

**DIALOG AXIATA PLC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED  
31 MARCH 2020**





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

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of Dialog Axiata PLC and its subsidiaries as at 31 March 2020, and the related statement of comprehensive income, changes in equity and cash flows for the 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.

12 May 2020

**Date**

  
**PricewaterhouseCoopers**

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**DIALOG AXIATA PLC****Statement of financial position**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2020</b>	<b>31 Dec 2019</b>	<b>31 Mar 2020</b>	<b>31 Dec 2019</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>	<b>(Reviewed)</b>	<b>(Audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	18,199,001	17,452,431	6,968,502	6,153,978
Contract costs	7,744,578	7,852,319	1,805,757	2,002,708
Right-of-use assets	4,903,331	4,499,551	4,689,892	4,327,586
Property, plant and equipment	110,940,021	115,682,983	72,293,971	75,659,324
Deferred tax asset	43,740	43,550	-	-
Investment in subsidiaries	-	-	50,156,852	50,156,852
Investment in associates	131,019	131,876	-	-
Other financial assets	581,761	596,331	-	-
	<b>142,543,451</b>	<b>146,259,041</b>	<b>135,914,974</b>	<b>138,300,448</b>
<b>Current assets</b>				
Inventories	1,404,847	1,480,604	54,007	61,862
Trade and other receivables	21,866,906	19,931,812	26,992,984	24,839,562
Other financial assets	746,850	894,542	-	-
Cash and cash equivalents	9,886,574	7,631,374	7,362,747	6,333,191
	<b>33,905,177</b>	<b>29,938,332</b>	<b>34,409,738</b>	<b>31,234,615</b>
<b>Total assets</b>	<b>176,448,628</b>	<b>176,197,373</b>	<b>170,324,712</b>	<b>169,535,063</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders</b>				
Stated capital	28,103,913	28,103,913	28,103,913	28,103,913
Reserves	47,680,833	46,134,448	57,362,911	55,658,646
Non-controlling interest	14,609	12,860	-	-
<b>Total equity</b>	<b>75,799,355</b>	<b>74,251,221</b>	<b>85,466,824</b>	<b>83,762,559</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	27,967,327	32,957,450	26,929,827	31,232,450
Lease liabilities	3,501,232	3,868,982	3,359,005	3,719,196
Other financial liabilities	46,064	40,520	-	-
Deferred revenue	699,857	748,586	699,857	748,586
Contract liabilities	602,872	580,103	90,485	30,546
Employee benefit payables	1,239,526	1,300,261	970,250	1,092,645
Provision for other liabilities	1,829,199	1,735,954	1,612,126	1,521,160
Deferred tax liability	26,419	26,419	-	-
	<b>35,912,496</b>	<b>41,258,275</b>	<b>33,661,550</b>	<b>38,344,583</b>
<b>Current liabilities</b>				
Trade and other payables	33,651,244	36,709,115	26,241,653	28,816,389
Borrowings	21,344,025	14,854,227	16,913,623	11,144,384
Lease liabilities	2,032,289	1,556,565	1,913,138	1,471,051
Other financial liabilities	354,010	329,467	-	-
Contract liabilities	6,526,525	6,366,036	5,339,792	5,164,371
Current income tax liabilities	828,684	872,467	788,132	831,726
	<b>64,736,777</b>	<b>60,687,877</b>	<b>51,196,338</b>	<b>47,427,921</b>
<b>Total liabilities</b>	<b>100,649,273</b>	<b>101,946,152</b>	<b>84,857,888</b>	<b>85,772,504</b>
<b>Total equity and liabilities</b>	<b>176,448,628</b>	<b>176,197,373</b>	<b>170,324,712</b>	<b>169,535,063</b>
Net assets per share (Rs.)	9.31	9.12	10.49	10.29

The notes on pages 7 to 13 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.

  
**Group Chief Financial Officer**

Date: 12 May 2020

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.

