



OUR VISION

To lead Sri Lanka to become the hub of telecommunications in South Asia.

OUR MISSION

*To anticipate and fulfil the communications requirements of all sectors of the nation,
in a service oriented work ethic which will provide total customer satisfaction through
the most modern telecommunication facilities.*

Interim Report

3 Months ended 31 March 2003



Sri Lanka Telecom Limited and its Subsidiaries

Consolidated Balance Sheet as at 31 March 2003

(all amounts in LKR millions)

	Group		Company	
	Unaudited as at 31-3-2003 Rs.million	Audited as at 31-12-2002 Rs.million	Unaudited as at 31-3-2003 Rs.million	Audited as at 31-12-2002 Rs.million
Assets				
<i>Non-Current assets</i>				
Property Plant & Equipment	55,532	56,722	53,837	54,977
Goodwill on Consolidation	356	375	-	-
Investments	710	710	2,069	2,069
Non-Current receivables	1,031	995	1,031	995
Deferred Tax Assets	2,359	2,703	2,359	2,704
	59,988	61,505	59,296	60,745
<i>Current Assets</i>				
Inventories	735	665	684	610
Receivables and Prepayments	8,447	9,324	8,426	9,284
Cash & Cash Equivalent	6,322	5,974	6,244	5,937
	15,504	15,963	15,354	15,831
Total Assets	75,492	77,468	74,650	76,576
Equity and Liabilities				
<i>Capital & Reserve</i>				
Ordinary shares	18,049	18,049	18,049	18,049
Capital Reserves	188	188	188	188
Hedging Reserve	(1,107)	(1,146)	(1,107)	(1,146)
Deferred Income	7,181	7,132	7,181	7,132
Insurance Reserve	93	86	93	86
Retained earnings	21,910	21,696	21,979	21,752
	46,314	46,005	46,383	46,061
<i>Non Current liabilities</i>				
Borrowings	17,444	18,986	17,177	18,718
Retirement benefit obligation	448	429	430	411
	17,892	19,415	17,607	19,129
<i>Current liabilities</i>				
Trade & Other Payables	4,397	5,108	3,984	4,689
Borrowings	6,889	6,940	6,676	6,697
	11,286	12,048	10,660	11,386
Total equity and liabilities	75,492	77,468	74,650	76,576

Notes:

1 Acquisition of Subsidiary

Mobitel (Private) Limited (Mobitel) became a fully owned subsidiary of Sri Lanka Telecom Limited (SLT) with effect from 1st November 2002, since which date financial statements of Mobitel are Consolidated with those of SLT. Prior to that Mobitel was treated as an associate company where the investment was recognised under the equity method.

2 Accounting policies

These Financial Statements are in compliance with Sri Lanka Accounting Standard 35- Interim Financial Reporting.

The Company and Group have adopted consistent accounting policies as disclosed in the Annual Report for the financial year ended 31 December 2002.

3 Initial Public Offering (IPO)

On 28 November 2002 Government of Sri Lanka divested a further 12% of holding in the company through an IPO and shares of the Company commenced trading on the Colombo Stock Exchange on 14 January 2003

4 Events after the Balance Sheet date.

There are no material events subsequent to 31 March 2003 which require additional disclosure in Financial Statements.

Signed on behalf of the Board

Thilanga Sumathipala
Chairman
May-2003

Shubei Anan
CEO / Director
May-2003

Sri Lanka Telecom Limited and its Subsidiaries

Consolidated Income Statement for the 3 Months ended 31 March

	Group			Company		
	Unaudited		Change	Unaudited		Change
	2003	2002		2003	2002	
	Rs.million	Rs.million	%	Rs.million	Rs.million	%
Revenue	6,452	5,962	8	6,177	5,962	4
Operating Costs	(2,736)	(2,198)	24	(2,534)	(2,198)	15
Operating profit before depreciation	3,716	3,764	(1)	3,643	3,764	(3)
Depreciation	(2,025)	(1,831)	11	(1,956)	(1,831)	7
Operating Profit	1,691	1,933	(13)	1,687	1,933	(13)
Non-operating income	11	21	(48)	11	21	(48)
Interest expenses and related charges	(695)	(813)	(15)	(677)	(813)	(17)
Interest Income	92	132	(30)	91	132	(31)
Profit before Tax and Ass. Co share	1,099	1,273	(14)	1,112	1,273	(13)
Profit share from associate Company	-	19	(100)	-	19	(100)
Profit before tax	1,099	1,292	(15)	1,112	1,292	(14)
Taxation	(344)	(494)	(30)	(344)	(494)	(30)
Net Profit for the 3 Months	755	798	(5)	768	798	(4)
Earnings per share [(Rs) Annualized]	1.67	1.77		1.70	1.77	

