

Sri Lanka Telecom PLC



Interim Condensed Consolidated Financial Statements

For the Quarter ended

30 September 2024

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

(All amounts in LKR Millions)

	Group		Company		Group		Company	
	Jul-Sep		Jul-Sep		Jan-Sep		Jan-Sep	
	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)
Revenue	28,543	27,712	18,093	17,490	82,090	80,439	53,056	52,135
Direct costs	(16,233)	(17,851)	(9,702)	(10,657)	(48,871)	(50,479)	(29,998)	(30,579)
Gross Profit	12,310	9,861	8,391	6,833	33,219	29,960	23,058	21,556
Sales and marketing costs	(2,895)	(3,081)	(1,644)	(1,729)	(8,602)	(8,678)	(4,749)	(4,422)
Administrative costs	(5,839)	(6,231)	(4,267)	(4,482)	(17,423)	(18,391)	(12,862)	(13,628)
Operating profit	3,576	549	2,480	622	7,194	2,891	5,447	3,506
Other income	426	535	432	526	982	1,605	1,065	1,673
Dividend Income from subsidiaries - and associates	95	-	95	-	190	-	190	-
Interest expenses and finance cost	(2,271)	(2,773)	(1,723)	(2,399)	(6,789)	(8,388)	(5,362)	(7,395)
Foreign exchange gain/ (loss)	(78)	294	(101)	223	618	926	(77)	(112)
Interest income	229	303	153	269	719	1,170	501	850
Share of profit / (loss) from equity - accounted investee	-	44	-	44	1	44	1	44
Profit/(loss) before tax for the period	1,977	(1,048)	1,336	(715)	2,915	(1,752)	1,765	(1,434)
Income tax (expenses)/reversal	(884)	(495)	(404)	64	(2,145)	(950)	(561)	382
Profit /(loss) for the period	1,093	(1,543)	932	(651)	770	(2,702)	1,204	(1,052)
Other comprehensive income								
Net change in fair value financial assets	-	-	-	-	-	(1)	-	-
Defined benefit plan actuarial gain/ (loss)	57	389	56	389	281	738	281	737
Tax on other comprehensive income	(121)	(94)	(151)	(117)	(13)	(168)	(84)	(221)
Other comprehensive income for the period (net of tax)	(64)	295	(95)	272	268	569	197	516
Total Comprehensive Income for the Period	1,029	(1,248)	837	(379)	1,038	(2,133)	1,401	(536)
Profit /(loss) Attributable to :								
Owners of the company	1,092	(1,544)	932	(651)	767	(2,706)	1,204	(1,052)
Non-controlling interest	1	1	-	-	3	4	-	-
	1,093	(1,543)	932	(651)	770	(2,702)	1,204	(1,052)
Total Comprehensive Income attributable to:								
Owners of the company	1,028	(1,249)	837	(379)	1,035	(2,137)	1,401	(536)
Non-controlling interest	1	1	-	-	3	4	-	-
	1,029	(1,248)	837	(379)	1,038	(2,133)	1,401	(536)
Earnings per share								
- Basic (Rs.)	0.61	(0.86)	0.52	(0.36)	0.42	(1.50)	0.67	(0.58)

(All amounts in LKR Millions)