  
.....  
**Director**

Date: 12 May 2020

  
.....  
**Director**

Date: 12 May 2020

# DIALOG AXIATA PLC

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Three months ended 31 Mar		Three months ended 31 Mar	
	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)
Revenue from contracts with customers	29,249,915	28,994,469	20,477,384	20,820,893
Direct costs	(16,483,757)	(15,458,459)	(9,633,537)	(9,554,284)
Gross profit	12,766,158	13,536,010	10,843,847	11,266,609
Distribution costs	(4,003,962)	(3,735,990)	(3,265,224)	(2,971,361)
Administrative costs	(4,610,883)	(5,191,735)	(3,319,935)	(3,721,113)
Other income	23,272	47,710	22,300	24,781
Operating profit	4,174,585	4,655,995	4,280,988	4,598,916
Finance income	53,594	44,038	63,141	53,516
Finance costs	(857,930)	(866,155)	(581,962)	(845,148)
Net foreign exchange (losses) / gains	(1,436,694)	1,505,359	(1,702,478)	1,397,314
Finance costs - net	(2,241,030)	683,242	(2,221,299)	605,682
Share of (loss) / profit from associates - net of tax	(857)	543	-	-
Profit before income tax	1,932,698	5,339,780	2,059,689	5,204,598
Income tax expense	(452,730)	(481,945)	(413,965)	(446,477)
<b>Profit for the period</b>	<b>1,479,968</b>	<b>4,857,835</b>	<b>1,645,724</b>	<b>4,758,121</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
- changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(163)	-	-	-
- remeasurements of defined benefit obligations, net of tax	54	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,479,859</b>	<b>4,857,835</b>	<b>1,645,724</b>	<b>4,758,121</b>
Profit / (loss) for the period attributable to:				
- owners of the Company	1,488,893	4,878,723	1,645,724	4,758,121
- non-controlling interest	(8,925)	(20,888)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	1,488,785	4,878,723	1,645,724	4,758,121
- non-controlling interest	(8,926)	(20,888)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.18	0.60	0.20	0.58

The notes on pages 7 to 13 form an integral part of these financial statements.

# DIALOG AXIATA PLC

## Consolidated statement of changes in equity

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company		Non-controlling interest	Total
	Stated capital	Reserves		
Balance at 1 January 2020	28,103,913	46,134,448	12,860	74,251,221
Profit / (loss) for the period	-	1,488,893	(8,925)	1,479,968
Other comprehensive income	-	(108)	(1)	(109)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,488,785</b>	<b>(8,926)</b>	<b>1,479,859</b>
Transaction with non-controlling interest	-	(941)	10,675	9,734
Employee share schemes - value of employee services	-	58,541	-	58,541
<b>Balance at 31 March 2020</b>	<b>28,103,913</b>	<b>47,680,833</b>	<b>14,609</b>	<b>75,799,355</b>
Balance at 1 January 2019	28,103,913	39,163,921	9,120	67,276,954
Change in accounting policy	-	(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>-</b>	<b>4,878,723</b>	<b>(20,888)</b>	<b>4,857,835</b>
Transaction 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 April 2019	28,103,913	43,285,538	(6,561)	71,382,890
Profit / (loss) for the period	-	5,896,994	(28,378)	5,868,616
Other comprehensive income	-	(163,384)	5,788	(157,596)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>5,733,610</b>	<b>(22,590)</b>	<b>5,711,020</b>
Transaction with non-controlling interest	-	139	42,011	42,150
Employee share schemes - value of employee services	-	128,359	-	128,359
Dividends to equity holders	-	(3,013,198)	-	(3,013,198)
<b>Balance at 31 December 2019</b>	<b>28,103,913</b>	<b>46,134,448</b>	<b>12,860</b>	<b>74,251,221</b>

The notes on pages 7 to 13 form an integral part of these financial statements.

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

(all amounts in Sri Lanka Rupees thousands)

	<b>Attributable to owners of the Company</b>		
	<b>Stated capital</b>	<b>Reserves</b>	<b>Total</b>
Balance at 1 January 2020	28,103,913	55,658,646	83,762,559
Profit for the period	-	1,645,724	1,645,724
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,645,724</b>	<b>1,645,724</b>
Employee share schemes - value of employee services	-	58,541	58,541
<b>Balance at 31 March 2020</b>	<b>28,103,913</b>	<b>57,362,911</b>	<b>85,466,824</b>
Balance at 1 January 2019	28,103,913	47,902,571	76,006,484
Change in accounting policy	-	(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 April 2019	28,103,913	51,913,565	80,017,478
Profit for the period	-	6,809,562	6,809,562
Other comprehensive income	-	(179,642)	(179,642)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>6,629,920</b>	<b>6,629,920</b>
Employee share schemes - value of employee services	-	128,359	128,359
Dividends to equity holders	-	(3,013,198)	(3,013,198)
<b>Balance at 31 December 2019</b>	<b>28,103,913</b>	<b>55,658,646</b>	<b>83,762,559</b>

The notes on pages 7 to 13 form an integral part of these financial statements.

