

STATEMENT OF DIRECTORS IN RELATION TO THEIR RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The responsibility of the Directors in relation to the Financial Statements of the Company and the Group is set out in the following statement. The responsibility of the Independent Auditors, in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 07 of 2007 (the Act), is set out in the Independent Auditors' Report on page 110.

The Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income, which present a true and fair view of the profit and loss of the Company and the Group for the financial year; and
- Statement of Financial Position, which present a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and which comply with the requirements of the Act and SLFRS.

The Directors are required to ensure that, in preparing these Financial Statements:

- Appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- All applicable Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed;
- Judgements and estimates have been made which are reasonable and prudent.

The Directors are also required to ensure that the Company and the Group have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and of the Group, and to ensure that the Financial Statements presented comply with the requirements of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provide by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Directors are required to prepare the Financial Statements and to provide the Independent Auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider to be appropriate to enable them to give the Independent Auditors' opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid, or where relevant provided for, except as specified in Note 32 to the Financial Statements covering contingent liabilities.

By Order of the Board
Sri Lanka Telecom PLC



Mahesh Athukorale
Company Secretary

21 February 2019
Colombo