

**DIALOG AXIATA PLC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED  
31 MARCH 2019**





## Report on Review of Condensed Consolidated Interim Financial Information To the Directors of Dialog Axiata PLC

### *Introduction*

We have reviewed the accompanying condensed statements of financial position of Dialog Axiata PLC ("the Company") and Dialog Axiata PLC and its subsidiaries ("the Group") as at 31 March 2019, and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the Sri Lanka Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making of inquiries, preliminarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Sri Lanka Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting.

13 May 2019

**Date**

**PricewaterhouseCoopers**

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# DIALOG AXIATA PLC

## Statements of financial position

(all amounts in Sri Lanka Rupees thousands)

		Group		Company	
	Note	31 Mar 2019 (Reviewed)	31 Dec 2018 (Audited)	31 Mar 2019 (Reviewed)	31 Dec 2018 (Audited)
ASSETS					
Non-current assets					
Intangible assets		22,843,633	22,818,458	7,783,702	7,966,046
Right-of-use assets	7	4,312,161	-	4,104,922	-
Property, plant and equipment		108,477,964	111,256,617	68,460,889	70,354,265
Deferred tax asset		19,455	19,455	-	-
Investment in subsidiaries		-	-	49,165,020	49,137,458
Investment in associates		132,681	132,139	-	-
Trade and other receivables		-	187,147	-	187,147
Other financial assets		407,776	366,028	-	-
		136,193,670	134,779,844	129,514,533	127,644,916
Current assets					
Inventories		1,991,693	1,122,995	58,793	64,260
Trade and other receivables		20,806,447	17,757,629	29,013,248	24,581,820
Other financial assets		832,352	835,018	-	-
Cash and cash equivalents		7,895,718	10,097,521	6,512,861	7,839,159
		31,526,210	29,813,163	35,584,902	32,485,239
Total assets		167,719,880	164,593,007	165,099,435	160,130,155
EQUITY					
Capital and reserves attributable to equity holders					
Stated capital		28,103,913	28,103,913	28,103,913	28,103,913
Reserves		43,285,538	39,163,921	51,913,565	47,902,571
Non-controlling interest		(6,561)	9,120	-	-
Total equity		71,382,890	67,276,954	80,017,478	76,006,484
LIABILITIES					
Non-current liabilities					
Borrowings		38,276,640	40,766,008	38,053,640	40,766,008
Other financial liabilities		8,311	8,311	-	-
Lease liabilities	7	3,870,763	-	3,687,393	-
Deferred revenue		889,258	938,037	889,258	938,037
Contract liabilities		689,242	819,821	82,606	93,238
Employee benefit payables		1,261,297	1,294,416	1,061,090	1,103,468
Provision for other liabilities		1,585,150	1,588,097	1,321,765	1,324,712
		46,580,661	45,414,690	45,095,752	44,225,463
Current liabilities					
Trade and other payables		32,600,124	35,640,356	25,261,874	27,179,708
Borrowings		9,001,737	9,012,708	8,049,996	7,187,413
Lease liabilities	7	1,295,992	-	1,221,743	-
Other financial liabilities		198,571	460,291	-	-
Contract liabilities		5,806,679	5,847,592	4,634,792	4,625,337
Current income tax liabilities		853,226	940,416	817,800	905,750
		49,756,329	51,901,363	39,986,205	39,898,208
Total liabilities		96,336,990	97,316,053	85,081,957	84,123,671
Total equity and liabilities		167,719,880	164,593,007	165,099,435	160,130,155
Net assets per share (Rs.)		8.77	8.26	9.83	9.33

The notes on pages 7 to 16 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

Signed

**Group Chief Financial Officer**

Date: 13/05/2019

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors.