# DIALOG AXIATA PLC

## Statement of cash flows

(all amounts in Sri Lanka Rupees thousands)

	Group 31 March		Company 31 March	
	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)
<b>Cash flows from operating activities</b>				
Cash generated from operations	11,839,926	8,057,933	8,467,193	6,098,451
Interest received	106,270	57,222	64,619	55,663
Interest paid	(671,807)	(854,735)	(568,208)	(834,652)
Taxes paid	(416,559)	(482,616)	(376,134)	(458,799)
Employee benefits paid	(58,988)	(13,667)	(41,178)	(8,837)
<b>Net cash generated from operating activities</b>	<b>10,798,842</b>	<b>6,764,137</b>	<b>7,546,292</b>	<b>4,851,826</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(6,135,547)	(7,726,654)	(4,197,974)	(4,943,669)
Purchase of intangible assets	(801,662)	(529,945)	(759,675)	(505,529)
Increase in interest in subsidiaries	-	-	-	(27,562)
Net cash flows from other financial assets	94	(56,534)	-	-
Proceeds from sale of property, plant and equipment	6,162	5,765	4,105	5,365
<b>Net cash used in investing activities</b>	<b>(6,930,953)</b>	<b>(8,307,368)</b>	<b>(4,953,544)</b>	<b>(5,471,395)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(1,224,027)	(466,755)	(1,159,527)	(266,667)
Proceeds from borrowings	-	264,910	-	-
Principal element of lease payment	(462,384)	(357,361)	(443,982)	(340,696)
Proceeds from share issue - non-controlling interests	9,734	-	-	-
<b>Net cash used in financing activities</b>	<b>(1,676,677)</b>	<b>(559,206)</b>	<b>(1,603,509)</b>	<b>(607,363)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,191,212</b>	<b>(2,102,437)</b>	<b>989,239</b>	<b>(1,226,932)</b>
<b>Movement in cash and cash equivalents</b>				
At beginning of the period	7,631,374	10,097,521	6,333,191	7,839,159
Increase / (decrease)	2,191,212	(2,102,437)	989,239	(1,226,932)
Effect of exchange rate changes	63,988	(99,366)	40,317	(99,366)
<b>At end of the period</b>	<b>9,886,574</b>	<b>7,895,718</b>	<b>7,362,747</b>	<b>6,512,861</b>

The notes on pages 7 to 13 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 payment), digital health, education, navigation and enterprise services and financial services], data centre services, manpower services 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 2020 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 2019, except for the reclassification of interest payable on borrowings as disclosed in note 22.

#### 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 2020 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	21,416,905	7,388,808	2,241,121	-	31,046,834
Inter-segment revenue	(1,243,059)	(546,586)	(7,274)	-	(1,796,919)
<b>Revenue from external customers</b>	<b>20,173,846</b>	<b>6,842,222</b>	<b>2,233,847</b>	<b>-</b>	<b>29,249,915</b>
Segment operating profit / (loss) for the period	4,108,715	205,739	(129,869)	(10,000)	4,174,585
Finance costs - net					(2,241,030)
Share of loss from associate - net of tax					(857)
Profit before income tax					1,932,698
Income tax expense					(452,730)
<b>Profit for the period</b>					<b>1,479,968</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	4,947,834	2,259,308	805,942	-	8,013,084

- The segment assets and liabilities at 31 March 2020 and capital expenditure for the period then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	175,918,632	48,793,731	9,403,446	(42,211,993)	191,903,816
Inter-segment assets	(15,257,969)	(174,581)	(22,638)		(15,455,188)
<b>Total assets</b>	<b>160,660,663</b>	<b>48,619,150</b>	<b>9,380,808</b>	<b>(42,211,993)</b>	<b>176,448,628</b>
Liabilities	90,168,647	19,406,558	6,498,792	-	116,073,997
Inter-segment liabilities	(4,053,106)	(9,526,697)	(1,844,921)	-	(15,424,724)
<b>Total liabilities</b>	<b>86,115,541</b>	<b>9,879,861</b>	<b>4,653,871</b>	<b>-</b>	<b>100,649,273</b>
Capital expenditure	1,536,494	522,320	13,115	-	2,071,929

- 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
Total segmental revenue	21,468,605	6,706,235	2,079,129	-	30,253,969
Inter-segment revenue	(737,069)	(516,829)	(5,602)	-	(1,259,500)
<b>Revenue from external customers</b>	<b>20,731,536</b>	<b>6,189,406</b>	<b>2,073,527</b>	<b>-</b>	<b>28,994,469</b>
Segment operating profit / (loss) for the period	4,389,079	415,695	(184,633)	35,854	4,655,995
Finance costs - net					683,242
Share of profit from associates - 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>

