

DIALOG AXIATA PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 JUNE 2020**





Report on Review of Condensed Consolidated Interim Financial Information To the Directors of Dialog Axiata PLC

Introduction

We have reviewed the accompanying condensed statement of financial position of Dialog Axiata PLC and its subsidiaries as at 30 June 2020, and the related statement of comprehensive income, changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Sri Lanka Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making of inquiries, preliminarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Sri Lanka Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting.

4 August 2020
Date


PricewaterhouseCoopers

PricewaterhouseCoopers, P. O. Box 918, 100 Braybrooke Place, Colombo 2, Sri Lanka
T: +94 (11) 771 9700, 771 9838, F: +94 (11) 230 3197, www.pwc.com/lk

Partners D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, Ms S Perera ACA, N R Gunasekera FCA
T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda ACA

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DIALOG AXIATA PLC

Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	30 Jun 2020 (Reviewed)	31 Dec 2019 (Audited)	30 Jun 2020 (Reviewed)	31 Dec 2019 (Audited)
ASSETS				
Non-current assets				
Intangible assets	17,757,366	17,452,431	6,643,822	6,153,978
Contract costs	7,326,610	7,852,319	1,570,816	2,002,708
Right-of-use assets	4,727,722	4,499,551	4,524,320	4,327,586
Property, plant and equipment	107,917,500	115,682,983	70,804,252	75,659,324
Deferred tax asset	43,870	43,550	-	-
Investment in subsidiaries	-	-	50,928,963	50,156,852
Investment in associates	129,618	131,876	-	-
Other financial assets	635,439	596,331	-	-
	138,538,125	146,259,041	134,472,173	138,300,448
Current assets				
Inventories	854,865	1,480,604	53,136	61,862
Trade and other receivables	21,144,480	20,867,463	25,576,436	25,420,703
Other financial assets	587,568	894,542	-	-
Cash and cash equivalents	10,936,611	7,631,374	8,395,884	6,333,191
	33,523,524	30,873,983	34,025,456	31,815,756
Total assets	172,061,649	177,133,024	168,497,629	170,116,204
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	28,103,913	28,103,913	28,103,913	28,103,913
Reserves	45,775,944	46,134,448	55,982,730	55,658,646
Non-controlling interest	14,264	12,860	-	-
Total equity	73,894,121	74,251,221	84,086,643	83,762,559
LIABILITIES				
Non-current liabilities				
Borrowings	24,261,255	32,957,450	23,848,755	31,232,450
Lease liabilities	3,488,274	3,868,982	3,348,389	3,719,196
Other financial liabilities	49,009	40,520	-	-
Deferred revenue	657,616	748,586	657,616	748,586
Contract liabilities	995,034	580,103	459,646	30,546
Employee benefit payables	1,252,061	1,300,261	969,848	1,092,645
Provision for other liabilities	1,861,789	1,735,954	1,642,704	1,521,160
Deferred tax liability	27,129	26,419	-	-
	32,592,167	41,258,275	30,926,958	38,344,583
Current liabilities				
Trade and other payables	34,851,161	37,644,766	29,079,244	29,397,530
Borrowings	20,996,446	14,854,227	16,467,653	11,144,384
Lease liabilities	1,915,399	1,556,565	1,801,660	1,471,051
Other financial liabilities	340,561	329,467	-	-
Contract liabilities	6,529,203	6,366,036	5,269,762	5,164,371
Current income tax liabilities	942,591	872,467	865,709	831,726
	65,575,361	61,623,528	53,484,028	48,009,062
Total liabilities	98,167,528	102,881,803	84,410,986	86,353,645
Total equity and liabilities	172,061,649	177,133,024	168,497,629	170,116,204
Net assets per share (Rs.)	9.07	9.12	10.33	10.29

The notes on pages 8 to 14 form an integral part of these financial statements.

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

Group Chief Financial Officer

Date: 4/8/20

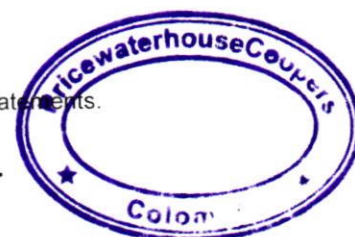
The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board of Directors.

