

**DIALOG AXIATA PLC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED  
31 MARCH 2022**





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

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dialog Axiata PLC ("the Company") and condensed consolidated interim statement of financial position of Dialog Axiata PLC and its subsidiaries ("the Group") as of 31 March, and the related condensed statements of comprehensive income, changes in equity and cash flows for the 31 March period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information of the Company and condensed consolidated interim financial information of the Group 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 [SLSRE] 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, primarily 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 condensed interim financial information of the Company and the condensed consolidated interim financial information of the Group are not presented, in all material respects, in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting.

12 May 2022

**COLOMBO**

**CHARTERED ACCOUNTANTS**

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

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2022 (Reviewed)</b>	<b>31 Dec 2021 (Audited)</b>	<b>31 Mar 2022 (Reviewed)</b>	<b>31 Dec 2021 (Audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	17,674,542	16,857,691	6,974,714	6,081,492
Contract costs assets	10,925,178	10,909,988	2,688,014	2,613,195
Property, plant and equipment	128,291,572	127,452,429	91,432,065	91,360,686
Right-of-use assets	8,406,899	7,346,093	8,224,124	7,189,509
Deferred tax asset	188,242	181,816	-	-
Investment in subsidiaries	-	-	50,621,104	50,621,104
Investment in associates	164,201	183,025	-	-
Other financial assets	1,702,214	1,469,431	-	-
	<b>167,352,848</b>	<b>164,400,473</b>	<b>159,940,021</b>	<b>157,865,986</b>
<b>Current assets</b>				
Inventories	3,595,988	3,712,248	253,331	216,670
Trade and other receivables	36,273,525	26,994,303	25,211,116	21,340,503
Other financial assets	1,937,909	1,814,547	-	-
Cash and cash equivalents	32,117,299	22,078,857	26,791,584	18,488,499
	<b>73,924,721</b>	<b>54,599,955</b>	<b>52,256,031</b>	<b>40,045,672</b>
<b>Total assets</b>	<b>241,277,569</b>	<b>219,000,428</b>	<b>212,196,052</b>	<b>197,911,658</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders</b>				
Stated capital	28,855,862	28,855,862	28,855,862	28,855,862
Reserves	48,986,171	64,731,300	53,068,071	68,176,351
Non-controlling interest	(75,952)	(72,275)	-	-
<b>Total equity</b>	<b>77,766,081</b>	<b>93,514,887</b>	<b>81,923,933</b>	<b>97,032,213</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	14,425,716	10,477,656	12,575,716	8,319,323
Contract liabilities	3,932,904	1,921,962	2,988,267	857,022
Deferred income	376,969	408,132	376,969	408,132
Lease liabilities	6,984,577	6,255,902	6,775,745	6,078,964
Other financial liabilities	12,300	86,947	-	-
Employee benefit payables	1,754,468	1,690,014	1,344,402	1,300,150
Provision for other liabilities	2,409,694	2,129,209	2,145,796	1,873,587
Deferred tax liability	22,448	22,448	-	-
	<b>29,919,076</b>	<b>22,992,270</b>	<b>26,206,895</b>	<b>18,837,178</b>
<b>Current liabilities</b>				
Trade and other payables	73,283,998	56,985,403	49,924,653	44,254,044
Borrowings	46,296,631	31,357,958	44,955,286	26,531,973
Other financial liabilities	2,600,503	689,685	-	-
Lease liabilities	1,735,015	1,457,784	1,700,210	1,422,379
Contract liabilities	8,609,657	10,989,578	6,463,645	8,852,736
Current income tax liabilities	1,066,608	1,012,863	1,021,430	981,135
	<b>133,592,412</b>	<b>102,493,271</b>	<b>104,065,224</b>	<b>82,042,267</b>
<b>Total liabilities</b>	<b>163,511,488</b>	<b>125,485,541</b>	<b>130,272,119</b>	<b>100,879,445</b>
<b>Total equity and liabilities</b>	<b>241,277,569</b>	<b>219,000,428</b>	<b>212,196,052</b>	<b>197,911,658</b>
Net assets per share (Rs.)	9.48	11.40	9.99	11.83

