

**Sri Lanka Telecom PLC**



**Condensed Consolidated Interim Financial Statements**

**For the Quarter ended**

**31 December 2017**

## Statement of Profit or Loss and other Comprehensive Income

*(All amounts in LKR Millions )*

|   | Group              |                    | Company            |                    | Group              |                    | Company            |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Oct - Dec          |                    | Oct - Dec          |                    | Jan - Dec          |                    | Jan - Dec          |                    |
|   | 2017<br>(Reviewed) | 2016<br>(Reviewed) | 2017<br>(Reviewed) | 2016<br>(Reviewed) | 2017<br>(Reviewed) | 2016<br>(Reviewed) | 2017<br>(Reviewed) | 2016<br>(Reviewed) |
| Revenue   | 19,352             | 18,133             | 11,157             | 10,740             | 75,741             | 73,801             | 44,537             | 43,131             |
| Operating costs   | (14,271)           | (13,957)           | (8,445)            | (8,837)            | (54,536)           | (53,675)           | (33,158)           | (33,228)           |
| Operating profit before depreciation and amortization         | 5,081              | 4,176              | 2,712              | 1,903              | 21,205             | 20,126             | 11,379             | 9,903              |
| Depreciation  | (4,295)            | (3,773)            | (2,908)            | (2,452)            | (16,461)           | (13,776)           | (10,926)           | (8,509)            |
| Amortisation of intangible assets                             | (278)              | (155)              | (53)               | (55)               | (826)              | (624)              | (195)              | (227)              |
| <b>Operating profit</b>                                       | <b>508</b>         | <b>248</b>         | <b>(249)</b>       | <b>(604)</b>       | <b>3,918</b>       | <b>5,726</b>       | <b>258</b>         | <b>1,167</b>       |
| Other income  | 588                | 428                | 493                | 358                | 1,207              | 988                | 1,059              | 874                |
| Dividend Income   | -                  | -                  | 733                | 749                | -                  | -                  | 733                | 749                |
| Interest expenses and finance cost                            | (32)               | (43)               | (3)                | (10)               | (159)              | (250)              | (12)               | (25)               |
| Foreign exchange (loss) /gain                                 | 23                 | (455)              | (44)               | (353)              | (478)              | (979)              | (471)              | (570)              |
| Interest income   | 334                | 253                | 205                | 95                 | 1,040              | 1,012              | 562                | 448                |
| <b>Profit before tax</b>                                      | <b>1,421</b>       | <b>431</b>         | <b>1,135</b>       | <b>235</b>         | <b>5,528</b>       | <b>6,497</b>       | <b>2,129</b>       | <b>2,643</b>       |
| Income tax expenses   | (714)              | (307)              | (439)              | (160)              | (1,588)            | (1,707)            | (701)              | (918)              |
| <b>Profit for the Period</b>                                  | <b>707</b>         | <b>124</b>         | <b>696</b>         | <b>75</b>          | <b>3,940</b>       | <b>4,790</b>       | <b>1,428</b>       | <b>1,725</b>       |
| <b>Other comprehensive income</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Defined benefit plan actuarial (loss/gain)                    | 357                | 236                | 373                | 252                | 543                | 233                | 553                | 249                |
| Tax on other comprehensive income                             | (103)              | (71)               | (105)              | (71)               | (155)              | (70)               | (155)              | (70)               |
| <b>Other comprehensive income for the period (net of tax)</b> | <b>254</b>         | <b>165</b>         | <b>268</b>         | <b>181</b>         | <b>388</b>         | <b>163</b>         | <b>398</b>         | <b>179</b>         |
| <b>Total Comprehensive Income for the Period</b>              | <b>961</b>         | <b>289</b>         | <b>964</b>         | <b>256</b>         | <b>4,328</b>       | <b>4,953</b>       | <b>1,826</b>       | <b>1,904</b>       |
| <b>Profit Attributable to :</b>                               |                    |                    |                    |                    |                    |                    |                    |                    |
| Owners of the company   | 707                | 124                | 696                | 75                 | 3,940              | 4,790              | 1,428              | 1,725              |
| <b>Total Comprehensive Income attributable to:</b>            |                    |                    |                    |                    |                    |                    |                    |                    |
| Owners of the company   | 961                | 289                | 964                | 256                | 4,328              | 4,953              | 1,826              | 1,904              |
| Earnings per share  |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Basic (Rs.)</b>  | <b>0.39</b>        | <b>0.07</b>        | <b>0.39</b>        | <b>0.04</b>        | <b>2.18</b>        | <b>2.65</b>        | <b>0.79</b>        | <b>0.96</b>        |

