

Sri Lanka Telecom PLC



Interim Condensed Consolidated Financial Statements

For the Quarter ended

31 March 2024

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(All amounts in LKR Millions)

	Group Jan - Mar		Company Jan - Mar	
	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)
Revenue	26,929	26,554	17,714	17,560
Direct costs	(16,154)	(15,885)	(10,209)	(9,844)
Gross Profit	10,775	10,669	7,505	7,716
Sales and marketing costs	(2,805)	(2,799)	(1,498)	(1,282)
Administrative costs	(5,912)	(5,772)	(4,424)	(4,461)
Operating profit	2,058	2,098	1,583	1,973
Other income	303	759	366	818
Dividend Income from subsidiaries - and associates	95	-	95	-
Interest expenses and finance cost	(2,285)	(2,223)	(1,818)	(1,951)
Foreign exchange gain/ (loss)	399	408	(15)	(308)
Interest income	251	553	188	308
Share of profit / (loss) from equity - accounted investee	1	(5)	1	(5)
Profit before tax for the period	822	1,590	400	835
Income tax expenses	(666)	(633)	(114)	(209)
Profit for the period	156	957	286	626
Other comprehensive income				
Defined benefit plan actuarial gain/ (loss)	245	306	245	304
Tax on other comprehensive income	94	(92)	74	(91)
Other comprehensive income for the period (net of tax)	339	214	319	213
Total Comprehensive Income for the Period	495	1,171	605	839
Profit /(loss) Attributable to :				
Owners of the company	154	956	286	626
Non-controlling interest	2	1	-	-
	156	957	286	626
Total Comprehensive Income attributable to:				
Owners of the company	493	1,170	605	839
Non-controlling interest	2	1	-	-
	495	1,171	605	839
Earnings per share - Basic (Rs.)	0.09	0.53	0.16	0.35

(All amounts in LKR Millions)

	Group		Company	
	31 Mar 2024 (Reviewed)	31 Dec 2023 (Audited)	31 Mar 2024 (Reviewed)	31 Dec 2023 (Audited)
Assets				
Non-Current Assets				
Property, plant and equipment	176,456	174,803	136,115	136,202
Right-of-use assets	5,207	5,761	737	813
Intangible assets and goodwill	10,551	10,364	3,390	3,200
Investments in subsidiaries	-	-	14,431	14,431
Investments in associates	515	514	515	514
Deferred tax assets	350	365	-	-
Contract assets	1,090	1,091	321	350
Investments In equity Shares	2	2	-	-
Other receivables	3,342	3,496	3,318	3,471
Total Non-current Assets	197,513	196,396	158,827	158,981
Current Assets				
Inventories	3,587	4,078	2,665	3,240
Trade and other receivables	33,122	32,015	22,925	21,650
Current tax receivables	193	181	152	142
Contract assets	1,494	1,511	162	146
Other investments	155	117	-	-
Cash and cash equivalents	11,174	12,377	4,932	5,330
Total Current Assets	49,725	50,279	30,836	30,508
Total Assets	247,238	246,675	189,663	189,489
Equity and Liabilities				
Equity				
Stated capital	18,049	18,049	18,049	18,049
Insurance reserve	300	300	300	300
Retained earnings	70,647	70,152	50,396	49,791
Equity attributable to equity share - holders of the company	88,996	88,501	68,745	68,140
Non controlling Interest	122	120	-	-
Total Equity	89,118	88,621	68,745	68,140
Non Current Liabilities				
Borrowings	34,782	36,318	32,649	34,851
Vendor financing	12,505	12,770	12,505	12,770
Lease liability	2,823	3,617	241	267
Contract liabilities	1,669	1,776	1,669	1,776
Deferred income	1,193	1,250	1,193	1,250
Deferred tax liabilities	9,918	9,602	7,724	7,683
Employee benefits	5,957	6,117	5,061	5,221
Trade and other payables	4,076	5,225	2,834	3,399
Total Non Current Liabilities	72,923	76,675	63,876	67,217
Current Liabilities				
Borrowings	32,888	27,456	24,948	19,778
Vendor financing	8,961	7,278	4,420	4,178
Lease liability	2,889	2,619	565	617
Contract liabilities	1,197	1,236	906	956
Deferred income	3,731	3,677	281	325
Current tax liabilities	384	411	-	-
Trade and other payables	35,147	38,702	25,922	28,278
Total Current Liabilities	85,197	81,379	57,042	54,132
Total Liabilities	158,120	158,054	120,918	121,349
Total Equity and Liabilities	247,238	246,675	189,663	189,489

