Additions	24,493	46,648	-	71,141
Reallocations		9,844	(9,844)	-
Balance at 31 December 2017	348,103	177,304	379	525,786
ACCUMMULATED AMORTISATION				
Balance at 1 January 2017	(50,600)	(70,328)	-	(120,928)
Reallocation	1,354	(1,354)	-	-
Amortisation for the year	(24,126)	(40,427)	-	(64,553)
Balance at 31 December 2017	(73,372)	(112,109)	-	(185,481)
CARRYING AMOUNT				
At 31 December 2017	274,731	65,195	379	340,305
At 1 January 2017	273,010	50,484	10,223	333,717

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.18 Intangible assets (continued)

2.18.3 Movement in intangible assets for 2018 and 2017 (continued)

COMPANY

COST	**Network licences**	**Software**	**Work in progress**	**Total**
Balance at 1 January 2018	**348,103**	**177,304**	**379**	**525,786**
Additions	**98,906**	**59,815**	**8**	**158,729**
Reallocations	**-**	**-**	**-**	**-**
Balance at 31 December 2018	**447,009**	**237,119**	**387**	**684,515**
	-	**-**	**-**	
ACCUMMULATED AMORTISATION				
Balance at 1 January 2018	**(74,726)**	**(110,755)**	**-**	**(185,481)**
Reallocations	**-**	**-**	**-**	**-**
Amortisation for the year	**(31,931)**	**(49,132)**	**0**	**(81,063)**
Balance at 31 December 2018	**(106,657)**	**(159,887)**	**-**	**(266,544)**
CARRYING AMOUNT				
At 31 December 2018	**340,352**	**77,232**	**387**	**417,971**
COST				
Balance at 1 January 2017	323,610	120,812	10,223	454,645
Additions	24,493	46,648	-	71,141
Reallocations		9,844	(9,844)	-
Balance at 31 December 2017	348,103	177,304	379	525,786
ACCUMMULATED AMORTISATION				
Balance at 1 January 2017	(50,600)	(70,328)	-	(120,928)
Amortisation for the year	(24,126)	(40,427)	-	(64,553)
Balance at 31 December 2017	(74,726)	(110,755)	-	(185,481)
Carrying amounts				
At 31 December 2017	273,377	66,549	379	340,305
At 1 January 2017	273,010	50,484	10,223	333,717

2.18.4 Cash used in the purchase of intangible assets

	2018		2017
	Group	**Company**	Group and Company
Additions for the year	**159,385**	**158,729**	71,141
Credit purchases	**(9,505)**	**(9,505)**	(17,285)
Cash used for purchase of intangible assets	**149,880**	**149,224**	53,856

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.19 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are ensure consistent with the policies adopted by the Group.

Consolidation of MobileMoney Limited began when it commenced trading in its own name from 1 January 2018. Prior to this period, the mobile money business was reported as a division of Scancom Plc and was therefore included in the Company's financial statements.

2.19.1 Investment in subsidiary

Investment in MobileMoney Limited is GH¢50,000. MobileMoney Limited was incorporated on 5 November 2015 to operate mobile financial services in Ghana.

2.19.2 Investment in dormant entity

The Group has a 15% interest in EasyNet Limited. EasyNet Limited is incorporated in Ghana and has a 31 December year-end. The entity has been dormant since incorporation and the Group's investment in this entity is immaterial.

2.20.1 IRU assets

The Group holds Indefeasible Right of Use (IRU) assets which are payments for international submarine capacity, with a useful life of fifteen years on average starting from 2012 and a local lease cable capacity for 15 years starting from December 2018.

	Group and Company	
	2018	2017
Balance at 1 January	**60,555**	37,913
Additions	**40,246**	29,913
Amortisation	**(12,743)**	(10,174)
Exchange difference	**(830)**	2,903
	87,228	60,555
Non current portion	**76,303**	52,331
Current portion	**10,925**	8,224
	87,228	60,555

Additions to IRU include an amount of GH¢13.5 million (2017: GH¢ 7.2 million) which has not yet been paid for.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.20 Indefeasible Right of Use (IRU)

2.20.2 IRU liability

This relates to a sale of a 40 gigabyte terrestrial capacity to MTN Dubai during the year. This provides MTN Dubai an indefeasible right of use of the said capacity for a period of 15 years. The proceeds from the sale have been deferred to be amortised over 15 years.

	Group and Company	
	2018	2017
Balance at 1 January	**7,542**	8,096
Release to profit or loss	**(760)**	(554)
	6,782	7,542
Non current portion	**6,260**	7,015
Current portion	**522**	527
Balance at 31 December	**6,782**	7,542

2.21 Contract assets and liabilities

2.21.1 Contract liability

Contract liability (previously unearned revenue) represents subscriber balances of prepaid activated balances. The balance is affected by the early recognition of breakage. Previously, the Group only accounted for breakage on customer rights that will not be exercised when it became remote. When the Group expects to be entitled to breakage, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. This has led to the increase in revenue and a reduction in contract liability.

The Group operates a loyalty programme where subscribers accumulate points for usage of network services which entitle them to free airtime/data in future. A contract liability for the award points is reocgnised at the time of usage. Revenue is recognised when the points are redeemed. Contract liability in respect of loyalty points is disclosed in note 2.6.8. The adoption of IFRS 15 did not change the treatment of loyalty programmes as the Group changed its policy from the residual value approach to the relative fair value approach (relative standalone prices) in 2016.
Movement in contract liability is shown below:

	Group and Company	
	At 31 December 2018	At 31 December 2017
Balance at 1 January	**86,950**	75,248
Sale of prepaid airtime	**2,992,621**	2,521,612
Prepaid revenue recognised	**(2,985,144)**	(2,506,115)
Breakage recognised	**(4,589)**	(3,804)
Balance at 31 December	**89,838**	86,941

At 31 December 2018, if there was an increase or decrease in the breakage rate by 1% (100 basis points) with all other variables held constant, post tax profit for the year and equity would have been GH¢ 34,000 higher/ lower (2017: GH¢ 28,500) for the Group and Company.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.21 Contract assets and liabilities (continued)

2.21.2 Contract assets

Contract assets are the Group's right to consideration in exchange for goods or services that it has transferred to a customer. The Group's contract assets relate to initial infrastructural cost incurred in fulfilling customer contracts (specifically providing Wi-Fi services).