- 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

## DIALOG AXIATA PLC

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

#### 3 Segment information (Continued)

- The segment assets and liabilities at 31 December 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	174,141,582	49,038,051	9,210,931	(42,211,992)	190,178,572
Inter-segment assets	(13,856,848)	(109,901)	(14,450)	-	(13,981,199)
<b>Total assets</b>	<b>160,284,734</b>	<b>48,928,150</b>	<b>9,196,481</b>	<b>(42,211,992)</b>	<b>176,197,373</b>
Liabilities	89,957,143	19,923,868	6,079,292	-	115,960,303
Inter-segment liabilities	(2,864,693)	(9,448,834)	(1,700,624)	-	(14,014,151)
<b>Total liabilities</b>	<b>87,092,450</b>	<b>10,475,034</b>	<b>4,378,668</b>	<b>-</b>	<b>101,946,152</b>
Capital expenditure	21,993,436	7,214,919	77,693	-	29,286,048

#### 4 Reserves

	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>Attributable to the owners of the Company</b>				
Retained earnings	47,325,652	45,837,808	57,007,730	55,362,006
Share-based payments reserve	355,181	296,640	355,181	296,640
<b>Attributable to the non-controlling interest</b>				
Non-controlling interest	14,609	12,860	-	-
	<b>47,695,442</b>	<b>46,147,308</b>	<b>57,362,911</b>	<b>55,658,646</b>

#### 5 Seasonal or cyclical factors

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

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

COVID-19 pandemic has resulted in a substantive shift in management's focus towards ensuring the continued safety of people, connectivity of customers, compliance with guidelines issued by various government authorities and continuity of critical business operations.

The outbreak and the associated developments impacted the business on multiple fronts including distribution, network rollout and working capital management. The continued lockdown and credit extensions provided to keep customers connected, significantly impacted cash collections. The global impact of the pandemic has also adversely affected the Group's international business including inbound and outbound roaming.

The current unprecedented situation is yet evolving and the future impact will heavily depend on the duration of current restrictive environment and time taken for economic activity to rebound to pre COVID-19 levels. The overall impact on consumer spending and the recovery of the country's enterprises will also be key determinants of future impact on our business. Based on present trends, we expect an adverse impact on Group revenue, impairment of trade receivables and health and safety related expenses. The Group has resorted to aggressive cost rescaling and rationalisation initiatives both in operating and capital expenditure to soften the impact on the business.

Accordingly, the Group does not consider it practical to provide a quantitative estimate of the potential impact in the current context.

There were no other unusual events or transactions affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 31 March 2020.

## DIALOG AXIATA PLC

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

#### 7 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 2019.

#### 8 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 2020.

#### 9 Stated capital

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

#### 10 Earnings per share

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

#### 11 Market price per share

For the three months ended 31 March

	<b>2020</b>	<b>2019</b>
	<b>Rs.</b>	<b>Rs.</b>
- Highest	12.90	10.30
- Lowest	8.50	9.00
- Last traded	8.50	9.10

#### 12 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 31 March 2020 are as follows:

	<b>Number of shares</b>
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)

#### 13 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	237,424,082	2.92%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.81%
4 CITI Bank New York S/A Norges Bank Account 2	89,213,425	1.10%
5 BNYM RE - Consilium Extended Opportunities Fund, L.P.	68,357,367	0.84%
6 BNYM SA/NV RE - LF Ruffer Investment Funds: LF Ruffer Pacific and Emerging Markets Fund	67,314,300	0.83%
7 Pershing LLC S/A Averbach Grauson and Co.	63,840,699	0.78%
8 Northern Trust Company S/A Hosking Global Fund PLC	41,944,297	0.52%
9 JPMCB NA - Fidelity Asian Values PLC	41,762,540	0.51%
10 State Street Luxembourg C/O SSBT- Alliance Bernstein Next 50 Emerging Markets (Master) Fund SICAV - SIF S.C.SP.	38,024,290	0.47%
11 BBH - Fidelity Funds	37,431,785	0.46%
12 Morgan Stanley and Co. LLC - RWC Frontier Markets Equity Master Fund	32,195,947	0.40%
13 SSBT - Retail Employees Superannuation Trust	26,685,697	0.33%
15 J.B. Cocoshell (Private) Limited	22,266,942	0.27%
15 JPMLU - T Rowe Price Funds SICAV	21,869,398	0.27%
16 Mellon Bank N.A.- UPS Group Trust	18,880,000	0.23%
17 SSBT- AL Mehwar Commercial Investments LLC	15,953,567	0.20%
18 SSBT- Parametric Tax-Managed Emerging Markets Fund	15,786,381	0.19%
19 JPMBL SA - Kapitalforeningen Institutionel Investor, Asiatiske Smid Cap Aktier	15,059,195	0.18%
20 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	14,867,369	0.18%

#### 14 Public shareholding

Information pertaining to public shareholding is as follows:

	31 Mar 2020	31 Dec 2019
Public holding percentage	16.68%	16.68%
Number of public shareholders	21,070	20,967
Float adjusted market capitalisation (Rs.)	11,546,949,015	16,709,114,457

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.