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

Signed

Sanjeewa Samaranayake
Chief Financial Officer

The Board of Directors is responsible for these financial statements. These financial statements were approved by the Board of Directors on 14 May 2024.

Signed for and behalf of the Board.

Signed
A.K.D.D.D. Arandara
Chairman

Signed
M.M.C.P. Mohottigedara
Director

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the three months ended 31 March 2024

(All amounts in LKR Millions)

Group	Attributable to owners of the Company					
	Stated capital	Insurance reserve	Retained earnings	Total	Non controlling interest	Total equity
Balance as at 1 January 2023	18,049	300	74,024	92,373	115	92,488
Subsidiary liquidation impact	-	-	157	157	-	157
Non Controlling interest	-	-	-	-	5	5
Total comprehensive income for the year						
Net loss for the year	-	-	(3,921)	(3,921)	-	(3,921)
Other comprehensive income / (expense)						
Defined benefit plan actuarial gain, net of tax	-	-	343	343	-	343
Total other comprehensive income for the year	-	-	343	343	-	343
Total comprehensive income for the year	-	-	(3,578)	(3,578)	-	(3,578)
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Dividends to equity share holders	-	-	(451)	(451)	-	(451)
Balance as at 31 December 2023	18,049	300	70,152	88,501	120	88,621
Balance as at 1 January 2024	18,049	300	70,152	88,501	120	88,621
Non controlling interest	-	-	-	-	2	2
Total comprehensive income for period						
Net profit for the period	-	-	156	156	-	156
Other comprehensive income /(expense)						
Defined benefit plan actuarial gain, net of tax	-	-	339	339	-	339
Total other comprehensive income for period	-	-	339	339	-	339
Total comprehensive income for the period	-	-	495	495	-	495
Balance as at 31 March 2024	18,049	300	70,647	88,996	122	89,118

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the three months ended 31 March 2024

(All amounts in LKR Millions)

Company	Attributable to owners of the Company			
	Stated capital	Insurance reserve	Retained earnings	Total
Balance as at 1 January 2023	18,049	300	51,197	69,546
Total comprehensive income for the year				
Net loss for the year	-	-	(1,132)	(1,132)
Other comprehensive income / (expense)				
Defined benefit plan actuarial loss, net of tax	-	-	177	177
Total other comprehensive income for the year	-	-	177	177
Total comprehensive income for the year	-	-	(955)	(955)
Transactions with owners, recorded directly in equity				
Contribution by and distribution to owners				
Dividends to equity share holders	-	-	(451)	(451)
Balance as at 31 December 2023	18,049	300	49,791	68,140
Balance as at 1 January 2024	18,049	300	49,791	68,140
Total comprehensive income for period				
Net profit for the period	-	-	286	286
Other comprehensive income / (expense)				
Defined benefit plan actuarial gain, net of tax	-	-	319	319
Total other comprehensive income for period	-	-	319	319
Total comprehensive income for the period	-	-	605	605
Balance as at 31 March 2024	18,049	300	50,396	68,745

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended 31 March 2024

(All amounts in LKR Millions)