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: 12/05/2022

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: 12/05/2022

  
.....  
**Director**

Date: 12/05/2022

**DIALOG AXIATA PLC****Statement 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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Revenue	38,250,990	32,850,265	24,004,558	21,802,866
Direct costs	(22,620,589)	(18,835,372)	(11,566,317)	(10,317,541)
Gross profit	15,630,401	14,014,893	12,438,241	11,485,325
Distribution costs	(3,911,011)	(3,334,589)	(3,306,265)	(2,836,136)
Administrative costs	(6,067,846)	(5,178,599)	(4,901,474)	(3,906,103)
Net impairment losses on financial assets	(249,633)	(213,251)	(173,476)	(148,635)
Other income	21,967	121,463	13,424	99,599
Operating profit	5,423,878	5,409,917	4,070,450	4,694,050
Finance income	203,471	86,867	210,773	84,241
Finance costs	(739,773)	(456,771)	(658,168)	(399,717)
Net foreign exchange losses	(20,168,151)	(2,105,933)	(18,275,684)	(1,971,567)
Finance (costs) - net	(20,704,453)	(2,475,837)	(18,723,079)	(2,287,043)
Share of loss from associates - net of tax	(18,824)	(2,109)	-	-
(Loss) / profit before income tax	(15,299,399)	2,931,971	(14,652,629)	2,407,007
Income tax expense	(528,312)	(493,060)	(534,078)	(460,002)
<b>(Loss) / profit for the period</b>	<b>(15,827,711)</b>	<b>2,438,911</b>	<b>(15,186,707)</b>	<b>1,947,005</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	-	-	-	-
-remeasurement of defined benefit obligations, net of tax	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(15,827,711)</b>	<b>2,438,911</b>	<b>(15,186,707)</b>	<b>1,947,005</b>
(Loss) / profit for the period attributable to:				
- owners of the Company	(15,823,771)	2,448,243	(15,186,707)	1,947,005
- non-controlling interest	(3,940)	(9,332)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	(15,823,771)	2,448,243	(15,186,707)	1,947,005
- non-controlling interest	(3,940)	(9,332)	-	-
Basic/diluted earnings per share for (loss) / profit attributable to the equity holders of the Company (Rs.)	(1.93)	0.30	(1.85)	0.24

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 2022	28,855,862	64,731,300	(72,275)	93,514,887
Loss for the period	-	(15,823,771)	(3,940)	(15,827,711)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(15,823,771)</b>	<b>(3,940)</b>	<b>(15,827,711)</b>
Transactions with non-controlling interest	-	215	263	478
Employee share schemes - value of employee services	-	78,427	-	78,427
<b>Balance at 31 March 2022</b>	<b>28,855,862</b>	<b>48,986,171</b>	<b>(75,952)</b>	<b>77,766,081</b>
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	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,448,243</b>	<b>(9,332)</b>	<b>2,438,911</b>
Transaction with non-controlling interest	-	-	(23,588)	(23,588)
Employee share schemes - value of employee services	-	103,628	-	103,628
<b>Balance at 31 March 2021</b>	<b>28,467,285</b>	<b>56,297,654</b>	<b>(42,926)</b>	<b>84,722,013</b>
Balance at 1 April 2021	28,467,285	56,297,654	(42,926)	84,722,013
Profit / (loss) for the period	-	14,612,569	(32,712)	14,579,857
Other comprehensive income	-	90,965	(1,436)	89,529
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>14,703,534</b>	<b>(34,148)</b>	<b>14,669,386</b>
Transaction with non-controlling interest	-	589	4,799	5,388
Employee share schemes - value of employee services	-	186,550	-	186,550
Dividends to equity holders	-	(6,068,450)	-	(6,068,450)
Transfer from share-based payment reserve upon vesting	388,577	(388,577)	-	-
<b>Balance at 31 December 2021</b>	<b>28,855,862</b>	<b>64,731,300</b>	<b>(72,275)</b>	<b>93,514,887</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 2022	28,855,862	68,176,351	97,032,213
Loss for the period	-	(15,186,707)	(15,186,707)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(15,186,707)</b>	<b>(15,186,707)</b>
Employee share schemes - value of employee services	-	78,427	78,427
<b>Balance at 31 March 2022</b>	<b>28,855,862</b>	<b>53,068,071</b>	<b>81,923,933</b>
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	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,947,005</b>	<b>1,947,005</b>
Employee share schemes – value of employee services	-	103,628	103,628
<b>Balance at 31 March 2021</b>	<b>28,467,285</b>	<b>65,169,523</b>	<b>93,636,808</b>
Balance at 1 April 2021	28,467,285	65,169,523	93,636,808
Profit for the period	-	9,204,076	9,204,076
Other comprehensive income	-	73,229	73,229
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>9,277,305</b>	<b>9,277,305</b>
Employee share schemes - value of employee services	-	186,550	186,550
Dividends to equity holders	-	(6,068,450)	(6,068,450)
Transfer from share-based payment reserve upon vesting	388,577	(388,577)	-
<b>Balance at 31 December 2021</b>	<b>28,855,862</b>	<b>68,176,351</b>	<b>97,032,213</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)