Signed

**Director**

Date: 13/05/2019

Signed

**Director**

Date: 13/05/2019

**DIALOG AXIATA PLC****Statements of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>Three months ended 31 Mar</b>		<b>Three months ended 31 Mar</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Revenue from contracts with customers	28,994,469	26,082,911	20,820,893	20,632,112
Direct costs	(15,458,459)	(13,735,685)	(9,554,284)	(10,752,898)
Gross profit	13,536,010	12,347,226	11,266,609	9,879,214
Distribution costs	(3,735,990)	(3,187,357)	(2,971,361)	(2,681,272)
Administrative costs	(5,191,735)	(4,899,368)	(3,721,113)	(3,408,111)
Other income	47,710	30,376	24,781	17,337
Operating profit	4,655,995	4,290,877	4,598,916	3,807,168
Finance income	44,038	69,982	53,516	86,511
Finance costs	(866,155)	(534,857)	(845,148)	(513,594)
Net foreign exchange gains / (losses)	1,505,359	(508,245)	1,397,314	(414,011)
Finance income / (costs) - net	683,242	(973,120)	605,682	(841,094)
Share of profit from associates - net of tax	543	1,024	-	-
Profit before income tax	5,339,780	3,318,781	5,204,598	2,966,074
Income tax expense	(481,945)	(484,328)	(446,477)	(474,472)
<b>Profit for the period</b>	<b>4,857,835</b>	<b>2,834,453</b>	<b>4,758,121</b>	<b>2,491,602</b>
<b>Other comprehensive income for the period</b>				
- net change in cash flow hedge	-	(1,452)	-	(1,452)
<b>Total comprehensive income for the period</b>	<b>4,857,835</b>	<b>2,833,001</b>	<b>4,758,121</b>	<b>2,490,150</b>
Profit / (loss) for the period attributable to:				
- owners of the Company	4,878,723	2,841,604	4,758,121	2,491,602
- non-controlling interest	(20,888)	(7,151)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	4,878,723	2,840,152	4,758,121	2,490,150
- non-controlling interest	(20,888)	(7,151)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.60	0.35	0.58	0.31

The notes on pages 7 to 16 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Consolidated statement of changes in equity**

(all amounts in Sri Lanka Rupees thousands)

	Note	Attributable to owners of the Company		Non-controlling interest	Total
		Stated capital	Reserves		
Balance at 1 January 2019		28,103,913	39,163,921	9,120	67,276,954
Change in accounting policy	7	-	(797,172)	-	(797,172)
Restated total equity as at 1 January 2019		<b>28,103,913</b>	<b>38,366,749</b>	<b>9,120</b>	<b>66,479,782</b>
Profit / (loss) for the period		-	4,878,723	(20,888)	4,857,835
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		-	<b>4,878,723</b>	<b>(20,888)</b>	<b>4,857,835</b>
Transactions with non-controlling interest		-	4,570	5,207	9,777
Employee share schemes - value of employee services		-	35,496	-	35,496
<b>Balance at 31 March 2019</b>		<b>28,103,913</b>	<b>43,285,538</b>	<b>(6,561)</b>	<b>71,382,890</b>
Balance at 1 January 2018		28,103,913	33,583,241	(6,158)	61,680,996
Change in accounting policy		-	1,642,222	-	1,642,222
Restated total equity as at 1 January 2018		<b>28,103,913</b>	<b>35,225,463</b>	<b>(6,158)</b>	<b>63,323,218</b>
Profit / (loss) for the period		-	2,841,604	(7,151)	2,834,453
Other comprehensive income		-	(1,452)	-	(1,452)
<b>Total comprehensive income for the period</b>		-	<b>2,840,152</b>	<b>(7,151)</b>	<b>2,833,001</b>
Non-controlling interest on acquisition of subsidiary		-	-	29,584	29,584
Employee share schemes - value of employee services		-	16,341	-	16,341
<b>Balance at 31 March 2018</b>		<b>28,103,913</b>	<b>38,081,956</b>	<b>16,275</b>	<b>66,202,144</b>
Balance at 1 April 2018		28,103,913	38,081,956	16,275	66,202,144
Profit / (loss) for the period		-	4,659,730	(44,716)	4,615,014
Other comprehensive income		-	65,910	-	65,910
<b>Total comprehensive income for the period</b>		-	<b>4,725,640</b>	<b>(44,716)</b>	<b>4,680,924</b>
Non-controlling interest on acquisition of subsidiary		-	-	39,922	39,922
Transactions with non-controlling interest		-	2,361	(2,361)	-
Employee share schemes - value of employee services		-	100,102	-	100,102
Dividends to equity shareholders		-	(3,746,138)	-	(3,746,138)
<b>Balance at 31 December 2018</b>		<b>28,103,913</b>	<b>39,163,921</b>	<b>9,120</b>	<b>67,276,954</b>