	Group		Company	
	30 Sep 2024 (Reviewed)	31 Dec 2023- Restated (Audited)	30 Sep 2024 (Reviewed)	31 Dec 2023- Restated (Audited)
Assets				
Non-Current Assets				
Property, plant and equipment	176,025	174,466	133,832	135,865
Right-of-use assets	4,004	5,761	484	813
Intangible assets	11,094	10,364	3,037	3,200
Investments in subsidiaries	-	-	14,491	14,431
Investments in associates	515	514	515	514
Deferred tax assets	356	365	-	-
Contract assets	1,158	1,091	277	350
Investments in equity Shares	2	2	-	-
Other receivables	4,027	3,496	3,398	3,471
Total Non-current Assets	197,181	196,059	156,034	158,644
Current Assets				
Inventories	3,379	4,078	2,507	3,240
Trade and other receivables	33,040	32,015	22,666	21,650
Current tax receivables	212	181	212	142
Contract assets	1,282	1,511	153	146
Other investments	751	117	711	-
Cash and cash equivalents	9,480	12,377	3,654	5,330
Total Current Assets	48,144	50,279	29,903	30,508
Total Assets	245,325	246,338	185,937	189,152
Equity and Liabilities				
Equity				
Stated capital	18,049	18,049	18,049	18,049
Insurance reserve	300	300	300	300
Retained earnings	70,954	69,916	50,956	49,555
Equity attributable to equity share - holders of the company	89,303	88,265	69,305	67,904
Non controlling Interest	123	120	-	-
Total Equity	89,426	88,385	69,305	67,904
Non Current Liabilities				
Borrowings	47,526	36,318	41,085	34,851
Vendor financing	11,775	12,770	11,775	12,770
Lease liability	3,189	3,617	93	267
Contract liabilities	1,883	1,776	1,883	1,776
Deferred income	1,079	1,250	1,079	1,250
Deferred tax liabilities	11,119	9,501	8,227	7,582
Employee benefits	6,085	6,117	5,182	5,221
Trade and other payables	3,735	5,225	2,761	3,399
Total Non Current Liabilities	86,391	76,574	72,085	67,116
Current Liabilities				
Borrowings	23,111	27,456	14,061	19,778
Vendor financing	9,872	7,278	3,407	4,178
Lease liability	1,550	2,619	469	617
Contract liabilities	1,304	1,236	1,054	956
Deferred income	3,295	3,677	276	325
Current tax liabilities	133	411	-	-
Trade and other payables	30,243	38,702	25,280	28,278
Total Current Liabilities	69,508	81,379	44,547	54,132
Total Liabilities	155,899	157,953	116,632	121,248
Total Equity and Liabilities	245,325	246,338	185,937	189,152

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

Signed

Sanjeewa Samaranyake
Chief Financial Officer

The Board of Directors is responsible for these financial statements. These financial statements were approved by the Board of Directors on 13 November 2024.

Signed for and behalf of the Board.

Signed
Dr.Mothilal de Silva
Chairman

Signed
Mr.M.M.C.P. Mohottigedara
Director

(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						
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
Prior year depreciation adjustment net of tax	-	-	(236)	(236)	-	(236)
Adjusted balance as at 31 December 2023	18,049	300	69,916	88,265	120	88,385
Balance as at 1 January 2024	18,049	300	69,916	88,265	120	88,385
Non controlling interest	-	-	-	-	3	3
Total comprehensive income for period						
Net profit for the period	-	-	770	770	-	770
Other comprehensive income						
Defined benefit plan actuarial gain, net of tax	-	-	268	268	-	268
Total other comprehensive income for period	-	-	268	268	-	268
Total comprehensive income for the period	-	-	1,038	1,038	-	1,038
Balance as at 30 September 2024	18,049	300	70,954	89,303	123	89,426

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Changes In Equity

For the nine months ended 30 September 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				
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
Prior year depreciation adjustment net of tax			(236)	(236)
Adjusted balance as at 31 December 2023	18,049	300	49,555	67,904
Balance as at 1 January 2024	18,049	300	49,555	67,904
Total comprehensive income for period				
Net profit for the period	-	-	1,204	1,204
Other comprehensive income				
Defined benefit plan actuarial gain, net of tax	-	-	197	197
Total other comprehensive income for period	-	-	197	197
Total comprehensive income for the period	-	-	1,401	1,401
Balance as at 30 September 2024	18,049	300	50,956	69,305

Sri Lanka Telecom PLC

Company Registration No. PQ 7

Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended 30 September 2024

(All amounts in LKR Millions)