Statement of Financial Position  
(All amounts in LKR Millions)

|  | Group                     |                          | Company                   |                          |
|--|---------------------------|--------------------------|---------------------------|--------------------------|
|  | 31 Dec 2017<br>(Reviewed) | 31 Dec 2016<br>(Audited) | 31 Dec 2017<br>(Reviewed) | 31 Dec 2016<br>(Audited) |
| <b>Assets</b>  |                           |                          |                           |                          |
| <b>Non-Current Assets</b>                                  |                           |                          |                           |                          |
| Property, plant and equipment                              | 117,022                   | 108,649                  | 91,453                    | 81,524                   |
| Intangible assets and goodwill                             | 7,861                     | 3,713                    | 1,067                     | 879                      |
| Investments in subsidiaries                                | -                         | -                        | 14,196                    | 14,220                   |
| Other investments  | 28                        | -                        | 28                        | -                        |
| Deferred tax assets  | 84                        | 51                       | -                         | -                        |
| Other receivables  | 3,150                     | 3,033                    | 3,137                     | 3,021                    |
| <b>Total Non-current Assets</b>                            | <b>128,145</b>            | <b>115,446</b>           | <b>109,881</b>            | <b>99,644</b>            |
| <b>Current Assets</b>                                      |                           |                          |                           |                          |
| Inventories  | 3,151                     | 1,585                    | 2,228                     | 1,146                    |
| Trade and other receivables                                | 20,744                    | 18,287                   | 17,854                    | 16,162                   |
| Current tax receivables                                    | 1,035                     | 146                      | 1,035                     | 146                      |
| Other investments  | 1,844                     | 764                      | 1,780                     | 705                      |
| Cash and cash equivalents                                  | 4,277                     | 6,682                    | 796                       | 314                      |
| <b>Total Current Assets</b>                                | <b>31,051</b>             | <b>27,464</b>            | <b>23,693</b>             | <b>18,473</b>            |
| <b>Total Assets</b>  | <b>159,196</b>            | <b>142,910</b>           | <b>133,574</b>            | <b>118,117</b>           |
| <b>Equity and Liabilities</b>                              |                           |                          |                           |                          |
| <b>Equity</b>  |                           |                          |                           |                          |
| Stated capital<br>(Represented by 1,804,860,000 shares)    | 18,049                    | 18,049                   | 18,049                    | 18,049                   |
| Insurance reserve  | 691                       | 680                      | 691                       | 680                      |
| Retained earnings  | 52,569                    | 49,858                   | 40,480                    | 40,271                   |
| Equity attributable to equity share holders of the company | <b>71,309</b>             | <b>68,587</b>            | <b>59,220</b>             | <b>59,000</b>            |
| Non controlling Interest                                   | 95                        | 91                       | -                         | -                        |
| <b>Total Equity</b>  | <b>71,404</b>             | <b>68,678</b>            | <b>59,220</b>             | <b>59,000</b>            |
| <b>Non Current Liabilities</b>                             |                           |                          |                           |                          |
| Grants   | 3                         | 9                        | 3                         | 9                        |
| Borrowings   | 14,920                    | 14,859                   | 14,492                    | 13,809                   |
| Deferred income  | 2,239                     | 2,340                    | 2,208                     | 2,297                    |
| Deferred tax liabilities                                   | 5,956                     | 4,517                    | 5,945                     | 4,507                    |
| Employee benefits  | 4,355                     | 4,538                    | 3,719                     | 3,984                    |
| Trade and other payables                                   | 2,444                     | 2,743                    | 532                       | 252                      |
| <b>Total Non Current Liabilities</b>                       | <b>29,917</b>             | <b>29,006</b>            | <b>26,899</b>             | <b>24,858</b>            |
| <b>Current Liabilities</b>                                 |                           |                          |                           |                          |
| Borrowings   | 26,891                    | 18,081                   | 24,486                    | 14,726                   |
| Deferred income  | 2,143                     | 1,435                    | 468                       | 576                      |
| Current tax liabilities                                    | 406                       | 413                      | -                         | -                        |
| Trade and other payables                                   | 28,435                    | 25,297                   | 22,501                    | 18,957                   |
| <b>Total Current Liabilities</b>                           | <b>57,875</b>             | <b>45,226</b>            | <b>47,455</b>             | <b>34,259</b>            |
| <b>Total Liabilities</b>                                   | <b>87,792</b>             | <b>74,232</b>            | <b>74,354</b>             | <b>59,117</b>            |
| <b>Total Equity and Liabilities</b>                        | <b>159,196</b>            | <b>142,910</b>           | <b>133,574</b>            | <b>118,117</b>           |