	Group and Company	
	At 31 December 2018	At 31 December 2017
Contract assets	**5,353**	1,732

2.21.3 Capitalised contract cost

The Group has determined that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on post-paid contracts and SIM activation costs on prepaid contracts. The Group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life of 3 years and included in selling, distribution and marketing expenses in profit or loss.

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset, capitalised contract costs.

	Group and Company	
	At 31 December 2018	At 31 December 2017
Balance at beginning of the year	**7,832**	-
Additions	**12,508**	11,148
Amortisation	**(9,081)**	(3,316)
Balance at end of the year	**11,259**	7,832

2.22 Inventories

Inventory mainly comprises handsets, devices, SIM cards and other accessories held for sale. Inventories are measured at the lower of cost and net realizable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realizable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventory is reported net of allowances for impairment. The Group tests for impairment of inventories at each reporting date, and where items are assessed to be impaired, the carrying value of these is written down to net realisable values.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.22 Inventories (continued)

Movement in inventories

	Group At 31 December 2018	Company At 31 December 2018	Group and Company At 31 December 2017
Handsets, SIM cards and accessories at cost	**32,381**	**32,381**	40,127
Less provision for obsolescence	**(22,076)**	**(22,076)**	(19,827)
	10,305	**10,305**	20,300

Movement in provision for obsolescence

	Balance at 1 January	Additions during year	Balance at 31 December
2018	**(19,827)**	**(2,249)**	**(22,076)**
2017	(14,637)	(5,190)	(19,827)

2.23 Financial assets at amortised cost

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 60 days for interconnect debtors and 7 days for post-paid corporate and individual debtors 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, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment on trade receivables is discussed in Note 2.35.7.

2.23.1 Trade receivables

	At 31 December 2018		At 31 December 2017 Restated
	Group	Company	Group and Company
Trade receivables	**381,147**	**340,964**	295,741
Less : allowance for impairment of trade receivables	**(11,109)**	**(11,109)**	(24,144)
Net trade receivables	**370,038**	**329,855**	271,597

The Group holds collateral of GH¢78.4 million (2017: GH¢78.1 million) for trade and other receivables. The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in Note 2.36.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.23 Financial assets at amortised cost (continued)

2.23.2 Other financial assets at amortised cost

Other financial assets at amortised costs for the group and company as follows:

	At 31 December 2018		At 31 December 2017
	Group	**Company**	Group and Company
Staff loans	**5,252**	**5,286**	18,366
Intercompany receivables	**41,883**	**153,362**	26,690
	47,135	**158,648**	45,056

2.24 Other assets

	At 31 December 2018	At 31 December 2017
	Group and Company	Group and Company
Prepayments	**100,337**	61,519

Prepayments represents payments made in advance for certain operating lease arrangements in connection with network sites and buildings.

2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call, with banks, other short term highly liquid instruments with maturity of three months or less and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group.

Bank overdrafts are included within current liabilities on the statement of financial position as at 2017, unless the entity has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

	At 31 December 2018		At 31 December 2017
	Group	**Company**	Group and Company
Cash at bank	**406,525**	**183,693**	196,730

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.26 Stated capital

Ordinary shares
Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction from the proceeds.

2.26.1 Movement in authorised and issued shares	2018	2017
Authorised shares	**100,000,000,000**	100,000,000,000
Issued shares of no par value		
At 1 January	**10,760,000,000**	10,760,000,000
Additional shares issued	**1,530,474,360**	-
At 31 December	**12,290,474,360**	10,760,000,000
Proceeds		
At 1 January	**1,363**	1,363
Additional shares issued for cash consideration	**1,096,141**	-
At 31 December	**1,097,504**	1,363

There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

2.26.2 Initial Public Offering (IPO)

Scancom Plc, undertook an initial public offering (IPO) during the year under review, which culminated in the listing of the shares on the Ghana Stock Exchange on 5 September 2018.

Proceeds from IPO	**1,146,589**
Transaction cost	**(50,448)**
Additional share capital	**1,096,141**

In addition, marketing and listing costs amounting to GH¢29.2 million incurred during the IPO were recognised in profit and loss.

2.27 Borrowings

Borrowings are initially recognised at fair value net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit and 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 and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.27 Borrowings (continued)

	2018	2017
	Group and Company	Group and Company
Current portion	**100,000**	-
Non-current portion	**338,854**	337,164
	438,854	337,164
Carrying amount of borrowings are denominated as follows:		
US dollars	-	-
Local currency	**438,854**	337,164
	438,854	337,164
Undrawn facilities	**65,000**	165,000

2.27.1 Summary of borrowing arrangements

The previous loan facilities packaged as Facility A, B and C expired in May 2017. A new loan agreement was signed in December 2017 with facility A and B components. Facility A, is priced at 182 day Treasury bill rate of Government of Ghana, re-priced semi-annually on an end of six months spot basis. Facility B is priced at 182 days Treasury bill rate of Government of Ghana and re-priced quarterly.

At 31 December 2018

Facility A: A term loan of GH¢ 345 million bearing interest at 19.81% per annum repayable starting on 13/06/2020 and expiring on 13/12/2022. The facility is secured on assets with a carrying amount of GH¢ 4,217 million.

Facility B: A revolving loan of GH¢100 million bearing interest at 19.81% repayable starting on 27/3/ 2019 and secured on assets with a carrying amount GH¢ 4,217 million.

At 31 December 2017

Facility A: A term loan of GH¢ 345 million bearing interest at 18.56% per annum.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.27 Borrowings (continued)

2.27.1 Summary of borrowing arrangements

Total Funding available	**At 31 December 2018**	At 31 December 2017
Loan Facility B	**165,000**	165,000
Movement in borrowings is as follows:		
At start of year	**345,000**	159,075
Proceeds from borrowings	**100,000**	470,483
Repayments on borrowings	**-**	(284,558)
	445,000	345,000
Movement in capitalised transaction costs:		
At start of year	**(7,836)**	(210)
Additions	**-**	(7,978)
Amortisation for the year	**1,690**	352
	(6,146)	(7,836)
Borrowings at amortised cost	**438,854**	337,164

2.28 Provisions

A provision is 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. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.28.1 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 Group's annual results have been approved.