Investor Information

Ratios

	Group		Company	
	31-Mar-03	31-Dec-02	31-Mar-03	31-Dec-02
Net Assets per Share (Rs)	25.66	25.49	25.70	25.52
Debt Equity Ratio (Debt / Equity) - Number of times	0.53	0.56	0.51	0.55
Interest Cover - Number of times	2.82	2.87	2.90	2.87
Quick Asset Ratio - Number of times	1.31	1.27	1.38	1.34

Market Value of Shares

Market Value of the ordinary Shares of the

Company 3 Months ended 31 March 2003 (Rs)

-Highest	16.00
-Lowest	10.50
-Last Traded price	12.00

Dividend payment

Interim Dividend Paid	Rs 0.30 per share paid on 11 February 2003
Final Dividend	Rs 0.30 per share (recommended by the Board)

Share trading from 1 st January 2003 to 31 March 2003

-No of Transactions	4,673
-No of Shares Traded	25,795,900
-Value of Shares Traded (Rs)	366,915,100

SRI LANKA TELECOM LIMITED

Statement of Changes in Equity - 1st Jan 2002 to 31 Mar.2003

Group	Share	Capital	Hedging	Deffered	Insurance	Retained	Total
	Capital	Reserves	Reserve	Income	Reserve	Earnings	
	Rs.million	Rs.million	Rs.million	Rs.million	Rs.million	Rs.million	Rs.million
Balance at 1 January 2002	18,049	188	(888)	6,879	86	19,608	43,922
Cash flow hedges							
-Foreign currency translation difference			(829)				(829)
-Charged to income			571				571
Deffered Income-							0
-Connection fees for the year				981			981
-Amortized During the year				(728)			(728)
Conversion of associate to subsidiary						(56)	(56)
Dividends (first & final) for 2001						(541)	(541)
Net profit for the year						2,685	2,685
Bal. at 31 December 2002	18,049	188	(1,146)	7,132	86	21,696	46,005
Balance at 1 January 2003	18,049	188	(1,146)	7,132	86	21,696	46,005
Cash flow hedges							
-Foreign currency translation difference			(5)				(5)
-Charged to income			44				44
Deffered Income-							0
-Connection fees for 3 months				231			231
-Amortized During 3 months				(182)			(182)
Insurance reserve -transferred during the period					7		7
Interim Dividend in respect of 2002						(541)	(541)
Profit for the 3 Months ended 31-Mar-2003						755	755
Bal. at 31 March 2003	18,049	188	(1,107)	7,181	93	21,910	46,314
Company							
Bal. at 1 Jan 2002	18,049	188	(888)	6,879	86	19,612	43,926
Cash flow hedges							0
-Foreign currency translation difference			(829)				(829)
-Charged to income			571				571
Deffered Income-							0
-Connection fees for the year				981			981
-Amortized During the year				(728)			(728)
Dividends (first & final) for 2001						(541)	(541)
Net profit for the year						2,681	2,681
Bal. at 31 December 2002	18,049	188	(1,146)	7,132	86	21,752	46,061
Balance at 1 January 2003	18,049	188	(1,146)	7,132	86	21,752	46,061
Cash flow hedges							0
-Foreign currency translation difference			(5)				(5)
-Charged to income			44				44
Deffered Income-							0
-Connection fees for 3 months				231			231
-Amortized During 3 months				(182)			(182)
Insurance reserve -transferred during the period					7		7
Dividend in respect of 2001						(541)	(541)
Profit for the 3 Months ended 31-Mar-2003						768	768
Bal. at 31 March 2003	18,049	188	(1,107)	7,181	93	21,979	46,383

Sri Lanka Telecom Limited and its Subsidiary

Consolidated Cash Flow Statement for the 3 Months ended 31 March

(all amounts in LKR millions)

	GROUP		COMPANY	
	2003	2002	2003	2002
Operating activities				
Cash generated from operations	4,248	3,753	4,140	3,753
Interest received	114	132	113	132
Interest paid	(1,042)	(1,320)	(1,023)	(1,320)
Net cash generated from operating activities	3,320	2,565	3,230	2,565
Investing activities				
Acquisition of property, plant and equipment	(835)	(727)	(816)	(726)
Net cash used in investing activities	(835)	(727)	(816)	(726)
Financing activities				
Proceeds from long term borrowings	73	128	73	128
Payment on long term borrowings	(1,294)	(1,199)	(1,264)	(1,199)
Dividends paid	(541)	0	(541)	0
Redemption of debentures	(375)	(375)	(375)	(375)
Net cash used in financing activities	(2,137)	(1,446)	(2,107)	(1,446)
Increase in cash and cash equivalents	348	392	307	393
Movement in cash and cash equivalents				
As at 1 st January	5,974	3,789	5,937	3,780
Increase	348	392	307	393
As at 31 st March	6,322	4,181	6,244	4,173