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

Signed  
Udeni Samararatne  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors on 28th February 2018.

Signed for and behalf of the Board.

Signed  
P.G Kumarasinghe Sirisena  
Chairman

Signed  
Lai Choon Foong  
Director

Sri Lanka Telecom PLC  
Company Registration No. PQ 7  
Condensed Interim Financial Statements

Statement of Changes in Equity

*(All amounts in LKR Millions )*

| Group  | Attributable to owners of the Company |                   |                   |               |                          |               |
|--|---------------------------------------|-------------------|-------------------|---------------|--------------------------|---------------|
|  | Stated Capital                        | Insurance Reserve | Retained Earnings | Total         | Non controlling interest | Total Equity  |
| <b>Balance as at 1 January 2016</b>                          | <b>18,049</b>                         | <b>605</b>        | <b>46,586</b>     | <b>65,240</b> | -                        | 65,240        |
| Non Controlling interest                                     |                                       |                   |                   |               | 91                       |               |
| <b>Total comprehensive income for the period</b>             |                                       |                   |                   |               | -                        |               |
| Net profit for the year                                      |                                       |                   | 4,790             | 4,790         | -                        | 4,790         |
| <b>Other comprehensive income</b>                            |                                       |                   |                   |               | -                        |               |
| Defined benefit plan actuarial (loss)/gain, net of tax       |                                       |                   | 163               | 163           | -                        | 163           |
| <b>Total comprehensive income for the period</b>             | -                                     | -                 | 4,953             | 4,953         | -                        | 4,953         |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                   |                   |               | -                        | -             |
| <b>contribution by and distribution to owners</b>            |                                       |                   |                   |               | -                        | -             |
| Dividends to equity share holders                            |                                       |                   | (1,606)           | (1,606)       |                          | (1,606)       |
| <b>Insurance reserve</b>                                     |                                       |                   |                   |               |                          |               |
| -Transferred to insurance reserve                            |                                       | 75                | (75)              | -             | -                        | -             |
| <b>Balance as at 31 December 2016</b>                        | <b>18,049</b>                         | <b>680</b>        | <b>49,858</b>     | <b>68,587</b> | <b>91</b>                | <b>68,678</b> |
| <b>Balance as at 1 January 2017</b>                          | <b>18,049</b>                         | <b>680</b>        | <b>49,858</b>     | <b>68,587</b> | <b>91</b>                | 68,678        |
| Non controlling interest                                     |                                       |                   |                   |               | 4                        | 4             |
| <b>Total comprehensive income for the period</b>             |                                       |                   |                   |               |                          | -             |
| Net profit for the year                                      |                                       |                   | 3,940             | 3,940         |                          | 3,940         |
| <b>Other comprehensive income</b>                            |                                       |                   |                   |               |                          |               |
| Defined benefit plan actuarial (losses)/gain, net of tax     |                                       |                   | 388               | 388           |                          | 388           |
| <b>Total comprehensive income for the period</b>             | -                                     | -                 | 4,328             | 4,328         | 4                        | 4,332         |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                   |                   |               |                          |               |
| <b>contribution by and distribution to owners</b>            |                                       |                   |                   |               |                          |               |
| Dividends to equity share holders                            |                                       |                   | (1,606)           | (1,606)       |                          |               |
| <b>Insurance reserve</b>                                     |                                       |                   |                   |               |                          |               |
| -Transferred to insurance reserve                            |                                       | 11                | (11)              | -             |                          | -             |
| <b>Balance as at 31 December 2017</b>                        | <b>18,049</b>                         | <b>691</b>        | <b>52,569</b>     | <b>71,309</b> | <b>95</b>                | <b>71,404</b> |