2.28.2 Decommissioning provision

Decommissioning provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition.

The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land. The timing of the provision is expected to be at the expiry of 15 years of site commissioning.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.28 Provisions (continued)

Current portion of provisions

At 31 December 2018

Group	At beginning of the year	Additional provisions	Utilised	At end of the year
Bonus provision	**17,925**	**20,418**	**(14,985)**	**23,358**
Provision for share based payments	**7,951**	**6,803**	**(4,754)**	**10,000**
Other provision	**14,917**	**3,712**	**-**	**18,629**
	40,793	**30,933**	**(19,739)**	**51,987**
Company				
Bonus provision	**17,925**	**20,248**	**(14,985)**	**23,188**
Provision for share based payments	**7,951**	**6,779**	**(4,754)**	**9,976**
Other provision	**14,917**	**3,486**	**-**	**18,403**
	40,793	**30,513**	**(19,739)**	**51,567**

At 31 December 2017

Group and Company

Bonus provision	16,403	18,000	(16,478)	17,925
Provision for share based payments	6,254	2,701	(1,004)	7,951
Other provision	4,029	11,078	(190)	14,917
	26,686	31,779	(17,672)	40,793

2.28.3 Other provisions

The current portion of other provisions represents provision for SIM re- registration and decommission provision. Provision for SIM re- registration is in respect of estimated cost of re- registering subscribers as being directed by National communication Authority (NCA) and the National Identification Authority (NIA).

The non-current portion of other provisions of GH¢ 3.7 million represents warranty provision in respect of sites sold under a sale and lease back arrangement. The Company recognised provisions in respect of a warranty for the sale and lease back arrangement based on estimates and the probability of whether an outflow of economic benefits will be required to settle the obligation. This provision will be released at final closure of site transfer under the Asset Purchase agreement.

2.28.4 Share based payments

The Group operates a Performance Share Plan (PSP) and a Notional Share Option (NSO). The PSP is a long term incentive scheme offered under the MTN Group Performance Share Plan to qualifying participants. The NSO consists of a Group Aligned NSO (GAN) and a Locally Aligned NSO (LAN). The GAN mirrors the movement in value of the MTN Group share price. The LAN is reflective of the increase in value of a key performance indicator of the business such as EBITDA. All the share-based payment schemes are cash settled in the accounting records of Scancom Plc.

NSO allocated prior to 1 January 2014 may only be exercised by the participants up to 20% after 2 years; up to 40% after 3 years: up to 70% after 4 years and up to 100% after 5 years of granting the NSO. NSO allocated effective 1 January 2014 may only be exercised 100% after 3 years from allocation.

NOTES (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.28 Provisions (continued)

2.28.4 Share based payments (continued)

Each allocation of NSO granted prior to 2014 will remain in force for a period of 10 years from the date of offer. Each allocation of NSO granted after 2014 will remain in force for a period of 5 years from the date of offer. Any un-exercised NSOs remaining at the end of the stated periods will automatically elapse. The exercise price- GAN option is the price at which a vested GAN NSO is exercised, and will be the closing MTN Group Limited share price on the day following the date of exercising. Exercise price- LAN option is the price at which a vested LAN NSO is exercised, and will be the current or ruling value of such NSO on the date of exercising, as determined by the annual LAN NSO valuation exercise. The NSO price is the Price at which an NSO is offered to any qualifying participant.

The summaries of options granted are:

Group and Company

	2018		2017	
LAN	**Average price per option GH¢**	**Number of options ('000)**	Average price per option GH¢	Number of options ('000)
As at 1 January	**0.32**	**52,953**	0.28	70,329
Granted during the year	**0.68**	**14,594**	0.55	16,966
Exercised during the year	**0.68**	**(18,966)**	0.55	(5,391)
Expired and forfeited during the year	-	**(1,858)**	0.55	(28,951)
As at 31 December	**0.32**	**46,723**	0.32	52,953
GAN				
As at 1 January	**34.21**	**264,140**	34.21	298,970
Granted during the year	**44.27**	**95,560**	39.14	102,590
Expired and forfeited during the year	-	**(14,070)**	39.14	(137,420)
As at 31 December		**345,630**	34.21	264,140

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.28 Provisions (continued)

2.28.4 Share based payments (continued)

Share options outstanding at the end of the year have the following expiry dates and prices:

Group and Company

LAN

Grant date	Expiry date	NSO Price (GH¢)	Number of share options at 31 December 2018 ('000)	Number of share options at 31 December 2017 ('000)
1 April 2008	31-Mar-18	0.19	-	176
1 April 2010	31-Mar-20	0.24	-	1,203
1 April 2012	31-Mar-22	0.50	**1,720**	7124
1 April 2013	31-Mar-23	0.25	**751**	2,588
1 April 2014	31-Mar-19	0.29	**59**	2,089
1 April 2015	31-Mar-20	0.31	**840**	8,778
1 April 2016	31-Mar-21	0.45	**14,162**	14,657
1 April 2017	31-Mar-22	0.55	**14,597**	16,338
1 April 2018	31-Mar-23	0.68	**14,594**	-
			46,723	52,953

GAN

Grant date	Expiry date	NSO price (GH¢)	Number of share options at 31 December 2018	Number of share options at 31 December 2017
1 April 2008	31-Mar-18	49.58	-	1,360
1 April 2010	31-Mar-20	31.05	-	6,250
1 April 2011	31-Mar-21	31.4	**11,110**	11,110
1 April 2012	31-Mar-22	25.76	**35,540**	35,720
1 April 2013	31-Mar-23	24.15	**18,240**	14,920
1 April 2014	31-Mar-19	28.64	**4,530**	5,400
1 April 2015	31-Mar-20	22.66	**13,470**	14,010
1 April 2016	31-Mar-21	44.62	**78,930**	81,680
1 April 2017	31-Mar-22	39.14	**88,250**	93,690
1 April 2018	31-Mar-23	44.27	**95,560**	-
			345,630	264,140

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.29 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are accounted for as financial liabilities. Other payables are stated at their nominal values.