	GROUP		COMPANY	
	2024	2023	2024	2023
Operating activities				
Cash generated from operations	5,924	8,892	4,044	2,625
Interest received	262	555	199	310
Interest paid	(2,962)	(3,782)	(2,687)	(3,569)
Tax paid	(335)	(582)	-	(131)
Gratuity paid	(190)	(148)	(149)	(113)
Net cash generated from operating activities	2,699	4,935	1,407	(878)
Cash flows from Investing activities				
Acquisition of property, plant and equipment	(7,304)	(10,833)	(3,939)	(9,233)
Acquisition of intangible assets	(736)	(1,330)	(437)	(23)
Proceeds from disposal of property, plant and equipment	117	64	78	58
Proceeds / (Purchase) of short term investments	(49)	3,301	(11)	3,302
Net cash used in investing activities	(7,972)	(8,798)	(4,309)	(5,896)
Cash flows from Financing activities				
Proceeds from borrowings	11,000	7,500	3,000	7,000
Cash payment for the principle portion of lease liability	(614)	(702)	(160)	(151)
Finance lease principal re-payments	-	(1)	-	(1)
Re-payment on borrowings	(9,344)	(2,349)	(2,202)	(935)
(Decrease) / Increase in vendor financing and other non current liabilities	1,103	913	(359)	2,579
Net cash generated from / (used) financing activities	2,145	5,361	279	8,492
(Decrease) / Increase in cash and cash equivalents	(3,128)	1,498	(2,623)	1,718
Movement in Cash and cash equivalents				
Cash and cash equivalents at beginning of the year	5,058	8,587	(211)	873
Effect on exchange fluctuation on cash and cash equivalents	(636)	(891)	(275)	(474)
Increase/(Decrease) in cash and cash equivalents	(3,128)	1,498	(2,623)	1,718
Cash and cash equivalents at 31 March (Note)	1,294	9,194	(3,109)	2,117
Note				
Cash and cash equivalents	11,174	13,418	4,932	5,550
Bank overdraft	(9,880)	(4,224)	(8,041)	(3,433)
	1,294	9,194	(3,109)	2,117

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 interim condensed separate financial statements relate to Sri Lanka Telecom PLC. These interim condensed consolidated financial statements ('interim financial statements') as of 31 March 2024 and for the three months ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in providing a 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 listed on the Colombo Stock Exchange.

II. Basis of accounting

These interim condensed consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34, 'Interim Financial Reporting' and 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 for an understanding of the changes in the Group's financial position and performance since the last audited financial statements as of 31 December 2023 and for the year ended 31 December 2023.

These interim financial statements were authorized for issue by the Company's Board of Directors on 14 May 2024.

III. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the audited financial statement as of 31 December 2023 and for the year ended 31 December 2023.

IV. Use of Judgments and estimates

The 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 when preparing these interim financial statements. 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 were the same as those applied to the audited financial statements as of 31 December 2023 and for the year ended 31 December 2023.

Sri Lanka Telecom PLC

Notes to the Interim Condensed Consolidated Financial Statements

For the quarter ended 31 March 2024.

V. Operating segments

Information relevant to the operating segments are presented in a method consistent with the management reporting provided to those charged with governance.

(a) Information about reportable segments

(All amounts in Rs.Mn)

	Fixed ICT Operations		Mobile Operations		IPTV Operations**		Other Segments Operations		Total	
	Jan - Mar		Jan - Mar		Jan - Mar		Jan - Mar		Jan - Mar	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
External revenues	15,974	16,043	10,574	10,174	71	39	310	298	26,929	26,554
Inter- segment revenue	1,740	1,517	372	422	945	939	554	560	3,611	3,438
Reportable segment revenue	17,714	17,560	10,946	10,596	1,016	978	864	858	30,540	29,992
Reportable segment profit /(loss) - before tax	400	835	50	266	430	344	(39)	(36)	841	1,409
Foreign exchange gain / (loss)	(15)	(308)	277	375	137	341	-	-	399	408
Interest income	188	308	62	243	3	-	2	2	255	553
Interest expenses & Finance costs	(1,818)	(1,951)	(490)	(297)	-	-	(11)	(15)	(2,319)	(2,263)
Depreciation and amortization	(4,774)	(4,163)	(2,604)	(2,491)	(35)	(14)	(8)	(6)	(7,421)	(6,674)

* IPTV operation is identified as a reportable segment in accordance with quantitative thresholds as per SLFR 8 - Operating Segments.