The notes on pages 7 to 16 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Company statement of changes in equity**

(all amounts in Sri Lanka Rupees thousands)

	Note	Attributable to owners of the Company		
		Stated capital	Reserves	Total
Balance at 1 January 2019		28,103,913	47,902,571	76,006,484
Change in accounting policy	7	-	(782,623)	(782,623)
Restated total equity as at 1 January 2019		<b>28,103,913</b>	<b>47,119,948</b>	<b>75,223,861</b>
Profit for the period		-	4,758,121	4,758,121
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>4,758,121</b>	<b>4,758,121</b>
Employee share schemes - value of employee services		-	35,496	35,496
<b>Balance at 31 March 2019</b>		<b>28,103,913</b>	<b>51,913,565</b>	<b>80,017,478</b>
Balance at 1 January 2018		28,103,913	46,178,818	74,282,731
Change in accounting policy		-	949,520	949,520
Restated total equity as at 1 January 2018		<b>28,103,913</b>	<b>47,128,338</b>	<b>75,232,251</b>
Profit for the period		-	2,491,602	2,491,602
Other comprehensive income		-	(1,452)	(1,452)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>2,490,150</b>	<b>2,490,150</b>
Employee share schemes - value of employee services		-	16,341	16,341
<b>Balance at 31 March 2018</b>		<b>28,103,913</b>	<b>49,634,829</b>	<b>77,738,742</b>
Balance at 1 April 2018		28,103,913	49,634,829	77,738,742
Profit for the period		-	1,867,735	1,867,735
Other comprehensive income		-	46,043	46,043
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,913,778</b>	<b>1,913,778</b>
Employee share schemes - value of employee services		-	100,102	100,102
Dividends to equity shareholders		-	(3,746,138)	(3,746,138)
<b>Balance at 31 December 2018</b>		<b>28,103,913</b>	<b>47,902,571</b>	<b>76,006,484</b>

The notes on pages 7 to 16 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Statements of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group 31 Mar</b>		<b>Company 31 Mar</b>	
	<b>2019 (Reviewed)</b>	<b>2018 (Reviewed)</b>	<b>2019 (Reviewed)</b>	<b>2018 (Reviewed)</b>
<b>Cash flows from operating activities</b>				
Cash generated from operations	8,057,933	3,912,267	6,098,451	1,646,278
Interest received	57,222	78,976	55,663	75,010
Interest paid	(678,401)	(380,597)	(668,240)	(367,620)
Taxes paid	(482,616)	(439,424)	(458,799)	(422,450)
Employee benefits paid	(13,667)	(14,198)	(8,837)	(10,937)
<b>Net cash generated from operating activities</b>	<b>6,940,471</b>	<b>3,157,024</b>	<b>5,018,238</b>	<b>920,281</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(7,726,654)	(4,900,789)	(4,943,669)	(2,781,145)
Purchase of intangible assets	(529,945)	(224,202)	(505,529)	(215,537)
Acquisition of subsidiary, net of cash acquired	-	19	-	-
Investment in subsidiaries	-	-	(27,562)	-
Advances to subsidiaries	-	-	-	(46,131)
Purchase of other financial assets	(56,534)	(44,811)	-	-
Proceeds from sales of available-for-sale financial assets	-	120	-	-
Proceeds from sale of property, plant and equipment	5,765	409	5,365	409
<b>Net cash used in investing activities</b>	<b>(8,307,368)</b>	<b>(5,169,254)</b>	<b>(5,471,395)</b>	<b>(3,042,404)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(466,755)	(1,842,752)	(266,667)	(1,656,927)
Proceeds from borrowings	264,910	1,640,968	-	1,460,793
Principal element of lease payment	(533,695)	-	(507,108)	-
<b>Net cash used in financing activities</b>	<b>(735,540)</b>	<b>(201,784)</b>	<b>(773,775)</b>	<b>(196,134)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,102,437)</b>	<b>(2,214,014)</b>	<b>(1,226,932)</b>	<b>(2,318,257)</b>
<b>Movement in cash and cash equivalents</b>				
At start of the period	10,097,521	8,410,960	7,839,159	7,886,345
Decrease	(2,102,437)	(2,214,014)	(1,226,932)	(2,318,257)
Effect of exchange rate changes	(99,366)	26,855	(99,366)	26,855
<b>At end of the period</b>	<b>7,895,718</b>	<b>6,223,801</b>	<b>6,512,861</b>	<b>5,594,943</b>