	At 31 December 2018		At 31 December 2017
	Group	**Company**	Group and Company
Trade payables	**236,311**	**237,126**	274,849
Sundry payables	**33,339**	**33,339**	20,964
Accrued expenses	**486,263**	**466,576**	396,670
Intercompany payables	**94,996**	**242,844**	31,418
Dividend payable (Note 2.30)	**-**	**-**	69,000
Other payables	**60,142**	**59,900**	69,668
	911,051	**1,039,785**	862,569

2.30 Dividend payable

Dividend distribution to shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Payment of dividends is subject to the deduction of withholding taxes at a final tax rate of 8% for resident and foreign shareholders. Interim dividend of GH¢ 245 million (GH¢0.02 per share) was declared in October 2018 (2017: GH¢ 0.0437 per share, amounting to GH¢ 470 million).

Following the successful completion of the IPO, gross dividend of GH¢1,067 million was declared on 31 August 2018 and paid to pre-IPO shareholders.

	Group and Company	
	2018	2017
Balance as at 1 January	**69,000**	-
Dividend declared	**1,312,806**	470,000
Dividend paid	**(1,381,806)**	(401,000)
Balance as at 31 December	**-**	69,000

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.31 Cash generated from operations

	Note	2018 Group	2018 Company	2017 Group and Company
Profit before income tax		**1,079,194**	**686,195**	980,674
Finance income	2.13.3	**(75,693)**	**(70,608)**	(50,122)
Finance cost	2.13.3	**120,561**	**120,404**	72,078
Depreciation of property, plant and equipment	2.17.1	**382,413**	**382,301**	295,375
Amortisation of intangibles assets	2.18	**81,154**	**81,063**	64,553
Amortisation of IRU(Capacity leasing)	2.20.1	**12,743**	**12,743**	10,174
Amortisation of contract cost	2.21.3	**9,081**	**9,081**	3,316
IRU deferred income release	2.20.2	**(760)**	**(760)**	(554)
Loss / (Profit) on disposal of property, plant and equipment	2.17.6	**529**	**(1,461)**	2
Impairment charge on trade receivables	2.36	**2,963**	**2,963**	13,196
Inventory write off		**-**	**-**	636
PPE asset write-off		**-**	**-**	61
		1,612,185	**1,221,921**	1,389,389
Changes in working capital		**4,253**	**64,328**	(136,107)
Decrease in inventories		**9,995**	**9,995**	6,527
Increase in trade receivables		**(98,441)**	**(58,258)**	(29,051)
Increase in other assets		**(38,818)**	**(38,818)**	(2,592)
Increase in other financial assets at amortised cost		**(2,079)**	**(113,592)**	(14,509)
Increase in contract liabilities		**2,888**	**2,888**	11,693
Increase/(decrease) in trade and other payables		**135,643**	**267,468**	(117,498)
Increase in deferred revenue (IRU)		**-**	**-**	8,096
Increase in contract assets		**(3,621)**	**(3,621)**	(1,732)
Increase in capitalised contract costs		**(12,508)**	**(12,508)**	(11,148)
Increase in provision		**11,194**	**10,774**	14,107
Cash generated from operations		**1,616,438**	**1,286,249**	1,253,282

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.32 Contingent assets and liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities also represent present obligations that arise from past events but are not recognised because an outflow of resources is not probable or a reliable estimate cannot be made. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

The Group had certain legal cases pending before the courts at 31 December 2018. In the opinion of the directors, after taking appropriate legal advice, the outcome of these legal cases will not give rise to a significant loss to the Group.

The Group had contingent liabilities of GH¢ 29 million in respect of certain obligations in the acquisition of the Broadband Wireless Access License. The counterparty is to provide certain services to Scancom Plc, such as negotiation of an extension to the license periods with the regulator. These additional services depend on uncertain future events which are not under the control of Scancom Plc.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent assets are disclosed where an inflow of economic benefits is probable. The Group does not recognise contingent assets in the statement of financial position until future events indicate that an inflow of resources is virtually certain.

There were no contingent assets determined as at 31 December 2018 (2017: Nil).

2.33 Capital commitments and operating lease commitments

2.33.1 Capital commitments

As at 31 December, below are the capital commitment for the acquisition of property, plant and equipment.

	Group and Company	
	2018	2017
Property, plant and equipment contracted	**279,695**	191,722
Property, plant and equipment not contracted	**639,318**	557,640
Total capital expenditure approved for the year	**919,013**	749,362

2.33.2 Operating lease commitments

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.

	Group and Company	
	2018	2017
The future aggregate minimum lease payments under non-cancellable operating lease arrangements are as follows:		
Not later than one year	**264,090**	230,791
Later than one year and no later than five years	**1,320,450**	1,153,957
Later than five years	**1,673,535**	1,693,945
	3,258,075	3,078,693

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.33 Capital commitments and operating lease commitments (continued)

2.33.2 Operating lease commitments (continued)

	Group and Company	
The future aggregate minimum lease payments under cancellable operating lease arrangements are as follows:	**2018**	**2017**
Not later than one year	**89,022**	62,369
Later than one year and no later than five years	**303,182**	179,059
Later than five years	**11,569**	15,320
	403,773	256,748

2.33.3 Commercial commitments

Commercial commitments as at 31 December 2018 were the following:

	Group and Company	
	2018	2017
100% commitment to purchase SIM and recharge cards(open purchase orders for 2019)	**16,297**	50,485
Commitments to outsourced network services operations	**38,921**	91,783
Commitment to purchase spare parts under managed service contract	**12 104**	13,929
	51,025	156,197

2.34 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals. The Group entered into various transactions with related parties during the year.

The Group is related to other entities in the MTN Group by virtue of common shareholding.