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Condensed Interim Financial Statements

Statement of Changes in Equity

*(All amounts in LKR Millions )*

| Company  | Attributable to owners of the Company |                   |                   |               |
|--|---------------------------------------|-------------------|-------------------|---------------|
|  | Stated Capital                        | Insurance Reserve | Retained Earnings | Total         |
| <b>Balance as at 1 January 2016</b>                          | <b>18,049</b>                         | <b>605</b>        | <b>40,048</b>     | <b>58,702</b> |
| <b>Total comprehensive income for the period</b>             |                                       |                   |                   |               |
| Net profit for the year                                      |                                       |                   | 1,725             | 1,725         |
| <b>Other comprehensive income</b>                            |                                       |                   |                   | -             |
| Defined benefit plan actuarial (loss)/gain, net of tax       |                                       |                   | 179               | 179           |
| <b>Total comprehensive income for the period</b>             | <b>-</b>                              | <b>-</b>          | <b>1,904</b>      | <b>1,904</b>  |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                   |                   |               |
| <b>contribution by and distribution to owners</b>            |                                       |                   |                   |               |
| Dividends to equity share holders                            |                                       |                   | (1,606)           | (1,606)       |
| <b>Insurance reserve</b>                                     |                                       |                   |                   |               |
| -Transferred to insurance reserve                            |                                       | 75                | (75)              | -             |
| <b>Balance as at 31 December 2016</b>                        | <b>18,049</b>                         | <b>680</b>        | <b>40,271</b>     | <b>59,000</b> |
| <b>Balance as at 1 January 2017</b>                          | <b>18,049</b>                         | <b>680</b>        | <b>40,271</b>     | <b>59,000</b> |
| <b>Total comprehensive income for the period</b>             |                                       |                   |                   |               |
| Net profit for the year                                      |                                       |                   | 1,428             | 1,428         |
| <b>Other comprehensive income</b>                            |                                       |                   |                   |               |
| Defined benefit plan actuarial (loss)/gain, net of tax       |                                       |                   | 398               | 398           |
| <b>Total comprehensive income for the period</b>             | <b>-</b>                              | <b>-</b>          | <b>1,826</b>      | <b>1,826</b>  |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                   |                   |               |
| <b>contribution by and distribution to owners</b>            |                                       |                   |                   |               |
| Dividends to equity share holders                            |                                       |                   | (1,606)           | (1,606)       |
| <b>Insurance reserve</b>                                     |                                       |                   |                   |               |
| -Transferred to insurance reserve                            |                                       | 11                | (11)              |               |
| <b>Balance as at 31 December 2017</b>                        | <b>18,049</b>                         | <b>691</b>        | <b>40,480</b>     | <b>59,220</b> |