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

- Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued 52,370 Preference Shares during the period. DHL holds 42,636 of these Preference Shares, while remaining 9,734 Preference Shares are held by individual shareholders.
- Dialog Finance PLC ('DFP'), a subsidiary of the Company obtained the approval of the shareholders on 2 March 2020 to issue 17,446,388 new Ordinary Shares by way of a Rights Issue to the registered shareholders of the Company in the proportion of 17 new ordinary shares for every 89 existing ordinary shares held, at a price of LKR 40.20 per share. The Company is currently in the process of conducting the Rights Issue.

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 year ended 31 December 2019.

## DIALOG AXIATA PLC

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

#### 16 Financial instruments measured at fair value

		Measurement criteria and the fair value					
		Level 1		Level 3		Total	
		Rs.000		Rs.000		Rs.000	
Note		2020	2019	2020	2019	2020	2019
Financial assets							
Financial assets at fair value through profit or loss (FVTPL)							
- Investment in quoted equities	(a)	693	1,286	-	-	693	1,286
- Investment in unquoted equities	(a)	-	-	153,036	153,036	153,036	153,036
Financial assets at fair value through other comprehensive income (FVOCI)							
- Investment in unquoted equities	(b)	-	-	257,200	257,200	257,200	257,200

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 period.

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

#### 17 Cash and cash equivalents

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

	31 Mar 2020 Rs.	31 Dec 2019 Rs.
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,114,325	64,112,326
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	610,000,000	610,000,000
	<b>674,114,325</b>	<b>674,112,326</b>

#### 18 Revenue from contracts with customers

	Group		Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Mobile operation	20,173,846	20,731,536	20,477,384	20,820,893
Fixed telephony and broadband operation	6,842,222	6,189,406	-	-
Television operation	2,233,847	2,073,527	-	-
	<b>29,249,915</b>	<b>28,994,469</b>	<b>20,477,384</b>	<b>20,820,893</b>

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

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

## DIALOG AXIATA PLC

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

#### 20 Contingent liabilities

In August 2008, Sri Lanka Customs ('SLC') detained a shipment of CDMA Customers' Premises Equipment ('CPE') belonging to Dialog Broadband Networks (Private) Limited ('DBN') and commenced an investigation into the eligibility of these items falling under the duty exemptions granted under the terms and conditions of the agreement with the Board of Investment of Sri Lanka. The shipment was cleared by DBN upon submitting bank guarantees and thereafter subsequent shipments of CPE were cleared by paying duty 'Under Protest'. SLC commenced an inquiry into this matter on 30 January 2009 which was temporarily suspended upon a proposed settlement by the Secretary to the Treasury in May 2010. However, SLC took steps to continue with the inquiry. Inquiry was held on several dates and the last date being 9 September 2016, however the inquiry was not concluded on this date. On 11 April 2018, DBN was served with an 'Order' dated 6 April 2018 by SLC imposing a mitigated monetary forfeiture of Rs. 1,626,622,200. DBN has instituted legal action challenging the order made by SLC in the Court of Appeal under Case No: CA (Writ) 166/2018. The matter was supported on 28 November 2018 and Notices were issued on the Respondents.

Thereafter, SLC filed objections on 15 February 2019 as directed by Courts. Matter was fixed for argument on 30 March 2020, but was not taken up due to curfew. Next date will be informed by the court registry.

Except for as disclosed above there has not been a significant change in the nature of the contingent liabilities, which were disclosed in the audited financial statements for the year ended 31 December 2019.

#### 21 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 9,578,877,034 (31.12.2019 - Rs. 8,669,997,774) and Rs. 13,933,218,433 (31.12.2019 - Rs. 13,169,991,159) of the Company and the Group respectively.

#### 22 Reclassification

The Company's and Group's interest payable on borrowings was previously presented under trade and other payables in the statement of financial position. However, management considers it more relevant if interest payable on borrowings is presented under current borrowings. Prior year comparatives as at 31 December 2019 have been restated by reclassifying Rs. 189,355,760 and Rs. 193,843,252, from trade and other payables to current borrowings, for the Company and the Group respectively.

#### 23 Events after the reporting period

No circumstances have arisen since the statement of financial position date which require adjustments to, or disclosure in the financial statements.