2.34.1 Transactions with related parties during the year are as follows:

	2018		2017
	Group	**Company**	Group and Company
Purchases			
MTN Group Management Services (Pty) Limited	**1,601**	**1,601**	863
MTN South Africa	**3,903**	**3,903**	690
MTN Nigeria Communications Limited	**9,835**	**9,835**	9,589
MTN Cote d'Ivoire SA	**3,858**	**3,858**	3,632
MTN Dubai Limited (Management fees and others)	**135,319**	**135,319**	32,801
MobileMoney Limited	**-**	**137,765**	-
GlobalConnect Solutions	**15,262**	**15,262**	-
Other Intercompany purchases	**3,779**	**3,779**	850
	173,557	**311,322**	48,425

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.34 Related party transactions (continued)

2.34.1 Transactions with related parties during the year (continued) :

	2018		2017
	Group	**Company**	Group and Company
Services			
Mobile Telephone Network Cameroon Limited	**257**	**257**	158
MTN Group Management Services (Pty) Limited	**7,339**	**7,339**	2,228
MTN South Africa	**882**	**882**	8,025
MTN Nigeria Communications Limited	**16,564**	**16,564**	6,968
MTN Cote d'Ivoire SA	**12,414**	**12,414**	7,073
MTN Dubai Limited	**1,845**	**1,845**	1,730
MobileMoney Limited	**-**	**123,477**	-
GlobalConnect Solutions	**604**	**604**	-
Other intercompany sales	**15,838**	**15,838**	1,238
	55,743	**179,220**	27,420

	Group and Company	
	2018	2017
Dividend paid to Investcom Consortium Holdings SA	**1,312,806**	354,505
Key management compensation		
Short-term employee benefits	**5,494**	7,147
Post-employment benefits	**206**	360
Share-based payments	**1,383**	-
Total	**7,083**	7,507

2.34.2 Year end balances arising from the above transactions are as follows:

		2018	2017
	Group	**Company**	Group and Company
Payables			
MTN Group Management Services (Pty) Limited	**(5,335)**	**(5,335)**	(8,081)
MTN South Africa	**(2,087)**	**(2,087)**	(585)
MTN Nigeria Communications Limited	**(13,800)**	**(13,800)**	(6,981)
MTN Dubai Limited	**(50,214)**	**(50,214)**	(13,816)
MTN International (Mauritius) Limited	**-**	**-**	(138)
MobileMoney Limited	**-**	**(147,848)**	-
GlobalConnect Solutions	**(16,754)**	**(16,754)**	-
Other intercompany payable	**(6,806)**	**(6,806)**	(1,817)
	(94,996)	**(242,844)**	(31,418)

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.34 Related party transactions (continued)

2.34.2 Year end balances arising from the above transactions (continued)

	2018		2017
	Group	Company	
Receivables			
MTN Group Management Services (Pty) Limited	**9,157**	**9,157**	6,244
MTN South Africa	**3,907**	**3,907**	2,720
MTN Nigeria Communications Limited	**13,468**	**13,468**	2,934
MTN Dubai Limited	-	-	8,698
UUNET Kenya (Pty) Limited	**1,112**	**1,112**	605
MobileMoney Limited	-	**113,362**	-
Other intercompany receivable	**14,239**	**12,356**	5,489
	41,883	**153,362**	26,690

The receivables from related parties arise mainly from professional and Interconnect services transactions rendered on behalf of other operations within MTN Group. These are due one month after the date of rendering of service. No provisions are held against receivables from related parties.

Trade payables to related parties arise mainly from professional and management fees, interconnect and transmission service transactions rendered on Scancom Plc's behalf by other operations within the MTN Group and are due one month after the date of purchase.

2.35 Financial instruments

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

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. There are no financial assets at fair value through profit or loss. Financial assets are recognised (derecognised) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

Financial assets and liabilities are classified as current if expected to be realised or settled within 12 months; if not, they are classified as non-current.

2.35.1 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.

No financial assets and liabilities were subjected to offsetting as at 31 December 2018.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.35 Financial instruments (continued)

2.35.2 Financial instrument classification

The Group classifies its financial instruments into the following categories:

- Financial assets at amortised cost
- Financial liabilities at amortised cost.

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition.

2.35.3 Classification of financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows , and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

2.35.4 Subsequent measurement

The group holds financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.35.5 Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings and other non-current liabilities (excluding provisions).All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.35.6 De-recognition

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

2.35.7 Impairment

Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of trade receivables over a period of 24 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (where data is available and is obtained without undue effort or cost) affecting the ability of the customers to settle the receivables.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.35 Financial instruments (continued)

2.35.7 Impairment

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The group considered that there was evidence of impairment if any of the following indicators were present:

-significant financial difficulties of the debtor
-probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 60 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

2.36 Financial risk management and fair values

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.

2.36.1 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 MTN Group and Scancom Plc. The Boards identify, evaluate and manage financial risks and provide 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.

2.36.2 Financial instruments by category

Group

At 31 December 2018	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade receivables and other assets	417,173	-	417,173
Cash and cash equivalents	406,525	-	406,525
	823,698	-	823,698
Trade and other payables	-	850,909	850,909
Borrowings	-	438,854	438,854
	-	1,289,763	1,289,763

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.2 Financial instruments by category (continued)

At 31 December 2018

Company	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade receivables and other assets	**488,503**	-	**488,503**
Cash and cash equivalents	**183,693**	-	**183,693**
	672,196	-	**672,196**
Trade and other payables	-	**979,885**	**979,885**
Borrowings	-	**438,854**	**438,854**
	-	**1,418,739**	**1,418,739**

At 31 December 2017

Group and Company			
Trade and other receivables	316,653	-	316,653
Cash and cash equivalents	196,730	-	196,730
	513,383	-	513,383
Trade and other payables	-	792,893	792,893
Borrowings	-	337,164	337,164
	-	1,130,057	1,130,057

2.36.3 Credit risk

Credit risk, or the risk of financial loss to the Group due to customers or counterparties not meeting their contractual obligations, 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 amounts of the financial assets that are exposed to credit risk. The Group considers its maximum exposure per class, without taking into account any collateral and financial guarantees, to be as follows:

	At 31 December 2018		At 31 December 2017
	Group	**Company**	Company and Group
Trade receivables and other assets	**417,173**	**488,503**	316,653
Contract assets	**5,353**	**5,353**	1,732
Cash and cash equivalents	**406,525**	**183,693**	196,730
	829,051	**677,549**	515,115

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.3 Credit risk (continued)

On the basis of the policy in Note 2.35.7, the loss allowance as at 31 December 2018 was determined as follows for trade receivables. There were no adjustments on 1 January 2018 (on adoption of IFRS 9) because it was not significant.