The notes on pages 7 to 16 form an integral part of these financial statements.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements

(all amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

#### 1 General information

Dialog Axiata PLC ('the Company') and its subsidiaries (together 'the Group') provide communication services (mobile, fixed, broadband, international gateway services), telecommunication infrastructure services (tower infrastructure and transmission services), media (digital television services based on multiple media - satellite, cable, terrestrial), digital services [including but not limited to digital commerce (mobile and eCommerce), electronic payments (including mobile payments), digital health, education, navigation and enterprise services and financial services], provision of manpower for call centre operations and venture capital investment activities.

Dialog Axiata PLC is a public limited liability company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange since 28 July 2005. The registered office of the Company is located at 475, Union Place, Colombo 2.

#### 2 Basis of preparation

The condensed interim financial statements for the period ended 31 March 2019 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018 except for changes brought in due to adoption of SLFRS 16, 'Leases'.

The impact of the adoption of this standard and the new accounting policies are disclosed in note 7.

#### 3 Segment information

Operating segments are presented in a manner consistent with the internal reporting provided to chief operating decision makers.

- The segment results for the period ended 31 March 2019 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Revenue from external customers	20,731,536	6,189,406	2,073,527	-	28,994,469
Inter-segment revenue	737,069	516,829	5,602	-	1,259,500
<b>Total segmental revenue</b>	<b>21,468,605</b>	<b>6,706,235</b>	<b>2,079,129</b>	<b>-</b>	<b>30,253,969</b>
Segment operating profit / (loss) for the period	4,389,079	415,695	(184,633)	35,854	4,655,995
Finance income - net					683,242
Share of profit from associate - net of tax					543
Profit before income tax					5,339,780
Income tax expense					(481,945)
<b>Profit for the period</b>					<b>4,857,835</b>



## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 3 Segment information (Continued)

- Other segment items included in the statement of comprehensive income are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	4,836,086	1,946,986	657,623	-	7,440,695

- The segment assets and liabilities at 31 March 2019 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	170,228,113	48,094,413	8,725,383	(40,765,634)	186,282,275
Inter-segment assets	(18,410,086)	(28,045)	(124,264)	-	(18,562,395)
<b>Total assets</b>	<b>151,818,027</b>	<b>48,066,368</b>	<b>8,601,119</b>	<b>(40,765,634)</b>	<b>167,719,880</b>
Liabilities	90,907,018	18,873,016	5,213,404	-	114,993,438
Inter-segment liabilities	(4,572,006)	(12,361,074)	(1,723,368)	-	(18,656,448)
<b>Total liabilities</b>	<b>86,335,012</b>	<b>6,511,942</b>	<b>3,490,036</b>	<b>-</b>	<b>96,336,990</b>
Capital expenditure	21,264,066	12,683,692	468,291	-	34,416,049

- The segment results for the period ended 31 March 2018 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Revenue from external customers	21,051,440	3,174,716	1,856,755	-	26,082,911
Inter-segment revenue	310,171	492,239	570	-	802,980
<b>Total segmental revenue</b>	<b>21,361,611</b>	<b>3,666,955</b>	<b>1,857,325</b>	<b>-</b>	<b>26,885,891</b>
Segment operating profit / (loss) for the period	3,664,196	682,024	(80,088)	24,745	4,290,877
Finance costs - net					(973,120)
Share of loss from associates - net of tax					1,024
Profit before income tax					3,318,781
Income tax expense					(484,328)
<b>Profit for the period</b>					<b>2,834,453</b>

- Other segment items included in the statement of comprehensive income are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	3,875,708	1,509,075	314,664	-	5,699,447

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 3 Segment information (Continued)

- The segment assets and liabilities at 31 December 2018 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	165,715,525	46,457,027	8,667,973	(40,738,072)	180,102,453
Inter-segment assets	(14,215,145)	(2,851)	(1,291,450)	-	(15,509,446)
<b>Total assets</b>	<b>151,500,380</b>	<b>46,454,176</b>	<b>7,376,523</b>	<b>(40,738,072)</b>	<b>164,593,007</b>
Liabilities	90,390,563	17,699,658	4,966,377	-	113,056,598
Inter-segment liabilities	(4,334,777)	(9,838,679)	(1,567,089)	-	(15,740,545)
<b>Total liabilities</b>	<b>86,055,786</b>	<b>7,860,979</b>	<b>3,399,288</b>	<b>-</b>	<b>97,316,053</b>
Capital expenditure	21,264,066	12,683,692	468,291	-	34,416,049