**Statement of Cash Flows for the Year ended 31 December**  
(All amounts in LKR Millions )

|   | GROUP           |                 | COMPANY         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2017            | 2016            | 2017            | 2016            |
| <b>Operating activities</b>                                 |                 |                 |                 |                 |
| Cash generated from operations                              | 21,716          | 21,269          | 13,693          | 11,236          |
| Interest received   | 1,039           | 995             | 561             | 431             |
| Interest paid   | (2,989)         | (1,487)         | (2,665)         | (1,243)         |
| Tax paid  | (1,233)         | (1,053)         | (307)           | (236)           |
| Gratuity paid   | (322)           | (258)           | (305)           | (223)           |
| <b>Net cash generated from operating activities</b>         | <b>18,211</b>   | <b>19,466</b>   | <b>10,977</b>   | <b>9,965</b>    |
| <b>Cash flows from Investing activities</b>                 |                 |                 |                 |                 |
| Acquisition of property, plant and equipment                | (22,036)        | (23,800)        | (18,057)        | (20,610)        |
| Acquisition of intangible assets                            | (4,974)         | (1,363)         | (383)           | (22)            |
| Proceeds from disposal of property, plant and equipment     | 701             | 404             | 679             | 388             |
| Investments in Associate company                            | (28)            |                 | (28)            |                 |
| Proceeds /(Purchase) of short term investments              | (1,065)         | 412             | (1,062)         | 67              |
| <b>Net cash used in investing activities</b>                | <b>(27,402)</b> | <b>(24,347)</b> | <b>(18,851)</b> | <b>(20,177)</b> |
| <b>Cash flows from Financing activities</b>                 |                 |                 |                 |                 |
| Proceeds from borrowings                                    | 16,242          | 9,513           | 13,798          | 9,032           |
| Finance lease principal re-payments                         | (14)            | (72)            | (55)            | (50)            |
| Re-payment on borrowings                                    | (13,866)        | (8,195)         | (9,644)         | (3,626)         |
| Dividend paid to equity share holders                       | (1,606)         | (1,606)         | (1,606)         | (1,606)         |
| <b>Net cash generated/(used) from financing activities</b>  | <b>756</b>      | <b>(360)</b>    | <b>2,493</b>    | <b>3,750</b>    |
| <b>Increase/(Decrease) in cash and cash equivalents</b>     | <b>(8,435)</b>  | <b>(5,241)</b>  | <b>(5,381)</b>  | <b>(6,462)</b>  |
| <b>Movement in Cash and cash equivalents</b>                |                 |                 |                 |                 |
| Cash and cash equivalents at beginning of the year          | (616)           | 4,620           | (6,234)         | 223             |
| Effect on exchange fluctuation on cash and cash equivalents | 5               | 5               | 5               | 5               |
| <b>Increase/(Decrease) in cash and cash equivalents</b>     | <b>(611)</b>    | <b>4,625</b>    | <b>(6,229)</b>  | <b>228</b>      |
| <b>Cash and cash equivalents at 31 December (Note 1)</b>    | <b>(9,046)</b>  | <b>(616)</b>    | <b>(11,610)</b> | <b>(6,234)</b>  |
| <b>Note 1</b>   |                 |                 |                 |                 |
| Cash and cash equivalents                                   | 4,277           | 6,682           | 796             | 314             |
| Bank overdraft  | (13,323)        | (7,298)         | (12,406)        | (6,548)         |
|   | <b>(9,046)</b>  | <b>(616)</b>    | <b>(11,610)</b> | <b>(6,234)</b>  |

**I. Reporting Entity**

Sri Lanka Telecom PLC (the ‘Company’) is a company domiciled in Sri Lanka. The address of the Company’s registered office is Lotus Road, Colombo 1. The condensed separate interim financial statements relates to Sri Lanka Telecom PLC. These condensed consolidated interim financial statements (‘interim financial statements’) as at and for the three months ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the ‘Group’).

