

DIALOG AXIATA PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2021**





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 2021, and the related statements 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.

10 May 2021
Date

PricewaterhouseCoopers

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DIALOG AXIATA PLC

Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	31 Mar 2021 (Reviewed)	31 Dec 2020 (Audited)	31 Mar 2021 (Reviewed)	31 Dec 2020 (Audited)
ASSETS				
Non-current assets				
Intangible assets	18,426,886	17,468,592	7,163,688	6,480,786
Contract costs	8,456,683	7,841,872	1,919,158	1,825,600
Right-of-use assets	4,983,779	5,135,935	4,781,185	4,923,897
Property, plant and equipment	115,354,231	118,475,106	80,418,856	82,317,105
Deferred tax asset	179,465	173,503	-	-
Investment in subsidiaries	-	-	50,977,228	50,946,786
Investment in associates	125,546	127,655	-	-
Other financial assets	456,692	544,099	-	-
	147,983,282	149,766,762	145,260,115	146,494,174
Current assets				
Inventories	1,747,154	1,166,018	215,409	57,106
Trade and other receivables	22,879,574	19,475,762	23,204,493	20,433,790
Other financial assets	982,989	624,011	-	-
Cash and cash equivalents	18,981,436	16,660,136	14,854,726	13,772,866
	44,591,153	37,925,927	38,274,628	34,263,762
Total assets	192,574,435	187,692,689	183,534,743	180,757,936
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	28,467,285	28,467,285	28,467,285	28,467,285
Reserves	56,297,654	53,745,783	65,169,523	63,118,890
Non-controlling interest	(42,926)	(10,006)	-	-
Total equity	84,722,013	82,203,062	93,636,808	91,586,175
LIABILITIES				
Non-current liabilities				
Borrowings	20,292,167	19,721,329	19,292,167	18,587,996
Other financial liabilities	41,651	30,700	-	-
Lease liabilities	4,337,111	4,339,514	4,184,380	4,140,856
Deferred revenue	519,694	565,653	519,694	565,653
Contract liabilities	2,472,861	1,614,099	1,592,156	769,940
Employee benefit payables	1,679,453	1,604,196	1,294,500	1,245,008
Provision for other liabilities	1,948,382	1,984,542	1,727,214	1,760,790
Deferred tax liability	108	108	-	-
	31,291,427	29,860,141	28,610,111	27,070,243
Current liabilities				
Trade and other payables	44,802,929	44,700,230	33,326,944	35,596,689
Borrowings	21,569,612	20,704,582	19,739,633	18,077,333
Other financial liabilities	503,353	486,673	-	-
Lease liabilities	1,542,140	1,627,689	1,435,476	1,556,327
Contract liabilities	7,235,931	7,201,266	5,902,706	5,986,089
Current income tax liabilities	907,030	909,046	883,065	885,080
	76,560,995	75,629,486	61,287,824	62,101,518
Total liabilities	107,852,422	105,489,627	89,897,935	89,171,761
Total equity and liabilities	192,574,435	187,692,689	183,534,743	180,757,936
Net assets per share (Rs.)	10.37	10.06	11.46	11.20

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: 10/05/2021

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: 10/05/2021


.....
Director

Date: 10/05/2021

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	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Revenue	32,850,265	29,249,915	21,802,866	20,477,384
Direct costs	(18,835,372)	(16,483,757)	(10,317,541)	(9,633,537)
Gross profit	14,014,893	12,766,158	11,485,325	10,843,847
Distribution costs	(3,334,589)	(3,337,250)	(2,836,136)	(2,903,077)
Administrative costs	(5,178,599)	(4,610,883)	(3,906,103)	(3,319,935)
Net impairment losses on financial assets	(213,251)	(666,712)	(148,635)	(362,147)
Other income	121,463	23,272	99,599	22,300
Operating profit	5,409,917	4,174,585	4,694,050	4,280,988
Finance income	86,867	53,594	84,241	63,141
Finance costs	(456,771)	(681,600)	(399,717)	(581,962)
Net foreign exchange losses	(2,105,933)	(1,613,024)	(1,971,567)	(1,702,478)
Finance costs - net	(2,475,837)	(2,241,030)	(2,287,043)	(2,221,299)
Share of loss from associate - net of tax	(2,109)	(857)	-	-
Profit before income tax	2,931,971	1,932,698	2,407,007	2,059,689
Income tax expense	(493,060)	(452,730)	(460,002)	(413,965)
Profit for the year	2,438,911	1,479,968	1,947,005	1,645,724
Other comprehensive income				
Items that will not be reclassified to profit or loss				
- 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	-	-
Other comprehensive income for the year, net of tax	-	(109)	-	-
Total comprehensive income for the year	2,438,911	1,479,859	1,947,005	1,645,724
Profit / (loss) for the period attributable to:				
- owners of the Company	2,448,243	1,488,893	1,947,005	1,645,724
- non-controlling interest	(9,332)	(8,925)	-	-
Total comprehensive income for the year attributable to:				
- owners of the Company	2,448,243	1,488,785	1,947,005	1,645,724
- non-controlling interest	(9,332)	(8,926)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.30	0.18	0.24	0.20