	GROUP		COMPANY	
	2024	2023	2024	2023
Operating activities				
Cash generated from operations	21,326	25,957	18,994	18,803
Interest received	730	1,176	512	856
Interest paid	(8,197)	(12,433)	(7,261)	(11,233)
Tax paid	(836)	(1,356)	-	(455)
Gratuity paid	(595)	(485)	(465)	(355)
Net cash generated from operating activities	12,428	12,859	11,780	7,616
Cash flows from Investing activities				
Acquisition of property, plant and equipment	(18,981)	(25,798)	(10,504)	(21,616)
Acquisition of intangible assets	(2,464)	(4,375)	(595)	(202)
Investment in subsidiary	-	-	(60)	-
Proceeds from disposal of property, plant and equipment	317	316	153	209
Proceeds / (Purchase) of short term investments	(645)	2,489	(722)	2,516
Net cash used in investing activities	(21,773)	(27,368)	(11,728)	(19,093)
Cash flows from Financing activities				
Proceeds from borrowings	49,085	20,250	27,085	12,750
Cash payment for the principle portion of lease liability	(1,911)	(1,791)	(699)	(411)
Finance lease principal re-payments	-	(12)	-	(12)
Re-payment on borrowings	(42,722)	(7,854)	(26,711)	(2,899)
(Decrease) / Increase in vendor financing and other non current liabilities	1,207	(1,701)	(2,172)	(151)
Dividend paid to equity share holders	-	(451)	-	(451)
Net cash generated from / (used) financing activities	5,659	8,441	(2,497)	8,826
(Decrease) / Increase in cash and cash equivalents	(3,686)	(6,068)	(2,445)	(2,651)
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	(574)	(520)	(245)	(538)
Increase/(Decrease) in cash and cash equivalents	(3,686)	(6,068)	(2,445)	(2,651)
Cash and cash equivalents at 30 September (Note)	798	1,999	(2,901)	(2,316)
Note				
Cash and cash equivalents	9,480	10,502	3,654	4,107
Bank overdraft	(8,682)	(8,503)	(6,555)	(6,423)
	798	1,999	(2,901)	(2,316)

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 30 September 2024 and for the nine months ended 30 September 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 13 November 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 30 September 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 operation *		Other Segments Operations**		Total	
	Jan - Sep		Jan - Sep		Jan - Sep		Jan - Sep		Jan - Sep	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
External revenues	48,354	47,608	32,411	30,764	199	127	1,126	1,940	82,090	80,439
Inter- segment revenue	4,702	4,527	1,025	1,075	2,870	2,930	1,715	711	10,312	9,243
Reportable segment revenue	53,056	52,135	33,436	31,839	3,069	3,057	2,841	2,651	92,402	89,682
Reportable segment profit /(loss) - before tax	1,765	(1,434)	439	(1,013)	888	615	(119)	(122)	2,973	(1,954)
Interest expenses & Finance costs	(5,362)	(7,395)	(1,515)	(1,081)	-	-	(37)	(43)	(6,914)	(8,519)
Foreign exchange gain / (loss)	(77)	(112)	513	618	182	420	-	-	618	926
Interest income	501	850	210	312	6	2	10	6	727	1,170
Depreciation and amortization	(14,140)	(13,506)	(7,970)	(7,842)	(116)	(41)	(24)	(22)	(22,250)	(21,411)

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

Revenues	Jan - Sep 2024	Jan -Sep 2023
Total revenue for reportable segments	89,561	87,031
Revenue for other segments	2,841	2,651
Reportable segment revenue	92,402	89,682
Elimination of inter- segment revenue	(10,312)	(9,243)
Consolidated revenue	82,090	80,439
Profit or loss		
Total profit for reportable segments	3,092	(1,832)
Profit or (loss) for other segments	(119)	(122)
Reportable segment profit before tax before elimination	2,973	(1,954)
Inter- segment profits adjustment	(58)	202
Consolidated profit or (loss) before tax	2,915	(1,752)

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

	30 Sep 2024	31 Dec 2023
Assets		
Total assets for reportable segments	270,957	270,126
Assets for other segments	2,753	1,806
	273,710	271,932
Elimination of inter - segment assets	(28,385)	(25,594)
Consolidated total assets	245,325	246,338
Liabilities		
Total liabilities for reportable segments	167,668	168,090
Liabilities for other segments	2,180	1,138
	169,848	169,228
Elimination of inter- segment liabilities	(13,949)	(11,275)
Consolidated total liabilities	155,899	157,953

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 nine months ended 30 September 2024, the Group acquired assets at a cost of Rs 18,526 Mn (nine months ended 30 September 2023- Rs.22,069 Mn).
- (ii) Assets with a written down value of Rs.13 Mn were disposed during the nine months ended 30 September 2024 (nine months ended 30 September 2023 written down value of Rs 48 Mn), resulting in a gain on disposal of Rs.302 Mn (nine months ended 30 September 2023 gain of Rs.268 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 nine months ended 30 September 2024 Company has recognized a reversal of impairment of Rs.91 Mn on IPTV. (Nine months ended 30th September 2023 impairment loss of Rs. 91 Mn and Rs. 320 Mn has been recognized on IPTV assets and LTE assets respectively)

(c) Capital commitments.