The Group is primarily involved in providing broad portfolio of telecommunication services across Sri Lanka. In addition, the range of services provided by the Group include, inter-alia, internet services, data services, domestic and international leased circuits, broadband, satellite uplink, maritime transmission, IPTV service and directory publishing service. The Company is a quoted public Company which has its listing on the Colombo Stock Exchange.

**II. Basis of accounting**

These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of SLFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements as at and for the year ended 31 December 2017.

These interim financial statements were authorized for issue by the Company’s Board of Directors on 28 February 2018.

**III. Significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the financial statement as at and for the year ended 31 December 2016.

**IV. Use of Judgments and estimates**

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2016.

**V. Operating segments**

(a) Information about reportable segments  
(All amounts are in Rs.Mn)

|                                      | Fixed ICT Operations |         | Mobile Operations |         | Other Segments Operations |       | Total    |          |
|--------------------------------------|----------------------|---------|-------------------|---------|---------------------------|-------|----------|----------|
|                                      | 31 Dec               |         | 31 Dec            |         | 31 Dec                    |       | 31 Dec   |          |
|                                      | 2017                 | 2016    | 2017              | 2016    | 2017                      | 2016  | 2017     | 2016     |
| External revenues                    | 40,616               | 39,766  | 34,037            | 33,556  | 1,088                     | 479   | 75,741   | 73,801   |
| Inter-segment revenue                | 3,921                | 3,365   | 2,462             | 2,401   | 2,352                     | 2,383 | 8,735    | 8,149    |
| Reportable segment revenue           | 44,537               | 43,131  | 36,499            | 35,957  | 3,440                     | 2,862 | 84,476   | 81,950   |
| Reportable segment Profit before tax | 2,129                | 2,643   | 4,113             | 4,909   | 135                       | (206) | 6,377    | 7,346    |
| Interest revenue                     | 562                  | 448     | 439               | 529     | 39                        | 35    | 1,040    | 1,012    |
| Interest expenses                    | (12)                 | (25)    | (121)             | (206)   | (26)                      | (19)  | (159)    | (250)    |
| Depreciation and Amortization        | (11,121)             | (8,736) | (6,077)           | (5,581) | (89)                      | (83)  | (17,287) | (14,400) |
| Reportable segment assets            | 133,574              | 118,117 | 43,601            | 45,464  | 2,149                     | 1,868 | 179,324  | 165,449  |
| Capital Expenditure                  | 18,440               | 20,632  | 8,531             | 4,492   | 39                        | 39    | 27,010   | 25,163   |
| Reportable segment liabilities       | 74,354               | 59,117  | 17,948            | 22,335  | 1,822                     | 1,617 | 94,124   | 83,069   |

| Revenues                                     | 2017          | 2016          |
|--|---------------|---------------|
| Total revenue for reportable segments        | 81,036        | 79,086        |
| Revenue for other segments                   | 3,440         | 2,862         |
| Reportable segment revenue                   | 84,476        | 81,950        |
| Elimination of inter-segment revenue         | (8,735)       | (8,149)       |
| <b>Consolidated revenue</b>                  | <b>75,741</b> | <b>73,801</b> |
| <b>Profit or loss</b>                        |               |               |
| Total Profit or loss for reportable segments | 6,242         | 7,552         |
| Profit or loss for other segments            | 135           | (206)         |
| Reportable segment Profit before tax         | 6,377         | 7,346         |
| Elimination of inter-segment profits         | (849)         | (849)         |
| <b>Consolidated profit before tax</b>        | <b>5,528</b>  | <b>6,497</b>  |



|                                | Fixed ICT Operations |         | Mobile Operations |        | Other Segments Operations |        | Elimination of inter segment balances |          | Consolidated assets and liabilities |         |
|--------------------------------|----------------------|---------|-------------------|--------|---------------------------|--------|---------------------------------------|----------|-------------------------------------|---------|
|                                | 31-Dec               | 31-Dec  | 31-Dec            | 31-Dec | 31-Dec                    | 31-Dec | 31-Dec                                | 31-Dec   | 31-Dec                              | 31-Dec  |
|                                | 2017                 | 2016    | 2017              | 2016   | 2017                      | 2016   | 2017                                  | 2016     | 2017                                | 2016    |
| Reportable segment assets      | 133,574              | 118,117 | 43,601            | 45,464 | 2,149                     | 1,868  | (20,128)                              | (22,539) | 159,196                             | 142,910 |
| Reportable segment liabilities | 74,354               | 59,117  | 17,948            | 22,335 | 1,822                     | 1,617  | (6,332)                               | (8,837)  | 87,792                              | 74,232  |