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

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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 2021	28,467,285	53,745,783	(10,006)	82,203,062
Profit / (loss) for the period	-	2,448,243	(9,332)	2,438,911
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	2,448,243	(9,332)	2,438,911
Transaction with non-controlling interest	-	-	(23,588)	(23,588)
Employee share schemes - value of employee services	-	103,628	-	103,628
Balance at 31 March 2021	28,467,285	56,297,654	(42,926)	84,722,013
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)
Total comprehensive income for the period	-	1,488,785	(8,926)	1,479,859
Transaction with non-controlling interest	-	(941)	10,675	9,734
Employee share schemes - value of employee services	-	58,541	-	58,541
Balance at 31 March 2020	28,103,913	47,680,833	14,609	75,799,355
Balance at 1 April 2020	28,103,913	47,680,833	14,609	75,799,355
Profit / (loss) for the period	-	10,545,236	(22,518)	10,522,718
Other comprehensive income	-	(296,956)	(8,182)	(305,138)
Total comprehensive income for the period	-	10,248,280	(30,700)	10,217,580
Transaction with non-controlling interest	-	(3,681)	6,085	2,404
Employee share schemes - value of employee services	-	499,926	-	499,926
Dividends to equity holders	-	(4,316,203)	-	(4,316,203)
Transfer from share-based payment reserve upon vesting	363,372	(363,372)	-	-
Balance at 31 December 2020	28,467,285	53,745,783	(10,006)	82,203,062

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

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

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company		
	Stated capital	Reserves	Total
Balance at 1 January 2021	28,467,285	63,118,890	91,586,175
Profit for the period	-	1,947,005	1,947,005
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,947,005	1,947,005
Employee share schemes - value of employee services	-	103,628	103,628
Balance at 31 March 2021	28,467,285	65,169,523	93,636,808
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	-	-	-
Total comprehensive income for the period	-	1,645,724	1,645,724
Employee share schemes - value of employee services	-	58,541	58,541
Balance at 31 March 2020	28,103,913	57,362,911	85,466,824
Balance at 1 April 2020	28,103,913	57,362,911	85,466,824
Profit for the period	-	10,093,832	10,093,832
Other comprehensive income	-	(158,204)	(158,204)
Total comprehensive income for the period	-	9,935,628	9,935,628
Employee share schemes - value of employee services	-	499,926	499,926
Dividends to equity holders	-	(4,316,203)	(4,316,203)
Transfer from share-based payment reserve upon vesting	363,372	(363,372)	-
Balance at 31 December 2020	28,467,285	63,118,890	91,586,175

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	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Cash flows from operating activities				
Cash generated from operations	11,037,000	11,839,926	8,762,462	8,467,193
Interest received	103,795	106,270	84,461	64,619
Interest paid	(417,661)	(671,807)	(356,444)	(568,208)
Taxes paid	(376,103)	(416,559)	(376,103)	(376,134)
Employee benefits paid	(13,259)	(58,988)	(7,946)	(41,178)
Net cash generated from operating activities	10,333,772	10,798,842	8,106,430	7,546,292
Cash flows from investing activities				
Purchase of property, plant and equipment	(6,906,593)	(6,135,547)	(6,791,233)	(4,197,974)
Purchase of intangible assets	(354,161)	(801,662)	(269,940)	(759,675)
Acquisition of subsidiary, net of cash acquired	15,183	-	(30,442)	-
Net cash (used in) / generated from other financial assets	(28,995)	94	-	-
Proceeds from sale of property, plant and equipment	-	6,162	-	4,105
Net cash used in investing activities	(7,274,566)	(6,930,953)	(7,091,615)	(4,953,544)
Cash flows from financing activities				
Repayment of borrowings	(5,896,550)	(1,224,027)	(5,099,847)	(1,159,527)
Proceeds from borrowings	5,000,000	-	5,000,000	-
Proceeds from share issue to non-controlling interests	6,566	9,734	-	-
Principal element of lease payment	(451,569)	(462,384)	(423,530)	(443,982)
Redemption of preference shares from non-controlling interests	(15,356)	-	-	-
Net cash used in financing activities	(1,356,909)	(1,676,677)	(523,377)	(1,603,509)
Net increase in cash and cash equivalents	1,702,297	2,191,212	491,438	989,239
Movement in cash and cash equivalents				
At start of the period	16,660,136	7,631,374	13,772,866	6,333,191
Increase	1,702,297	2,191,212	491,438	989,239
Effect of exchange rate changes	619,003	63,988	590,422	40,317
At end of the period	18,981,436	9,886,574	14,854,726	7,362,747

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

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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], software solutions, 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 2021 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 2020.