Revenues	Jan - Mar <u>2024</u>	Jan - Mar <u>2023</u>
Total revenue for reportable segments	29,676	26,134
Revenue for other segments	864	858
Reportable segment revenue	30,540	29,992
Elimination of inter- segment revenue	(3,611)	(3,438)
Consolidated revenue	26,929	26,554
Profit or loss		
Total profit for reportable segments	880	1,445
Profit or (loss) for other segments	(39)	(36)
Reportable segment profit before tax before elimination	841	1,409
Inter- segment profits adjustment	(19)	181
Consolidated profit or (loss) before tax	822	1,590

V. Operating segments (Continued)**Assets & Liabilities**

	31 Mar 2024	31 Dec 2023
Assets		
Total assets for reportable segments	271,198	270,463
Assets for other segments	2,023	1,806
	273,221	272,269
Elimination of inter - segment assets	(25,983)	(25,594)
Consolidated total assets	247,238	246,675
Liabilities		
Total liabilities for reportable segments	168,358	168,191
Liabilities for other segments	1,408	1,138
	169,766	169,329
Elimination of inter- segment liabilities	(11,646)	(11,275)
Consolidated total liabilities	158,120	158,054

VI. Seasonal or cyclical factors

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

(a) Impact on Property, Plant and Equipment

The Group has assessed the impact on property, plant and equipment and spectrum assigned to the Group. The Group will continue to take proactive measures to mitigate any potential impact and will continue its contingency plans and risk management measures as the situation evolves.

VII. Property Plant and equipment**(a) Acquisitions and Disposals**

- (i) During the three months ended 31 March 2024, the Group acquired assets at a cost of Rs 7,347 Mn (three months ended 31 March 2023- Rs.11,014 Mn).
- (ii) Assets with a written down value of Rs.11 Mn were disposed during the three months ended 31 March 2024 (three months ended 31 March 2023 written down value of Rs 1 Mn), resulting in a gain on disposal of Rs.106 Mn (three months ended 31 March 2023 gain of Rs.63 Mn), which was included in 'Other Income' in the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(b) Impairment of Property, plant and equipment

During the three months ended 31 March 2024 Company has recognized an impairment loss of Rs. NIL (three months ended 31 March 2023 Rs. 91 Mn)

Sri Lanka Telecom PLC

Notes to the Interim Condensed Consolidated Financial Statements

For the quarter ended 31 March 2024.

(c) Capital commitments.

	Group (Rs. Mn)		Company (Rs. Mn)	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Property plant and equipment				
Approved but not contracted	12,343	15,188	9,258	7,960
Approved and contracted	19,233	19,009	14,187	14,218

VIII. Capital and Reserves

(a) Stated Capital

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

IX. Loans and Borrowings

Material additions to loans and borrowings at Group level for the year under review:

Additions	Currency	Amount (Rs. Mn.)
Bank loan - 31 Mar 2024	LKR	11,000

Material repayment of loans and borrowings at Group level for the period under review:

Repayments	Currency	Amount (Rs. Mn.)
Bank loan - 31 Mar 2024	LKR	9,344

X. Contingencies

There were no significant changes to the list of contingencies disclosed in the latest annual report of 2023 and interim condensed consolidated financial statements for the quarter ended 31 December 2023.

XI. Related Parties

Material related party transactions during the period under review:

Company	Nature of Transaction	Transaction Value (Rs. Mn)		Amount due (to)/ from related parties (Rs. Mn)	
		31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Dec 2023
Mobitel (Private) Limited	Sale of goods and services	1,706	1,477	1,975	1,941
	Purchase of goods and services	355	422	(3,787)	(3,072)

XII. Events after the Reporting date

SLT Visioncom (Pvt) Ltd. and SLT Digital Services (Pvt) Ltd. fully owned subsidiaries of SLT were amalgamated with Sri Lanka Telecom (Services) Ltd. in terms of Section 242 (2) of the Companies Act No. 7 of 2007 effective 1st April 2024.

Other than that, no other material events have arisen since the date of the statement of financial position up to the date of this report which require changes to, or disclosure in the financial statements.