	Group (Rs. Mn)		Company (Rs. Mn)	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Property plant and equipment				
Approved but not contracted	6,892	15,188	4,455	7,960
Approved and contracted	13,995	19,009	9,048	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 - 30 Sep 2024	LKR	49,085

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

Repayments	Currency	Amount (Rs. Mn.)
Bank loan - 30 Sep 2024	LKR	42,722

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 30 September 2024.

XI. Related Parties

Material related party transactions during the period under review:

Company	Nature of Transaction	Transaction Value (Rs. Mn)		Amount due from/(to) related parties (Rs. Mn)	
		30 Sep 2024	30 Sep 2023	30 Sep 2024	31 Dec 2023
Mobitel (Private) Limited	Sale of goods and services	4,600	4,413	1,886	1,941
	Purchase of goods and services	1,154	1,174	(6,444)	(3,072)

XII. Restatement of prior year balances

Prior year Depreciation amounting to Rs.337 Mn and related deferred tax impact of Rs.101 Mn adjusted in the retained earnings, Property, plant and equipment (PPE) and deferred tax liability of the company and group.

XIII. Disposal of Talentfort (Pvt) Ltd

On 30 August 2024, the Company sold 100% of its investment in Talentfort (Pvt) Ltd for Rs.80 Mn and net assets at disposal was Rs.35 Mn. The Group reported a disposal gain of Rs.45 Mn.

XIV. Events after the Reporting date

No 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 nine months ended 30 September 2024

Investor Information**Ratios**

	Group		Company	
	30-Sep 2024	31-Dec 2023	30-Sep 2024	31-Dec 2023
Net asset value per share (Rs.)	49.48	48.90	38.40	37.62
Debt/equity ratio - Number of times	1.08	1.02	1.02	1.07
Quick asset ratio - Number of times	0.64	0.57	0.61	0.50

	For the 9 months ended		For the 9 months ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
Interest cover - Number of times	1.22	0.55	1.10	0.54

Market Value of Shares

Market Value of the Ordinary

Shares of the Company (Rs.)

	3 Months to 30 Sep 2024	3 Months to 30 Sep 2023
- Highest	84.00	106.50
- Lowest	54.90	81.70
- Last traded price	65.90	84.80

Share trading from 1 July to 30 September 2024

	3 Months to 30 Sep 2024
- No of Transactions	6,134
- No of Shares Traded	3,296,478
- Value of Shares Traded (Rs.)	216,882,883

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	- 11.55%
- Market prices (ex-interest) for the current interim period	- No trades during the Qtr 3,2024

Sri Lanka Telecom PLC**Company Registration No. PQ 7****Interim Condensed Consolidated Financial Statements****For the nine months ended 30 September 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	1,909,891	0.11
9 Peoples Leasing & Finance PLC / K.L. Udayanada	955,447	0.05
10 Bank of Ceylon A/C Ceybank Century Growth Fund	780,032	0.04
11 Senthilverl Holdings (Pvt) Ltd	422,379	0.02
12 Merchant Bank of Sri Lanka and Finance PLC / N.N. Dissanayaka	320,683	0.02
13 Mrs H. K. H Gunawardena	310,218	0.02
14 Mr G. Anuragavan	288,265	0.02
15 Merchant Bank of Sri Lanka and Finance PLC / R.R.S ANANDA	255,587	0.01
16 Peoples Leasing & Finance PLC / Mrs. M. E Amarasinghe	228,883	0.01
17 The Incorporated Trustees of the Church of Ceylon	223,590	0.01
18 Bank of Ceylon No. 1 Account	214,000	0.01
19 Mr. D. C. Chandiram	201,600	0.01
20 Peoples Leasing & Finance PLC / Mr. R. R. S. Ananda	184,831	0.01
	1,781,678,091	98.69

2) Percentage of public holding as at 30 September 2024	4.78%
3) Number of shareholders representing the public holding	14,223
4) Float adjusted market capitalization	5,688,613,078

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	None
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.	