Director

Date: 4/8/20

Director

Date: 4/8/20

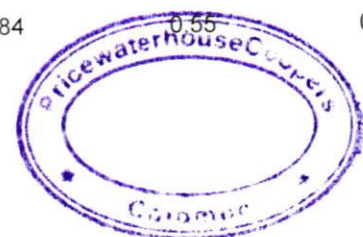


DIALOG AXIATA PLC

Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Six months ended 30 Jun		Six months ended 30 Jun	
	2020	2019	2020	2019
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Revenue from contracts with customers	57,423,637	58,103,823	39,573,203	41,630,242
Direct costs	(32,781,183)	(31,909,080)	(19,237,506)	(19,931,355)
Gross profit	24,642,454	26,194,743	20,335,697	21,698,887
Distribution costs	(8,129,297)	(7,881,768)	(6,144,730)	(6,123,229)
Administrative costs	(9,909,603)	(10,354,888)	(7,122,623)	(7,704,415)
Other income	41,459	62,409	40,067	59,449
Operating profit	6,645,013	8,020,496	7,108,411	7,930,692
Finance income	126,627	90,324	139,221	108,612
Finance costs	(1,317,131)	(1,677,739)	(1,107,956)	(1,668,437)
Net foreign exchange (losses) / gains	(699,056)	1,368,695	(820,830)	1,288,690
Finance costs - net	(1,889,560)	(218,720)	(1,789,565)	(271,135)
Share of (loss) / profit from associates - net of tax	(2,257)	567	-	-
Profit before income tax	4,753,196	7,802,343	5,318,846	7,659,557
Income tax expense	(966,411)	(963,077)	(841,031)	(914,114)
Profit for the period	3,786,785	6,839,266	4,477,815	6,745,443
Other comprehensive income				
Items that will not be reclassified to profit or loss				
- changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(163)	-	-	-
- remeasurements of defined benefit obligations, net of tax	54	944	-	-
Other comprehensive income for the period, net of tax	(109)	944	-	-
Total comprehensive income for the period	3,786,676	6,840,210	4,477,815	6,745,443
Profit / (loss) for the period attributable to:				
- owners of the Company	3,800,189	6,873,916	4,477,815	6,745,443
- non-controlling interest	(13,404)	(34,650)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	3,800,081	6,874,849	4,477,815	6,745,443
- non-controlling interest	(13,405)	(34,639)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.47	0.84	0.55	0.83

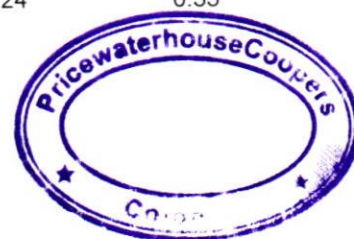


The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC**Statement of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Three months ended 30 Jun		Three months ended 30 Jun	
	2020	2019	2020	2019
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Revenue from contracts with customers	28,173,722	29,079,755	19,095,819	20,809,349
Direct costs	(16,302,869)	(16,450,621)	(9,603,969)	(10,377,071)
Gross profit	11,870,853	12,629,134	9,491,850	10,432,278
Distribution costs	(4,119,892)	(4,145,778)	(2,879,506)	(3,151,868)
Administrative costs	(5,298,720)	(5,163,153)	(3,802,687)	(3,983,302)
Other income	18,187	44,298	17,768	34,668
Operating profit	2,470,428	3,364,501	2,827,425	3,331,776
Finance income	73,033	46,286	76,080	55,096
Finance costs	(635,531)	(811,584)	(525,994)	(823,289)
Net foreign exchange gains / (losses)	913,968	(136,664)	881,648	(108,624)
Finance income / (costs) - net	351,470	(901,962)	431,734	(876,817)
Share of (loss) / profit from associates - net of tax	(1,400)	24	-	-
Profit before income tax	2,820,498	2,462,563	3,259,159	2,454,959
Income tax expense	(513,681)	(481,132)	(427,066)	(467,637)
Profit for the period	2,306,817	1,981,431	2,832,093	1,987,322
Other comprehensive income				
Items that will not be reclassified to profit or loss				
-changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-
-remeasurements of defined benefit obligations, net of tax	-	944	-	-
Other comprehensive income for the period, net of tax	-	944	-	-
Total comprehensive income for the period	2,306,817	1,982,375	2,832,093	1,987,322
Profit / (loss) for the period attributable to:				
- owners of the Company	2,311,296	1,995,193	2,832,093	1,987,322
- non-controlling interest	(4,479)	(13,762)	-	-
Total comprehensive income for the period attributable to:				
- owners of the Company	2,311,296	1,996,126	2,832,093	1,987,322
- non-controlling interest	(4,479)	(13,751)	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.28	0.24	0.35	0.24