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 2021 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	23,538,244	9,267,663	2,393,470	-	35,199,377
Inter-segment revenue	(1,571,838)	(762,296)	(14,978)	-	(2,349,112)
Revenue from external customers	21,966,406	8,505,367	2,378,492	-	32,850,265
Segment operating profit / (loss) for the period	4,595,133	935,669	(108,485)	(12,400)	5,409,917
Finance costs - net					(2,475,837)
Share of loss from associate - net of tax					(2,109)
Profit before income tax					2,931,971
Income tax expense					(493,060)
Profit for the period					2,438,911

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	5,355,680	2,192,678	817,920	-	8,366,278

- The segment assets and liabilities at 31 March 2021 and capital expenditure for the period then ended are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Assets	191,011,042	47,930,706	8,356,348	(43,272,309)	204,025,787
Inter-segment assets	(11,111,838)	(240,544)	(98,970)	-	(11,451,352)
Total assets	179,899,204	47,690,162	8,257,378	(43,272,309)	192,574,435
Liabilities	96,211,260	16,278,612	6,429,242	-	118,919,114
Inter-segment liabilities	(3,586,237)	(6,196,319)	(1,284,136)	-	(11,066,692)
Total liabilities	92,625,023	10,082,293	5,145,106	-	107,852,422
Capital expenditure	3,378,392	623,611	4,427	-	4,006,430

- 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)
Revenue from external customers	20,173,846	6,842,222	2,233,847	-	29,249,915
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 associates - net of tax					(857)
Profit before income tax					1,932,698
Income tax expense					(452,730)
Profit for the period					1,479,968

- 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

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

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

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Assets	187,441,032	45,811,828	8,593,954	(43,092,633)	198,754,181
Inter-segment assets	(10,785,982)	(204,555)	(70,955)	-	(11,061,492)
Total assets	176,655,050	45,607,273	8,522,999	(43,092,633)	187,692,689
Liabilities	94,773,251	15,081,468	6,381,074	-	116,235,793
Inter-segment liabilities	(3,737,813)	(5,637,254)	(1,371,099)	-	(10,746,166)
Total liabilities	91,035,438	9,444,214	5,009,975	-	105,489,627
Capital expenditure	25,284,890	3,930,007	38,300	-	29,253,197

4 Reserves

	Group		Company	
	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020
Attributable to the owners of the Company				
Retained earnings	55,718,013	53,269,769	64,574,161	62,627,155
Fair value through other comprehensive income ("FVOCI") reserve	(15,721)	(15,721)	-	-
Share-based payments reserve	595,362	491,735	595,362	491,735
Attributable to the non-controlling interest				
Non-controlling interest	(42,926)	(10,006)	-	-
	56,254,728	53,735,777	65,169,523	63,118,890

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 lockdown and credit extensions provided to keep customers connected, significantly impacted cash collections in 2020. The global impact of the pandemic and the repatriation of Sri Lankans have also adversely affected the Group's international business including inbound and outbound roaming. Accordingly, the Group faced an adverse impact on revenue, impairment of trade receivables and health and safety-related expenses. Despite the second wave of the outbreak in early October 2020, business activity recovered across the country and the Group continued to see a gradual recovery in revenue and collections in the first quarter ended 31 March 2021. However, with the resurgence of a third wave of outbreak and related restrictions commencing mid-April 2021, uncertainty prevails over economic revival and business activity.

The current unprecedented situation is yet evolving and the future impact will heavily depend on the level of restrictions and time taken for the economy 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. The Group has resorted to aggressive cost rescaling and rationalisation initiatives both in operating and capital expenditure to soften the impact on the business.

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 2021.

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 2020.

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 2021.

9 Stated capital

Stated capital of the Company consists of 8,173,809,105 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

	2021 Rs.	2020 Rs.
- Highest	13.20	12.90
- Lowest	11.90	8.50
- Last traded	12.90	8.50

12 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 31 March 2021 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	2,408,910
Mr. Mohamed Muhsin	18,040
Mr. Supun Weerasinghe	1,135,600