#### VI. Seasonal or cyclical factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence or the period ended 31 December 2017.

#### VIII. Property Plant and equipment

##### (a) Acquisitions and disposals

During the year ended 31 December 2017, the Group acquired assets with a cost of Rs 18,309 mn (year ended 31 December 2016 Rs 30,423 mn).

Assets with a carrying amount of Rs 9 mn were disposed of the year ended 31 December 2017 (year ended 31 December 2016: Rs Nil), resulting in a gain on disposal of Rs 692 mn (year ended 31 December 2016: gain of Rs 404 mn), which was included in 'other income' in the condensed statement of profit or loss and OCI.

##### (b) Capital commitments.

|                                     | Group (Rs. Mn) |              | Company (Rs. Mn) |              |
|-------------------------------------|----------------|--------------|------------------|--------------|
|                                     | 31 Dec. 2017   | 31 Dec. 2016 | 31 Dec. 2017     | 31 Dec. 2016 |
| <b>Property plant and equipment</b> |                |              |                  |              |
| Approved but not contracted         | 25,984         | 19,261       | 25,984           | 19,261       |
| Approved and contracted             | 1,774          | 13,229       | 1,400            | 12,863       |

**IX. Capital and reserve**

(a) Stated Capital

Stated capital of the Company consists of 1,804,860,000 ordinary shares.

**X. Loans and Borrowings**

Material repayment of Loans and Borrowing at group level for the period is as follows:

| <b>Repayments</b>            | <b>Currency</b> | <b>Amount (Rs.Mn)</b> |
|------------------------------|-----------------|-----------------------|
| Bank loan – 31 December 2017 | LKR             | 13,866                |

Material addition to Loans and Borrowing at group level for the period is as follows:

| <b>Additions</b>             | <b>Currency</b> | <b>Amount (Rs.Mn)</b> |
|------------------------------|-----------------|-----------------------|
| Bank loan – 31 December 2017 | LKR             | 16,242                |

**XI. Contingencies**

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 2016.

**XII. Related Parties**

Material Related party Transaction during the quarter are as follows;

| <b>Company</b>                   | <b>Nature of Transaction</b>   | <b>Transaction value ( Rs. Mn)</b> |                     | <b>Amount due (to)/ from related parties (Rs.Mn)</b> |                     |
|----------------------------------|--------------------------------|------------------------------------|---------------------|--|---------------------|
|                                  |                                | <b>31 Dec. 2017</b>                | <b>31 Dec. 2016</b> | <b>31 Dec. 2017</b>                                  | <b>31 Dec. 2016</b> |
| <b>Mobitel (Private) Limited</b> | Sale of goods and services     | 3,881                              | 3,334               | 2,670  | 3,861               |
|                                  | Purchase of goods and services | 2,196                              | 2,374               | (1,681)  | (3,389)             |

**XIII. Events after the Reporting Date**

No material events have arisen since the date of the statement of financial position which has been disclosed in the financial statements.