The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC**Consolidated statement of changes in equity**

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company		Non-controlling interest	Total
	Stated capital	Reserves		
Balance at 1 January 2020	28,103,913	46,134,448	12,860	74,251,221
Profit / (loss) for the period	-	3,800,189	(13,404)	3,786,785
Other comprehensive income	-	(108)	(1)	(109)
Total comprehensive income for the period	-	3,800,081	(13,405)	3,786,676
Transactions with non-controlling interest	-	(4,854)	14,809	9,955
Employee share schemes - value of employee services	-	162,472	-	162,472
Dividends to equity holders	-	(4,316,203)	-	(4,316,203)
Balance at 30 June 2020	28,103,913	45,775,944	14,264	73,894,121
Balance at 1 January 2019	28,103,913	39,163,921	9,120	67,276,954
Change in accounting policy	-	(797,172)	-	(797,172)
Restated total equity as at 1 January 2019	28,103,913	38,366,749	9,120	66,479,782
Profit / (loss) for the period	-	6,873,916	(34,650)	6,839,266
Other comprehensive income	-	933	11	944
Total comprehensive income for the period	-	6,874,849	(34,639)	6,840,210
Transactions with non-controlling interest	-	4,570	13,799	18,369
Employee share schemes - value of employee services	-	95,046	-	95,046
Dividends to equity holders	-	(3,013,198)	-	(3,013,198)
Balance at 30 June 2019	28,103,913	42,328,016	(11,720)	70,420,209
Balance at 1 July 2019	28,103,913	42,328,016	(11,720)	70,420,209
Profit / (loss) for the period	-	3,901,801	(14,616)	3,887,185
Other comprehensive income	-	(164,317)	5,777	(158,540)
Total comprehensive income for the period	-	3,737,484	(8,839)	3,728,645
Transaction with non-controlling interest	-	139	33,419	33,558
Employee share schemes - value of employee services	-	68,809	-	68,809
Balance at 31 December 2019	28,103,913	46,134,448	12,860	74,251,221



The notes on pages 8 to 14 form an integral part of these financial statements.

DIALOG AXIATA PLC**Company statement of changes in equity**

(all amounts in Sri Lanka Rupees thousands)

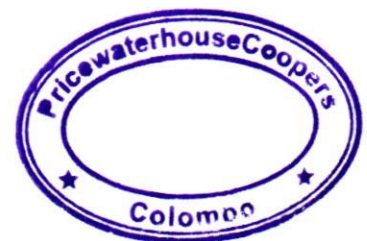
	Attributable to owners of the Company		
	Stated capital	Reserves	Total
Balance at 1 January 2020	28,103,913	55,658,646	83,762,559
Profit for the period	-	4,477,815	4,477,815
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	4,477,815	4,477,815
Employee share schemes - value of employee services	-	162,472	162,472
Dividends to equity holders	-	(4,316,203)	(4,316,203)
Balance at 30 June 2020	28,103,913	55,982,730	84,086,643
Balance at 1 January 2019	28,103,913	47,902,571	76,006,484
Change in accounting policy	-	(782,623)	(782,623)
Restated total equity as at 1 January 2019	28,103,913	47,119,948	75,223,861
Profit for the period	-	6,745,443	6,745,443
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	6,745,443	6,745,443
Employee share schemes - value of employee services	-	95,046	95,046
Dividends to equity holders	-	(3,013,198)	(3,013,198)
Balance at 30 June 2019	28,103,913	50,947,239	79,051,152
Balance at 1 July 2019	28,103,913	50,947,239	79,051,152
Profit for the period	-	4,822,240	4,822,240
Other comprehensive income	-	(179,642)	(179,642)
Total comprehensive income for the period	-	4,642,598	4,642,598
Employee share schemes - value of employee services	-	68,809	68,809
Balance at 31 December 2019	28,103,913	55,658,646	83,762,559