	<b>Group 31 March</b>		<b>Company 31 March</b>	
	<b>2022 (Reviewed)</b>	<b>2021 (Reviewed)</b>	<b>2022 (Reviewed)</b>	<b>2021 (Reviewed)</b>
<b>Cash flows from operating activities</b>				
Cash generated from operations	17,965,265	11,322,303	9,953,416	8,832,381
Interest received	131,827	103,795	127,105	84,461
Interest paid	(582,617)	(417,661)	(505,200)	(356,444)
Income taxes paid	(494,302)	(376,103)	(494,302)	(376,103)
Employee benefits paid	(10,595)	(13,259)	(8,806)	(7,946)
<b>Net cash generated from operating activities</b>	<b>17,009,578</b>	<b>10,619,075</b>	<b>9,072,213</b>	<b>8,176,349</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(11,841,049)	(7,390,630)	(9,516,800)	(7,192,818)
Purchase of intangible assets	(1,179,534)	(359,570)	(1,080,457)	(275,349)
Acquisition of subsidiary, net of cash acquired	-	15,183	-	(30,442)
Net cash flows used in other financial assets	(20,005)	(28,995)	-	-
Proceeds from sale of property, plant and equipment	5,012	-	5,012	-
<b>Net cash used in investing activities</b>	<b>(13,035,576)</b>	<b>(7,764,012)</b>	<b>(10,592,245)</b>	<b>(7,498,609)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(8,183,015)	(5,896,550)	(7,945,420)	(5,099,847)
Proceeds from borrowings	18,338,441	5,000,000	18,338,441	5,000,000
Principal element of lease payment	(584,262)	(451,569)	(550,787)	(423,530)
Redemption of preference shares from non-controlling interests	-	(15,356)	-	-
Proceeds from share issue - non-controlling interests	-	6,566	-	-
<b>Net cash generated/(used) in financing activities</b>	<b>9,571,164</b>	<b>(1,356,909)</b>	<b>9,842,234</b>	<b>(523,377)</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,545,166</b>	<b>1,498,154</b>	<b>8,322,202</b>	<b>154,363</b>
<b>Movement in cash and cash equivalents</b>				
At beginning of the period	14,969,061	14,029,038	15,322,265	11,862,294
Increase	13,545,166	1,498,154	8,322,202	154,363
Effect of exchange rate changes	623,895	619,003	554,465	590,422
<b>At end of the period</b>	<b>29,138,122</b>	<b>16,146,195</b>	<b>24,198,932</b>	<b>12,607,079</b>