**Sri Lanka Telecom PLC**  
**Company Registration No. PQ 7**  
**Condensed Interim Financial Statements**

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**Investor Information**

**Ratios**

|                                     | Group       |             | Company     |             |
|-------------------------------------|-------------|-------------|-------------|-------------|
|                                     | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2017 | 31 Dec 2016 |
| Net asset value per share (Rs)      | 39.56       | 38.05       | 32.81       | 32.69       |
| Gearing ratio -Number of times      | 0.37        | 0.32        | 0.40        | 0.33        |
| Quick asset ratio - Number of times | 0.48        | 0.57        | 0.45        | 0.51        |

|                                  | For the year ended |             | For the year ended |             |
|----------------------------------|--------------------|-------------|--------------------|-------------|
|                                  | 31 Dec 2017        | 31 Dec 2016 | 31 Dec 2017        | 31 Dec 2016 |
| Interest cover - Number of times | 2.02               | 4.53        | 0.80               | 2.11        |

**Market Value of Shares**

| Market Value of the Ordinary Shares of the Company (Rs) | 3 Months to 31 Dec 2017 | 3 Months to 31 Dec 2016 |
|---|-------------------------|-------------------------|
| -Highest  | 31.90                   | 39.90                   |
| -Lowest   | 27.00                   | 33.30                   |
| -Last Traded price                                      | 28.50                   | 36.00                   |

**Dividend Payment**

First and Final dividend for the year 2016-Rs 0.89 per share paid on 4 June 2017.

**Share trading from 1 October to 31 December 2017**

|                              | 3 Months to 31 Dec 2017 |
|------------------------------|-------------------------|
| -No of Transactions          | 677                     |
| - No of Shares Traded        | 318,168                 |
| -Value of Shares Traded (Rs) | 9,460,738               |

**Sri Lanka Telecom PLC****Company Registration No. PQ 7****Condensed Interim Financial Statements**

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## 1) List of 20 Major Shareholders

| <u>Name &amp; Address</u>                            | <u>Share Holding</u> | <u>Percentage %</u> |
|--|----------------------|---------------------|
| 1 Secretary to the Treasury                          | 893,405,709          | 49.50               |
| 2 Global Telecommunications Holdings NV              | 811,757,869          | 44.98               |
| 3 Employees Provident Fund                           | 25,324,104           | 1.40                |
| 4 Bank of Ceylon A/C Ceybank Unit Trust.             | 18,426,582           | 1.02                |
| 5 Sri Lanka Insurance Corporation Ltd-Life Fund      | 17,713,735           | 0.98                |
| 6 National Savings Bank                              | 13,158,700           | 0.73                |
| 7 Employees Trust Fund Board                         | 3,302,188            | 0.18                |
| 8 Sri Lanka Insurance Corporation Ltd-General Fund   | 2,041,538            | 0.11                |
| 9 Bank of Ceylon A/C Ceybank Century Growth Fund     | 1,505,644            | 0.08                |
| 10 The Incorporated Trustees of the Church of Ceylon | 223,590              | 0.01                |
| 11 Bank of Ceylon No 1 Account                       | 214,000              | 0.01                |
| 12 Pinnacle Trust (Pvt) Limited                      | 183,984              | 0.01                |
| 13 Elgin Investment Limited                          | 179,407              | 0.01                |
| 14 Ceylon Biscuits Limited                           | 162,000              | 0.01                |
| 15 People's Leasing & Finance PLC / C.N Jayasooriya  | 150,000              | 0.01                |
| 16 Sinharaja Hills Plantation Pvt Limited            | 107,491              | 0.01                |
| 17 Mr Tanaka   | 100,000              | 0.01                |
| 18 Mrs.Edirisinghe                                   | 100,000              | 0.01                |
| 19 Mr Van Starrex                                    | 97,638               | 0.01                |
| 20 Mr.Weerasinghe                                    | 70,000               | 0.00                |
|  | <b>1,788,224,179</b> | <b>99.08</b>        |

- 2) Percentage of public holding as at 31 December 2017 5.52%
- 3) Number of shareholders representing the public holding - 12,245
- 3) Directors' holding & Chief Executive Officers's holding in shares of the equity - None of the Directors and the CEO held shares of the company.
- 4) Number of shares representing the Entity's stated capital - 1,804,860,000 Ordinary shares issued at Rs.10 per share.