Group

At 31 December 2018	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment provision)
Fully performing trade receivables	**116,853**		**117**	**116,736**
Interconnect receivables	57,993	0.1%	58	57,935
Contract receivables	6,564	0.1%	7	6,557
Other receivables	52,296	0.1%	52	52,244
Past due trade receivables	**264,294**		**10,992**	**253,302**
Interconnect receivables	**37,620**		**887**	36,733
2 to 3 months	19,670	0.49%	96	19,574
3 to 6 months	229	1.55%	4	225
9 to 12 months	17,721	4.44%	787	16,934
				-
Contract receivables	**8,697**		**237**	8,460
0 to 3 months	7,052	2.60%	183	6,869
3 to 6 months	968	2.93%	28	940
9 to 12 months	677	3.91%	26	651
				-
Other receivables	**217,977**		**9,868**	208,109
0 to 3 months	121,993	0.44%	537	121,456
3 to 6 months	21,066	1.46%	308	20,758
6 to 9 months	714	4.59%	33	681
9 to 12 months	74,204	12.0%	8,990	65,214
Total	**381,147**		**11,109**	**370,038**

At 31 December 2018, if there was an increase or decrease in the expected credit loss rate by 1% (100 basis points) with all other variables held constant, post tax profit for the year and equity would have been GH¢ 202,000 lower/ higher for the Group and Company.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.3 Credit risk (continued)

Company

At 31 December 2018	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment provision)
Fully performing trade receivables	**114,477**		**115**	**114,362**
Interconnect receivables	57,993	0.1%	58	57,935
Contract receivables	6,564	0.1%	7	6,557
Other receivables	49,920	0.1%	50	49,870
Past due trade receivables	**226,487**		**10,994**	**215,493**
Interconnect receivables	**37,620**		**887**	36,733
0 to 3 months	19,670	0.49%	96	19,574
3 to 6 months	229	1.55%	4	225
9 to 12 months	17,721	4.44%	787	16,934
Contract receivables	**8,697**		**237**	8,460
0 to 3 months	7,052	2.60%	183	6,869
3 to 6 months	968	2.93%	28	940
9 to 12 months	677	3.91%	26	651
Other receivables	**180,170**		**9,870**	170,300
0 to 3 months	75,940	0.44%	334	75,606
3 to 6 months	24,386	1.46%	356	24,030
6 to 9 months	60,351	4.59%	2,769	57,582
9 to 12 months	19,493	33%	6,411	13,082
Total	**340,964**		**11,109**	**329,855**

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)
2.36.3 Credit risk (continued)

Group and Company

At 31 December 2017	Gross carrying amount	Impairment	Carrying amount (Net of impairment) provision
Fully performing trade receivables	141,277	-	141,277
Interconnect receivables	53,856	-	53,856
Contract receivables	5,194	-	5,194
Other receivables	82,227	-	82,227
Past due trade receivables	154,464	(24,144)	130,320
Interconnect receivables	28,884	-	28,884
0 to 3 months	1,318	-	1,318
3 to 6 months	5,095	-	5,095
9 to 12 months	22,471	-	22,471
Contract receivables	12,065	(9,018)	3,047
0 to 3 months	6,081	(3,415)	2,666
3 to 6 months	926	(545)	381
6 to 9 months	-	-	-
9 to 12 months	5,058	(5,058)	-
Other receivables	113,515	(15,126)	98,389
0 to 3 months	60,873	(9,332)	51,541
3 to 6 months	23,013	(264)	22,749
6 to 9 months	337	-	337
9 to 12 months	29,292	(5,530)	23,762
Total	295,741	(24,144)	271,597

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates as follows:

Fully performing: Customers have a low risk of default and a strong capacity to meet contractual cash flows.

Past due: significant increase in credit risk is assumed if debts are past due by 60 days for interconnect counterparties and 30 days for individual and corporate post -paid debtors.

Write off: Amounts for contract and other receivables which are over 6 months past due are written off as there is no reasonable expectation of recovery.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.4 Movement in impairment provision

Group and Company

	At 1 January	Additions	Write-off	At 31 December
2018				
Provision for impairment of trade receivables	**(24,144)**	**(2,963)**	**15,998**	**(11,109)**
2017				
Provision for impairment of trade receivables	**(10,948)**	**(13,196)**	-	**(24,144)**

During the year, an amount of GH¢15 million, representing debts over 180 days, already provided for, were written off.

2.36.5 Cash and cash equivalents

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of cash and cash equivalents are spread amongst approved financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

2.36.6 Determination of fair values

The Group considers that the carrying values of cash and cash equivalents, trade receivables, trade and other payables and mobile money floats approximate their fair values due to their short-term nature.

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The Group considers that the recognised assets and liabilities are at Level 3 in the fair value hierarchy (that is inputs for the assets and liabilities that are not based on observable market data.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.7 Liquidity risk

Liquidity risk is the risk that the Group 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 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.

At 31 December 2018

	Carrying amount	Payable within one month or on demand	More than 1 month but not exceeding 3 months	More than 3 months but not exceeding one year	More than one year but not exceeding five years
Group					
Trade payables	**236,311**	236,311			-
Accruals and sundry payables	**519,602**	519,602			-
Amount due to related parties	**94,996**	94,996	-	-	-
Borrowings	**438,854**		105,002	64,036	429,079
	1,289,763	**850,909**	**105,002**	**64,036**	**429,079**
Company					
Trade payables	**237,126**	237,126		-	-
Accruals and sundry payables	**499,915**	499,915			-
Amount due to related parties	**242,844**	242,844	-	-	-
Borrowings	**438,854**	-	105,002	64,036	429,079
	1,418,739	**979,885**	**105,002**	**64,036**	**429,079**

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.7 Liquidity risk (continued)

At 31 December 2017

	Carrying amount	Payable within one month or on demand	More than 1 month but not exceeding 3 months	More than 3 months but not exceeding one year	More than one year but not exceeding five years
Group and Company					
Trade payables	274,841	235,372	8,797	30,672	-
Accruals and sundry payables	417,634	417,634	-	-	-
Amount due to related parties	31,418	31,418	-	-	-
Borrowings	337,164	-	-	59,719	523,861
	1,061,057	684,424	8,797	90,391	523,861

The amounts included in the maturity table for borrowings are the contractual undiscounted cash flows, including principal and interest payments.

2.36.8 Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of it's holding of financial instruments.

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

2.36.8.1 Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. In the current year, there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured as compared to previous years.