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Financial Statements**For the three months ended 31 March 2024****Investor Information****Ratios**

	Group		Company	
	31-Mar 2024	31-Dec 2023	31-Mar 2024	31-Dec 2023
Net asset value per share (Rs.)	49.31	49.03	38.09	37.75
Debt/equity ratio - Number of times	1.06	1.02	1.10	1.06
Quick asset ratio - Number of times	0.54	0.57	0.49	0.50

	For the 3 months ended		For the 3 months ended	
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
Interest cover - Number of times	1.09	0.99	0.93	0.78

Market Value of Shares

	3 Months to 31 Mar 2024	3 Months to 31 Mar 2023
Market Value of the Ordinary Shares of the Company (Rs.)		
- Highest	101.00	121.75
- Lowest	88.00	62.00
- Last traded price	90.00	94.00

Share trading from 1 January to 31 March 2024

	3 Months to 31 Mar 2024
- No of Transactions	7,160
- No of Shares Traded	4,308,567
- Value of Shares Traded (Rs.)	402,233,456

Debenture Information

- Interest yield as at date of last trade	- Not traded after initial issue
- Yield to maturity of last trade done with trade date	- Not traded after initial issue
- Interest rate of comparable government security	- 12.03%
- Market prices (ex-interest) for the current interim period	- No trades during the Qtr 1,2024

Sri Lanka Telecom PLC**Company Registration No. PQ 7****Interim Condensed Consolidated Financial Statements****For the three months ended 31 March 2024****1) List of 20 Major Shareholders**

<u>Name & Address</u>	<u>Share Holding</u>	<u>Percentage %</u>
1 Secretary to the Treasury	906,564,409	50.23
2 Global Telecommunications Holdings NV	811,757,869	44.98
3 Employee's Provident Fund	25,324,104	1.40
4 Sri Lanka Insurance Corporation Ltd-Life Fund	17,713,735	0.98
5 Bank of Ceylon A/C Ceybank Unit Trust	8,678,842	0.48
6 Employees Trust Fund Board	3,302,188	0.18
7 Sri Lanka Insurance Corporation Ltd-General Fund	2,041,538	0.11
8 Seylan Bank PLC / Karagoda Loku Gamage Udayananda	2,002,173	0.11
9 Peoples Leasing & Finance PLC / K.L. Udayanada	880,447	0.05
10 Bank of Ceylon A/C Ceybank Century Growth Fund	780,032	0.04
11 Peoples Leasing & Finance PLC / Mrs. M. E Amarasinghe	660,000	0.04
12 Merchant Bank of Sri Lanka and Finance PLC / N.N. Dissanayaka	343,683	0.02
13 Mrs H. K. H Gunawardena	310,218	0.02
14 Mr G. Anuragavan	288,265	0.02
15 Hatton National Bank PLC- Ceylon Index Fund	256,256	0.01
16 Merchant Bank of Sri Lanka and Finance PLC / R.R.S ANANDA	255,587	0.01
17 Merchant Bank of Sri Lanka and Finance PLC / W.L.B SIRIWARDENA	234,601	0.01
18 The Incorporated Trustees of the Church of Ceylon	223,590	0.01
19 Mr.M.M Hettigama	219,937	0.01
20 Bank of Ceylon No. 1 Account	214,000	0.01
	1,782,051,474	98.74

- 2) Percentage of public holding as at 31 March 2024 4.78%
- 3) Number of shareholders representing the public holding 13,845
- 4) Float adjusted market capitalization 7,762,103,820.00

The Company is not in compliance with option 4 of the listing rule 7.13.1 (a) which requires the Company to maintain a minimum public holding of 10%

- 5) Directors' shareholding
- | | |
|-----------------------------|--------|
| Mr. A. R. H. Fernando | 75,000 |
| Mr. K. A. Vimalenthirarajah | 1,300 |
- 6) Chief Executive Officer's shareholding 1,824
- 7) Number of shares representing the Company's stated capital 1,804,860,000 ordinary shares issued at Rs.10 per share.