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	83.01%
2 Employees Provident Fund	237,424,082	2.90%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.80%
4 BNYM RE - Consilium Extended Opportunities Fund, L.P.	104,267,986	1.28%
5 CITI Bank New York S/A Norges Bank Account 2	92,353,493	1.13%
6 BNYM SA/NV RE - LF Ruffer Investment Funds: LF Ruffer Pacific and Emerging Markets Fund	67,314,300	0.82%
7 Pershing LLC S/A Averbach Grauson and Co.	63,039,981	0.77%
8 J.B. Cocoshell (Private) Limited	50,239,063	0.61%
9 Employees Trust Fund Board	46,891,677	0.57%
10 JPMCB NA - Fidelity Asian Values PLC	41,762,540	0.51%
11 BBH - Fidelity Funds	40,181,803	0.49%
12 SSBT - Retail Employees Superannuation Trust	26,685,697	0.33%
13 Northern Trust Company S/A Hosking Global Fund PLC	25,886,710	0.32%
14 SSBT-Sunsuper Pty. Ltd. As Trustee for SunsUPER Superannuation Fund	18,492,884	0.23%
15 JPMBL SA - Kapitalforeningen Institutionel Investor, Asiatiske Smid Cap Aktier	15,059,195	0.18%
16 Hatton National Bank PLC-NDB Wealth Growth and Income Fund	14,954,638	0.18%
17 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	14,867,369	0.18%
18 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	14,289,887	0.17%
19 Ceylon Investment PLC A/C number 2	13,797,647	0.17%
20 Rubber Investment Trust LTD A/C number 1	13,554,973	0.17%

14 Public shareholding

Information pertaining to public shareholding is as follows:

	31 Mar 2021	31 Dec 2020
Public holding percentage	16.94%	16.94%
Number of public shareholders	21,332	21,769
Float adjusted market capitalization (Rs.)	18,004,919,270	17,173,922,996

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 Broadband Networks (Private) Limited ('DBN'), a wholly owned subsidiary of the Company, acquired 100% of the shareholding in H One (Private) Limited, Sri Lanka's leading Microsoft solutions provider on 7 January 2021.
- Pursuant to a conversion of shareholder advances, Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued and allotted 3,044,200 new ordinary shares in DHL to the Company on 30 March 2021. This share issue has not changed the composition of the Group.
- Digital Health (Private) Limited ('DH') a subsidiary of DHL, acquired 100% of the issued share capital of My Health Solutions (Private) Limited from its existing shareholders, Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF') and Aartiz Technologies (Private) Limited ('Aartiz') on 20 February 2021, in consideration of the issuance of 30% shares in DH, in the proportion of 20.45% to DADIF and 9.55% to Aartiz.
- Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of DHL, redeemed 186,002 of its preference shares on 11 March 2021, out of which 170,646 shares were redeemed from preference shares held by DHL. On 30 March 2021, DADIF issued 36,593 preference shares out of which 30,027 were issued to DHL and the remaining preference shares were issued to individual shareholders.

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 2020.

DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

16 Financial instruments measured at fair value

	Note	Measurement criteria and the fair value					
		Level 1		Level 3		Total	
		Rs.000		Rs.000		Rs.000	
		2021	2020	2021	2020	2021	2020
Financial assets							
Financial assets at fair value through profit or loss (FVTPL)							
- Investment in quoted equities	(a)	1,179	1,513	-	-	1,179	1,512
- Investment in unquoted equities	(a)	-	-	127,443	205,865	127,443	205,865
Financial assets at fair value through other comprehensive income (FVOCI)							
- Investment in unquoted equities	(b)	-	-	187,728	187,728	187,728	187,728

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 financial institutions:

	31 Mar 2021	31 Dec 2020
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	610,000	610,000
Margin requirements against imports on Documents against Acceptance terms	78,423	97,716
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,302	64,276
	752,725	771,992

18 Revenue

The Company and the Group derive revenue from the transfer of goods and services over time and at a point in time through following business lines.

Business lines	Group		Company	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Mobile operation	21,966,406	20,173,846	21,802,866	20,477,384
Fixed telephony and broadband operation	8,505,367	6,842,222	-	-
Television operation	2,378,492	2,233,847	-	-
	32,850,265	29,249,915	21,802,866	20,477,384

Timing of revenue recognition	Group		Company	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
At a point in time	298,315	317,029	24,242	33,808
Over time	32,551,950	28,932,886	21,778,624	20,443,576
	32,850,265	29,249,915	21,802,866	20,477,384

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. The case is fixed for Argument on 3 June 2021.

Except for 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 2020.

21 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 7,180,238,202 (31.12.2020 - Rs. 9,777,542,685) and Rs. 11,038,537,721 (31.12.2020 - Rs. 13,913,085,606) of the Company and the Group respectively.

23 Events after the reporting period

Further to the Long-Term Incentive Plan ("LTIP") established by the Company to reward and retain high performing employees of the Company and its subsidiaries, a total of 26,798,400 ordinary shares in the Company at price of Rs.14.5 per share, amounting to Rs. 388,576,800 were issued to the eligible employees on 19 April 2021, pursuant to satisfying the vesting conditions pertaining to Grant 2 of the LTIP.

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