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates. Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents and Borrowings. The interest rates applicable to these financial instruments are a combination of floating and fixed rates in line with those currently available in the market. The Group's interest rate risk arises from the re-pricing of the Group's borrowings. Debt is managed on an optimal floating interest rate basis.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial risk management and fair values (continued)

2.36.8.1 Interest rate risk (continued)

At 31 December 2018 the interest rate profile of the Group's interest bearing financial instruments was: 18.56%. The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 10% (1000 basis points) in market interest rates, from the rate applicable at 31 December 2018, for Borrowings with all other variables remaining constant.

At 31 December 2018, if the interest rate for local currency denominated loans had increased /decreased by 10% (2017: 10%) with all other variables held constant, post- tax profit for the year and equity would have been GH¢ 8,694,000 (2017: GH¢ 6,258,000).

2.36.8.2 Foreign exchange risk

At 31 December 2018, if the Ghana cedi had weakened/strengthened by 1000 basis point (10%) (2017: 10%) against the US Dollar and Euro with all other variables held constant, post-tax profit for the year and equity would have been higher/lower at GH¢ 3,684,000 and GH¢ 3,179,000 for the Group and Company respectively (2017: GH¢ 7,400,000 and GH¢ 3,800,000), mainly as a result of US Dollar, Euro denominated trade payables, trade receivables and cash and cash equivalents.

2.36.9 Price Risk

The Group is not directly exposed to commodity price risk or material equity securities price risk.

2.36.10 Capital risk management

Capital includes borrowings, stated capital and equity attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's policy is to borrow using a mixture of long term and short term borrowings from the local and international financial institutions.

The Group monitors capital on the basis of gearing ratio, calculated as net debt divided by total equity.

Gearing ratio at the reporting date was:

	2018		2017
	Group	**Company**	Group and Company
Total borrowing	**438,854**	**438,854**	337,164
Less: Cash and cash equivalents	**(406,525)**	**(183,693)**	(196,730)
Net debt	**32,329**	**255,161**	140,434
Total equity	**2,410,862**	**2,135,546**	1,878,750
Gearing ratio	**1.35%**	**11.95%**	7.47%

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated.

2.36 Financial risk management and fair values (continued)

2.36.10 Capital risk management (continued)

Loan covenant

Under the terms of the borrowing facilities, the Group required to comply with the following financial covenants:

a) The ratio of net debt to EBITDA must not be less than 2.5
b) The ratio of net debt to equity must be within 30/70
c) The ratio of interest coverage must be greater than 4.5
d) The ratio of debt service coverage must be greater than 1.5

2.37 Income surplus account

	2018		2017
	Group	**Company**	Group and Company
Balance at 1 January	**1,871,018**	**1,871,018**	1,622,506
Dividends declared	**(1,312,806)**	**(1,312,806)**	(470,000)
Net profit for the year	**754,676**	**479,514**	718,512
Balance at 31 December	**1,312,888**	**1,037,726**	1,871,018

2.38 Mobile Money e-floats

Under the Bank of Ghana Payment Services Regulations, 2016, MobileMoney Limited operates as a Dedicated E-Money Issuer (DEMI). The wallets of all customers are held in trust by MobileMoney Limited, and are held at universal banks in Ghana and withdrawable on demand. These banks are regulated by the Bank of Ghana.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.39 Changes in accounting policies

As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained below, IFRS 9 was generally adopted without restating comparative information. There were no reclassifications and adjustment arising from the new impairment rules that would have been reflected in the restated balance sheet as at 31 December 2017. There was no adjustment to the opening balance sheet on 1 January 2018 because the effect was not material. The adoption of IFRS 15 was full retrospective, however, there were no restatements of the earlier periods (1 January 2017) mainly due to the immateriality of the restatements.

2.39.1 Mobile devices

Nature, timing of satisfaction of performance obligations, significant payment terms

The Group recognises revenue when the customer takes possession of the device. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of contract.

Nature of change in accounting policy

The Group assesses postpaid contracts including handsets to determine if they contain a significant financing component. The Group has elected to apply the practical expedient that allows the Group not to adjust the transaction price for the significant financing components for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. This had no impact on measurement of the transaction price allocated to handset revenue.

2.39.2 Mobile telecommunication services

Nature, timing of satisfaction of performance obligations, significant payment terms

Mobile telecommunication services include network services and digital services. The Group recognises revenue from these services as they are provided. Customers usually prepay for network services except for postpaid customers who are billed after the services.

Nature of change in accounting policy

When the Group expects to be entitled to breakage (forfeiture of unused value or network services), it recognises the expected amount of breakage in proportion to the pattern of usage by the customer. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote.

Impact

The above changes has resulted in revenue from breakage being recognised earlier and therefore an increase in revenue and a decrease in unearned revenue (which is now named contract liabilities).

2.39.3 Capitalised contract costs and contract assets

The nature and impact of the changes in accounting policy as regards subscriber acquisition costs and assets recognised from costs to fulfil a contract is disclosed in note 2.6.8.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.39 Changes in accounting policies (continued)

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Balance sheet extract	Note	At 31 December 2017 as originally presented	IFRS 15	IFRS 9	At 1 January 2018 restated
Assets					
Contract assets	a)	-	1,732	-	1,732
Capitalised contract costs	b)	-	7,832	-	7,832
Income tax assets	d)	179,003	(6,577)	-	172,426
National Fiscal Stabilisation Levy receivable	d)	3,819	(1,315)	-	2,504
Trade and other receivables	a)	379,904	(1,732)	-	378,172
		562,726	(60)	-	562,666
Liabilities					
Contract liabilities	c)	-	(86,941)	-	(86,941)
Unearned income	c)	(90,745)	90,745	-	-
		(90,745)	3,804	-	(86,941)
Net assets		472,010	3,744	-	475,754
Equity					
Income surplus account		1,867,274	3,744	-	1,871,018

Profit or loss extract		31 December 2017 as originally presented	IFRS 15	As restated 31 December 2017
Revenue	c)	3,419,747	3,804	3,423,551
Selling, distribution and marketing expenses	b)	(611,129)	7,832	(603,297)
Income tax expense	d)	(205,818)	(6,577)	(212,395)
National Fiscal Stabilisation Levy	d)	(48,452)	(1,315)	(49,767)
Net impact on profit			3,744	
Profit after tax		714,768	3,744	718,512

Explanatory notes

a) Reclassification of set up costs incurred to fulfil a contract from prepayments to contract assets.
b) Incremental costs to acquire a subscriber reclassified from expenses to capitalised contract assets
c) Reclassification from unearned revenue to contract liabilities and recognition of breakage revenue.
d) The tax effects of the adjustments to profit before income tax.