Cash and cash equivalents at the end of the financial period consist of the following:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
Cash in hand and at bank	32,117,299	18,981,436	26,791,584	14,854,726
Bank overdrafts	(2,979,177)	(2,835,241)	(2,592,652)	(2,247,647)
	<b>29,138,122</b>	<b>16,146,195</b>	<b>24,198,932</b>	<b>12,607,079</b>

# 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], software solutions, data centre services, manpower services, provision of Information Technology 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 2022 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 2021, except for the reclassification 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 2022 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	26,586,130	12,570,535	2,812,933	-	41,969,598
Inter-segment revenue	(2,342,322)	(1,365,622)	(10,664)	-	(3,718,608)
<b>Revenue from external customers</b>	<b>24,243,808</b>	<b>11,204,913</b>	<b>2,802,269</b>	<b>-</b>	<b>38,250,990</b>
Segment operating profit for the period	4,168,725	1,227,934	224,713	(197,494)	5,423,878
Finance costs – net					(20,704,453)
Share of loss from associate - net of tax					(18,824)
Loss before income tax					(15,299,399)
Income tax expense					(528,312)
<b>Loss for the period</b>					<b>(15,827,711)</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	6,025,007	2,570,198	745,501	-	9,340,706



## DIALOG AXIATA PLC

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

## 3 Segment information (Continued)

- The segment assets and liabilities at 31 March 2022 and capital expenditure for the period then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	224,593,600	58,796,835	10,681,115	(43,925,614)	250,145,936
Inter-segment assets	(7,464,325)	(376,384)	(1,027,658)	-	(8,868,367)
<b>Total assets</b>	<b>217,129,275</b>	<b>58,420,451</b>	<b>9,653,457</b>	<b>(43,925,614)</b>	<b>241,277,569</b>
Liabilities	140,963,501	22,157,943	9,279,579	-	172,401,023
Inter-segment liabilities	(4,424,212)	(4,073,981)	(391,342)	-	(8,889,535)
<b>Total liabilities</b>	<b>136,539,289</b>	<b>18,083,962</b>	<b>8,888,237</b>	<b>-</b>	<b>163,511,488</b>
Capital expenditure	5,834,609	2,744,352	11,574	-	8,590,535

- 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)
<b>Revenue from external customers</b>	<b>21,966,406</b>	<b>8,505,367</b>	<b>2,378,492</b>	<b>-</b>	<b>32,850,265</b>
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 associates – net of tax					(2,109)
Profit before income tax					2,931,971
Income tax expense					(493,060)
<b>Profit for the period</b>					<b>2,438,911</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	5,355,680	2,192,678	817,920	-	8,366,278

## DIALOG AXIATA PLC

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

#### 3 Segment information (Continued)

- The segment assets and liabilities at 31 December 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	207,420,963	53,496,804	10,730,050	(43,895,338)	227,752,479
Inter-segment assets	(6,624,498)	(304,473)	(1,823,080)	-	(8,752,051)
<b>Total assets</b>	<b>200,796,465</b>	<b>53,192,331</b>	<b>8,906,970</b>	<b>(43,895,338)</b>	<b>219,000,428</b>
Liabilities	108,390,997	17,769,073	8,320,693	-	134,480,763
Inter-segment liabilities	(5,300,569)	(3,375,111)	(319,542)	-	(8,995,222)
<b>Total liabilities</b>	<b>103,090,428</b>	<b>14,393,962</b>	<b>8,001,151</b>	<b>-</b>	<b>125,485,541</b>
Capital expenditure	28,347,386	7,590,799	101,526	-	36,039,711

#### 4 Reserves

	Group		Company	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
<b>Attributable to the owners of the Company</b>				
Retained earnings	48,541,691	64,365,247	52,596,308	67,783,015
Fair value through other comprehensive income ("FVOCI") reserve	(27,283)	(27,283)	-	-
Share-based payments reserve	471,763	393,336	471,763	393,336
<b>Attributable to the non-controlling interest</b>				
Non-controlling interest	(75,952)	(72,275)	-	-
	<b>48,910,219</b>	<b>64,659,025</b>	<b>53,068,071</b>	<b>68,176,351</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

##### Related implications of Covid-19 and engulfed in an economic and political crisis

COVID-19 pandemic has resulted in a substantive shift in management's focus towards business operations fueled the digitization journey of the organization. The global impact of the Covid-19 pandemic and the repatriation of Sri Lankans have also adversely affected the Group's international business including inbound and outbound roaming. Despite the resurgence of the outbreak and related restrictions, the Group continued to see a gradual recovery in revenue and collections in 2022.