#### 4 Reserves

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
<b>Attributable to the owners of the Company</b>				
Retained earnings	43,117,258	39,047,478	51,745,285	47,786,128
Share-based payments reserve	168,280	116,443	168,280	116,443
<b>Attributable to the non-controlling interest</b>				
Non-controlling interest	(6,561)	9,120	-	-
	<b>43,278,977</b>	<b>39,173,041</b>	<b>51,913,565</b>	<b>47,902,571</b>

#### 5 Seasonal or cyclical factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

#### 6 Significant unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 31 March 2019.

#### 7 Changes in accounting policies

The Company and the Group adopted SLFRS 16, 'Leases', with effect from 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in the Standard, the Company and the Group adopted the new rules retrospectively with the cumulative effect of implementing the Standard recognised at the date of initial application.

On adoption of SLFRS 16, the Company and the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17, 'Leases'.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 7 Changes in accounting policies (Continued)

The change in accounting policy affected the following individual line items in the statement of financial position on 1 January 2019.

##### Statement of financial position

Group	Note	Balance as at 31 Dec 2018	Impact from SLFRS 16	Balance as at 1 Jan 2019
<b>Non-current assets</b>				
Right-of-use assets	(a)	-	4,213,671	4,213,671
<b>Current assets</b>				
Trade and other receivables		17,757,629	(342,888)	17,414,741
<b>Equity and reserves</b>				
Reserves	(c)	39,163,921	(797,172)	38,366,749
<b>Non-current liabilities</b>				
Lease liabilities	(b)	-	3,879,258	3,879,258
<b>Current liabilities</b>				
Trade and other payables		35,640,356	(415,867)	35,224,489
Lease liabilities	(b)	-	1,204,564	1,204,564

Company	Note	Balance as at 31 Dec 2018	Impact from SLFRS 16	Balance as at 1 Jan 2019
<b>Non-current assets</b>				
Right-of-use assets	(a)	-	4,036,553	4,036,553
<b>Current assets</b>				
Trade and other receivables		24,581,820	(338,086)	24,243,734
<b>Equity and reserves</b>				
Reserves	(c)	47,902,571	(782,623)	47,119,948
<b>Non-current liabilities</b>				
Lease liabilities	(b)	-	3,722,837	3,722,837
<b>Current liabilities</b>				
Trade and other payables		27,179,708	(375,537)	26,804,171
Lease liabilities	(b)	-	1,133,787	1,133,787

##### (a) Right-of-use assets

Right-of-use assets are recognised at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The opening adjustment as at 1 January 2019, represents the carrying value of the right-of-use assets relating to ongoing lease contracts measured on a retrospective basis as if the Standard had been applied since the commencement date of the contract.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 7 Changes in accounting policies (Continued)

##### (b) Lease Liabilities

In accordance with provisions of SLFRS 16, lease liabilities were recognised and measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

The opening adjustment as at 1 January 2019, represents the present value of the remaining lease payments, relating to ongoing lease contracts, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

##### (c) Reserves

The following is a summary of transition adjustments to the Company's and the Group's retained earnings from the initial application of SLFRS 16 as at 1 January 2019.

	<b>Group</b>	<b>Company</b>
Retained earnings as at 31 December 2018	39,163,921	47,902,571
Recognition of right-of-use assets	4,213,671	4,036,553
Adjustments to trade and other receivables (advances)	(342,888)	(338,089)
Adjustments to trade and other payables (accrued expenses)	415,867	375,537
Recognition of lease liabilities	(5,083,822)	(4,856,624)
Adjustments to retained earnings from changes in accounting policies	(797,172)	(782,623)
<b>Retained earnings as at 1 January 2019</b>	<b>38,366,749</b>	<b>47,119,948</b>

The following tables show the adjustments recognised for each individual line item affected with the adoption of the Standards as at 31 March 2019.