Scancom Plc
Supplementary information
for the year ended 31 December 2018

APPENDIX I

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDING

(i) Number of Shareholders

Scancom Plc had 129,492 ordinary shareholders at 31 December 2018 distributed as follows:

Range	No. of shareholders	No. of shares	% of holding
1 - 1,000	116,252	15,648,409	0.13
1001 - 5,000	9,099	20,170,141	0.16
5001 - 10,000	2,003	15,842,987	0.13
10,001 - 999,999,999	2,137	1,742,432,823	14.18
1 billion - 11 billion	1	10,496,380,000	85.40
Total	129,492	12,290,474,360	100.00

ii) List of twenty largest shareholders as at 31 December 2018

	Name	No. of shares	%
1.	INVESTCOM CONSORTIUM	10,496,380,000	85.40
2.	ZENT INTERNATIONAL LIMITED	250,810,600	2.04
3.	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	198,745,480	1.62
4.	SCGN/SSB & TRUST AS CUSTODIAN, RE DECCAN VALUE INVESTORS FUND L.P	129,379,670	1.05
5.	SCGN/SSB+T FOR VEDA INVESTORS FUND L.P. NJ6G, 056900600903	79,822,410	0.65
6.	SCGN/PICTET&CIE (EUROPE)SA LUX RE HEVIBEN L.P	66,620,920	0.54
7.	SCGN/PICTET&CIE (EUROPE)S.A LUX RE BLAKENEY L.P	59,710,320	0.49
8.	STD NOMS/BNYM SANV/MAGNA UMBRELLA FUND PLC	58,067,635	0.47
9.	SCGN/SSB & T AS CUSTODIAN RE A/D, INVESTORS FUND L.P. FD - NJ3D	57,168,920	0.47
10.	SCGN/STATE ST. B&T AS TRUSTEE FOR YD SMA LLC-NJ4O, 056900601045	55,516,430	0.45
11.	SCGN/JPM IRE RE CORONATION FD MGR IRE ON BEHALF, OF THE AFR FRTR FUND A SUB FUND OF THE CORO UNIV. FD	53,990,630	0.44
12.	SCGN/SSBTC FOR DECCAN VALUE INV.BPI FUND L.P-NJ3Z, 056900601043	48,418,000	0.39
13.	SCGN / NORTHERN TRUST CO. AVFC 6314B	48,198,750	0.39
14.	SCGN/SSB AS CUSTODIAN RE M/D, INVESTORS FUND L.P F - NJ3E	36,518,500	0.30
15.	SCGN/STATE STREET BK&TC FOR DVG 1740 FUND L.P-NJ4Q, 056900601046	34,997,420	0.28
16.	STD NOMS BNYMSANV RE OAKS EMERGING UMBRELLA FUND PLC	32,048,665	0.26
17.	SCGN/SSBT AS CUST FOR H/D INVESTORS FUND L.P-NJ45, 056900601044	27,642,390	0.22
18.	SCGN/NTGS LUX RE LUDP RE:AIF CLIENTS 8 PERCENT, ACCOUNT	21,690,660	0.18
19.	SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MASTER FUND, IC GTI:AEX26	20,000,000	0.16
20.	SCGN/SSB&T RE FOR ALLIANCEBERSTEIN NEXT 50, EMERGING MARKETS(MASTER) FUND SICAV-SIF S.C.SP-M3N4	14,495,122	0.12
	REPORTED TOTAL	**11,790,222,522**	**95.93**
	NOT REPORTED	500,251,838	4.07
	TOTAL	12,290,474,360	100

Scancom Plc
Supplementary information
for the year ended 31 December 2018

APPENDIX II

FIVE YEAR FINANCIAL SUMMARY

Results	**2018**	2017	2016	2015	2014
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Revenue	**4,218,847**	3,423,551	2,773,219	2,315,666	1,993,411
EBITDA	**1,587,629**	1,362,558	1,133,022	943,877	736,978
Depreciation and amortisation	**(463,567)**	(359,928)	(258,370)	(285,906)	(191,045)
Operating profit	**1,124,062**	1,002,630	874,651	657,971	545,933
Net finance cost	**(44,868)**	(21,956)	(54,188)	(34,973)	(37,114)
Profit before income tax	**1,079,194**	980,674	820,463	622,998	508,819
Taxes and levies	**(324,518)**	(262,162)	(277,951)	(192,210)	(152,197)
Profit for the year	**754,676**	718,512	542,512	430,788	356,622
Statement of financial position					
Property, plant and equipment	**2,549,095**	2,267,833	1,882,574	1,467,317	1,292,670
Intangible assets	**418,536**	340,305	333,717	95,714	148,956
Other non-current assets	**92,915**	61,895	38,173	36,177	17,967
Other current assets	**749,809**	581,626	350,067	440,304	414,333
Cash and cash equivalents	**406,525**	196,730	151,671	284,283	242,431
Total assets	**4,216,880**	3,448,389	2,756,202	2,323,795	2,116,357
Total liabilities	**(1,806,488)**	(1,576,008)	(1,132,333)	(1,135,438)	(1,083,788)
	2,410,392	1,872,381	1,623,869	1,188,357	1,032,569
Stated capital	**1,097,504**	1,363	1,363	1,363	1,363
Income surplus account	**1,312,888**	1,871,018	1,622,506	1,186,994	1,031,206
	2,410,392	1,872,381	1,623,869	1,188,357	1,032,569
Statistics					
EPS (GH¢)	**0.067**	0.067	0.051	0.040	0.033
Dividend per share (GH¢)	**0.05**	0.0437	0.0099	0.0256	0.0233
Net asset per share (GH¢)	**0.214**	0.174	0.151	0.110	0.096
Current ratio	**1:1**	0.78:1	0.55:1	0.78:1	0.76:1
Return on shareholders' fund (%)	**31.3%**	38.4%	33.4%	36.3%	34.5%