Sri Lanka is engulfed in an economic and political crisis resulting from the impacts of COVID-19, significant tax cuts and large sovereign debt repayments collectively depleting the limited foreign reserves of the country. As a result, the Sri Lankan Rupee ("LKR") depreciated by 46% against the USD during Q1 2022 resulting in a forex loss of Rs. 20.2Bn for the Group. The current situation has caused a significant rise in inflation, prolonged power cuts and the shortage of essential fuel and medicine resulting significant challenges in business operations.

The future impact will heavily depend on time taken for the economy to rebound. The overall impact on economy, consumer spending and the recovery of the country's enterprises will also be key determinants of future impact on our business. The board continues to monitor the potential implications of these factors on the Group's business activities and required proactive steps to ensure smooth business operations and continuity. Further, accounting assumptions and estimates used in the preparation of financial statements have been carefully evaluated considering movements of macroeconomic variables. Necessary changes have been incorporated where applicable, and further changes will be incorporated appropriately based on these evaluations.

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 2022.

## 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 2021.

#### 8 Stated capital

Stated capital of the Company consists of 8,200,607,505 ordinary shares.

#### 9 Earnings per share

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

#### 10 Market price per share

For the three months ended 31 March

	<b>2022 Rs.</b>	<b>2021 Rs.</b>
- Highest	12.90	13.20
- Lowest	9.90	11.90
- Last traded	10.00	12.90

#### 11 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 31 March 2022 are as follows:

	<b>Number of shares</b>
Dr. Hansa Wijayasuriya	2,408,910
Mr. Mohamed Muhsin	18,040
Mr. Supun Weerasinghe	2,181,600

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)

#### 12 Twenty largest shareholders of the Company

Name of Shareholders	No. of shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	82.74%
2 Employees Provident Fund	237,424,082	2.90%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.80%
4 CITI Bank New York S/A Norges Bank Account 2	129,327,342	1.58%
5 BNYM RE - Consilium Extended Opportunities Fund, L.P.	78,771,442	0.96%
6 BBH - Fidelity Funds	55,240,998	0.67%
7 Employees Trust Fund Board	49,934,024	0.61%
8 J.B. Cocoshell (Private) Limited	41,191,727	0.50%
9 JPMCB NA - Fidelity Asian Values PLC	38,530,079	0.47%
10 SSBT-Sunsuper PTY. LTD. As Trustee for Sunsuper Superannuation Fund	28,651,886	0.35%
11 Northern Trust Company S/A Hosking Global Fund PLC	27,702,395	0.34%
12 SSBT - Retail Employees Superannuation Trust	25,274,657	0.31%
13 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	22,826,166	0.28%
14 Ceylon Investment PLC A/C # 02	21,144,932	0.26%
15 Pershing LLC S/A Averbach Grauson and Co.	20,846,316	0.25%
16 Ceylon Guardian Investment PLC A/C # 02	20,820,454	0.25%
17 Caceis Bank Luxembourg Branch	17,433,297	0.21%
18 Rubber Investment Trust LTD A/C NO 01	17,246,973	0.21%
19 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	13,544,887	0.17%
20 Union Assuarance PLC-Universal Life Fund	13,407,172	0.16%

#### 13 Public shareholding

Information pertaining to public shareholding is as follows:

	31 Mar 2022	31 Dec 2021
Public holding percentage	17.20%	17.20%
Number of public shareholders	23,236	22,595
Float adjusted market capitalisation (Rs.)	14,107,461,900	15,377,133,471

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.