#### Statement of financial position

Group	31 March 2019		
	Before SLFRS 16 adjustments	Impact from SLFRS 16	After SLFRS 16 adjustments
<b>Non-current assets</b>			
Right-of-use assets	-	4,312,161	4,312,161
<b>Current assets</b>			
Trade and other receivables	21,157,436	(350,989)	20,806,447
<b>Equity and reserves</b>			
Reserves	44,074,831	(789,293)	43,285,538
<b>Non-current liabilities</b>			
Lease liabilities	-	3,870,763	3,870,763
<b>Current liabilities</b>			
Trade and other payables	33,016,414	(416,290)	32,600,124
Lease liabilities	-	1,295,992	1,295,992

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 7 Changes in accounting policies (Continued)

Company	31 March 2019		
	Before SLFRS 16 adjustments	Impact from SLFRS 16	After SLFRS 16 adjustments
<b>Non-current assets</b>			
Right-of-use assets	-	4,104,922	4,104,922
<b>Current assets</b>			
Trade and other receivables	29,359,996	(346,748)	29,013,248
<b>Equity and reserves</b>			
Reserves	52,688,637	(775,072)	51,913,565
<b>Non-current liabilities</b>			
Lease liabilities	-	3,687,393	3,687,393
<b>Current liabilities</b>			
Trade and other payables	25,637,764	(375,890)	25,261,874
Lease liabilities	-	1,221,743	1,221,743

#### Statement of comprehensive income

Group	For the period ended 31 March 2019		
	Before SLFRS 16 adjustments	Impact from SLFRS 16	After SLFRS 16 adjustments
Direct costs	(15,585,314)	126,855	(15,458,459)
Distribution costs	(3,779,145)	43,155	(3,735,990)
Administration costs	(5,205,938)	14,203	(5,191,735)
Finance income – (net)	859,576	(176,334)	683,242
Profit before income tax	5,331,901	7,879	5,339,780

Company	For the period ended 31 March 2019		
	Before SLFRS 16 adjustments	Impact from SLFRS 16	After SLFRS 16 adjustments
Direct costs	(9,674,576)	120,292	(9,554,284)
Distribution costs	(3,009,415)	38,054	(2,971,361)
Administration costs	(3,735,316)	14,203	(3,721,113)
Finance income – (net)	770,680	(164,998)	605,682
Profit before income tax	5,197,047	7,551	5,204,598

#### Practical expedients applied

In applying SLFRS 16 for the first time, the Company and the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- apply the Standard to contracts that were previously identified as leases applying LKAS 17, 'Leases' and IFRIC 4, 'Determining whether an Arrangement contains a Lease'.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 8 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates and assumptions used in prior financial periods that may have a material effect in the current quarter and for the financial period to date.

In preparing the condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the sources of estimates uncertainty are consistent with the audited financial statements for the year ended 31 December 2018.

#### 9 Issues, repurchases and repayments of debt and equity securities

There were no significant and unusual issues, repurchases and repayments of debt and equity securities during the period ended 31 March 2019.

#### 10 Stated capital

Stated capital of the Company consists of 8,143,778,405 ordinary shares.

#### 11 Earnings per share

The diluted earnings per share is same as the basic earnings per share.

#### 12 Market price per share

For the three months ended 31 March

	2019 Rs.	2018 Rs.
- Highest	10.30	14.00
- Lowest	9.00	12.80
- Last traded	9.10	13.80

#### 13 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 31 March 2019 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	43,010
Mr. Mohamed Muhsin	18,040

None of the Directors and their spouses other than those disclosed above directly held any shares in the Company.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 14 Twenty largest shareholders of the Company