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

Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of DHL, issued 30,754 preference shares out of which 30,276 were issued to DHL and the remaining preference shares were issued to individual shareholders. Pursuant to the transactions, DHL's stake in DADIF increased to 89.67% from 89.04%.

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 2021.

## DIALOG AXIATA PLC

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

#### 15 Financial instruments measured at fair value

Note	Measurement criteria and the fair value					
	Level 1 Rs.000		Level 3 Rs.000		Total Rs.000	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
<b>Financial assets</b>						
Financial assets at fair value through profit or loss (FVTPL)						
- Investment in quoted equities	(a) 1,281	1,919	-	-	1,281	1,919
- Investment in unquoted equities	(a) -	-	315,236	295,231	315,236	295,231
Financial assets at fair value through other comprehensive income (FVOCI)						
- Investment in unquoted equities	(b) -	-	170,609	170,609	170,609	170,609

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.

#### 16 Cash and cash equivalents

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

	31 Mar 2022	31 Dec 2021
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	610,000	611,603
Margin requirements against imports on Documents against Acceptance terms	159,134	276,081
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,390	64,390
	<b>833,524</b>	<b>952,074</b>

#### 17 Revenue from contracts with customers

	Group		Company	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Mobile operation	24,243,808	21,966,406	24,004,558	21,802,866
Fixed telephony and broadband operation	11,204,913	8,505,367	-	-
Television operation	2,802,269	2,378,492	-	-
	<b>38,250,990</b>	<b>32,850,265</b>	<b>24,004,558</b>	<b>21,802,866</b>

  

Timing of revenue recognition	Group		Company	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
At a point in time	1,242,836	298,315	21,234	24,242
Over time	37,008,154	32,551,950	23,983,324	21,778,624
	<b>38,250,990</b>	<b>32,850,265</b>	<b>24,004,558</b>	<b>21,802,866</b>

#### 18 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)

#### 19 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 the Courts. The case was fixed for argument on several dates, the last date being 09 May 2022. The matter has been refixed for argument on 26 October 2022.

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 2021.

#### 20 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 27,830,499,228 (31.12.2021 - Rs. 22,139,556,038) and Rs. 31,681,014,866 (31.12.2021 - Rs. 28,596,911,824) of the Company and the Group respectively.

#### 21 Events after the reporting period

Government Budget Proposals for 2022 proposed a one-off "Surcharge Tax" at the rate of 25 percent on Individuals or Companies whose taxable income exceeds Rs. 2Bn for the year of assessment 2020/2021. Accordingly, the Surcharge Tax Act No. 14 of 2022, governing the imposition and administration of the Surcharge tax was enacted on 8th April 2022.

The Group is liable for the surcharge tax of Rs. 3,819,733,104 for the year of assessment 2020/2021, under the provisions of the aforementioned Act. The Group paid its first installment of Rs. 1,909,866,552 that was due on or before April 20, 2022.

Since the legislation was not enacted or substantially enacted at the balance sheet date, no provision for Surcharge Tax was made in the Financial Statements for the quarter ended 31 March 2022.

#### 22 Reclassification

- a) The Company's and Group's bank overdrafts was previously not considered under cash and cash equivalents in the statement of cash flows. However, management considers it is more relevant if bank overdrafts are presented under cash and cash equivalents in the statement of cash flows. Prior period comparatives as at 31 March 2021 have been restated by reclassifying Rs.337,074,809 and Rs. 204,141,032 from cash generated from operations for the Company and the Group respectively.
- b) Advance payments made to vendors for the purchase of property plant and equipment and intangible assets of the Company and the Group as at the reporting date, was previously presented under cash generated from operations in the statement of cash flows. However, management considered it is more relevant to classify under cash flows from investing activities. Prior period comparatives as at 31 March 2021 have been restated by reclassifying Rs.406,993,962 and Rs. 489,445,748 from cash flows from operating activities to cash flows from investing activities for the Company and the Group respectively.