Name of Shareholders	No. of shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	83.32%
2 Employees Provident Fund	180,787,158	2.22%
3 CITI Bank New York S/A Norges Bank Account 2	135,628,352	1.67%
4 BNYM RE-UT SAGA Tree LLC	118,595,642	1.46%
5 JPMCB - Scottish ORL SML TR GTI 6018	83,426,021	1.02%
6 Pershing LLC S/A Averbach Grauson and Co.	63,039,981	0.77%
7 MSIP - Saga Tree Asia Master Fund	58,826,436	0.72%
8 BNYM SA/NV RE - LF Ruffer Investment Funds: LF Ruffer Pacific and Emerging Markets Fund	57,314,300	0.70%
9 MSIP - Vittoria Fund - ST L.P.	54,512,186	0.67%
10 Northern Trust Company S/A Hosking Global Fund PLC	53,709,332	0.66%
11 State Street Luxembourg C/O SSBT- Alliancebernstein Next 50 Emerging Markets (Master) Fund Sicav-SIF S.C.SP.	38,024,290	0.47%
12 J.B. Cocoshell (Private) Limited	31,182,276	0.38%
13 JPMLU-T Rowe Price Funds Sicav	25,519,665	0.31%
14 Rubber Investment Trust Limited A/C No. 01	22,477,935	0.28%
15 Mellon Bank N.A.- UPS Group Trust	18,880,000	0.23%
16 The Ceylon Investment PLC A/C No. 02	18,797,647	0.23%
17 The Ceylon Guardian Investment Trust PLC A/C No. 02	16,470,454	0.20%
18 SSBT- Parametric Tax-Managed Emerging Markets Fund	15,786,381	0.19%
19 Amaliya (Private) Limited	15,091,350	0.19%
20 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	14,289,887	0.18%

#### 15 Public shareholding

Information pertaining to public shareholding is as follows:

	31 Mar 2019	31 Dec 2018
Public holding percentage	16.68%	16.68%
Number of public shareholders	21,122	20,865
Float adjusted market capitalisation (Rs.)	12,362,027,769	13,719,660,603

The Company is compliant with the Minimum Public Holding requirement under option 1 of rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange.

#### 16 Effect of changes in composition of the Group

(a) Dialog Axiata Digital Innovation Fund (Private) Limited (DADIF), which is a subsidiary company of Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued 201,987 Preference Shares on 8 March 2019. DHL holds 192,210 of the Preference Shares while remaining 9,777 Preference Shares are held by Mr. Rajan Jei Anandan (8,800) and Mr. Prajeeth Balasubramaniam (977).

(b) Pursuant to a conversion of shareholder advances, Digital Holdings Lanka (Private) Limited ('DHL'), a fully owned subsidiary of the Company, issued and allotted 2,756,200 new ordinary shares in DHL to the Company on 29 March 2019. This share issue has not changed the composition of the Group.

Other than disclosed above there has not been a change in the composition of the Group which was disclosed in the audited financial statements for the period ended 31 March 2019.

## DIALOG AXIATA PLC

### Notes to the condensed consolidated interim financial statements (Continued)

#### 17 Financial instruments measured at fair value

		Measurement criteria and the fair value						
		Level 1		Level 3		Total		
		Rs.000		Rs.000		Rs.000		
Note		2019	2018	2019	2018	2019	2018	
<b>Financial assets</b>								
Financial assets at fair value through profit or loss								
-	Investment in quoted equities	(a)	907	1,024	-	-	907	1,024
-	Investment in unquoted equities	(a)	-	-	175,969	119,469	175,969	119,469
Financial assets at fair value through other comprehensive income								
-	Investment in unquoted equities	(b)	-	-	346	346	346	346

The Group measures the financial instruments based on published price quotations (Level 1), market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable directly or indirectly and valuation technique with unobservable inputs (Level 3) at the end of the financial reporting year.

- (a) Carrying value of financial assets as FVTPL at the end of the financial reporting period represents the investments in quoted equity investments by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.
- (b) The carrying value of investment in FVOCI represents the fair value of the investment in shares in the Credit Information Bureau of Sri Lanka by Dialog Finance PLC.

#### 18 Cash and cash equivalents

Cash and cash equivalents of the Group include restricted cash deposited in the following financial institutions:

	31 Mar 2019 Rs.	31 Dec 2018 Rs.
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	62,958,567	65,213,255
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	566,000,000	530,000,000
	<b>628,958,567</b>	<b>595,213,255</b>

#### 19 Revenue from contracts with customers

	Group		Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Mobile operation	20,731,536	21,051,440	20,820,893	20,632,112
Fixed telephony and broadband operation	6,189,406	3,174,716	-	-
Television operation	2,073,527	1,856,755	-	-
	<b>28,994,469</b>	<b>26,082,911</b>	<b>20,820,893</b>	<b>20,632,112</b>

#### 20 Valuation of property, plant and equipment

The Company and the Group do not adopt a revaluation policy on its property, plant and equipment.