DIALOG AXIATA PLC**Statement of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	Group 30 June		Company 30 June	
	2020 (Reviewed)	2019 (Reviewed)	2020 (Reviewed)	2019 (Reviewed)
Cash flows from operating activities				
Cash generated from operations	20,628,632	21,369,123	16,584,023	20,662,452
Interest received	167,828	196,471	130,340	110,984
Interest paid	(1,214,998)	(1,453,533)	(1,061,776)	(1,384,708)
Taxes paid	(778,348)	(914,256)	(725,622)	(857,714)
Employee benefits paid	(75,717)	(27,236)	(62,129)	(20,393)
Net cash generated from operating activities	18,727,397	19,170,569	14,864,836	18,510,621
Cash flows from investing activities				
Purchase of property, plant and equipment	(10,899,649)	(15,758,243)	(8,373,860)	(8,290,426)
Purchase of intangible assets	(747,122)	(1,479,558)	(647,114)	(1,414,273)
Increase in interest in subsidiaries	-	-	(772,111)	(854,395)
Net cash flows from other financial assets	(59,942)	(177,956)	-	-
Proceeds from sale of property, plant and equipment	4,105	127,615	4,105	124,936
Net cash used in investing activities	(11,702,608)	(17,288,142)	(9,788,980)	(10,434,158)
Cash flows from financing activities				
Repayment of borrowings	(2,739,867)	(2,054,675)	(2,052,367)	(1,783,333)
Proceeds from borrowings	-	7,185,175	-	1,300,000
Principal element of lease payment	(884,729)	(1,342,177)	(849,553)	(1,236,330)
Proceeds from share issue - non-controlling interests	9,955	8,594	-	-
Dividends paid to ordinary shareholders	-	(3,013,198)	-	(3,013,198)
Net cash (used in) / generated from financing activities	(3,614,641)	783,719	(2,901,920)	(4,732,861)
Net increase in cash and cash equivalents	3,410,148	2,666,146	2,173,936	3,343,602
Movement in cash and cash equivalents				
At beginning of the period	7,631,374	10,097,521	6,333,191	7,839,159
Increase	3,410,148	2,666,146	2,173,936	3,343,602
Effect of exchange rate changes	(104,911)	(226,473)	(111,243)	(226,473)
At end of the period	10,936,611	12,537,194	8,395,884	10,956,288



DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements

(all amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

1 General information

Dialog Axiata PLC ('the Company') and its subsidiaries (together 'the Group') provide communication services (mobile, fixed, broadband, international gateway services), telecommunication infrastructure services (tower infrastructure and transmission services), media (digital television services based on multiple media - satellite, cable, terrestrial), digital services [including but not limited to digital commerce (mobile and eCommerce), electronic payments (including mobile payment), digital health, education, navigation and enterprise services and financial services], data centre services, manpower services and venture capital investment activities.

Dialog Axiata PLC is a public limited liability company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange since 28 July 2005. The registered office of the Company is located at 475, Union Place, Colombo 2.

2 Basis of preparation

The condensed interim financial statements for the period ended 30 June 2020 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019, except for the reclassification of interest payable on borrowings and overpaid amounts by subscribers as disclosed in note 22.

3 Segment information

Operating segments are presented in a manner consistent with the internal reporting provided to chief operating decision makers.

- The segment results for the six months ended 30 June 2020 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	41,793,873	15,293,623	4,261,768	-	61,349,264
Inter-segment revenue	(2,811,792)	(1,091,969)	(21,866)	-	(3,925,627)
Revenue from external customers	38,982,081	14,201,654	4,239,902	-	57,423,637
Segment operating profit / (loss) for the period	7,251,066	21,586	(558,786)	(68,853)	6,645,013
Finance costs - net					(1,889,560)
Share of loss from associate - net of tax					(2,257)
Profit before income tax					4,753,196
Income tax expense					(966,411)
Profit for the period					3,786,785



DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

- Other segment items included in the statement of comprehensive income are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	10,085,746	4,556,359	1,621,203	-	16,263,308

- The segment assets and liabilities at 30 June 2020 and capital expenditure for the six months then ended are as follows:

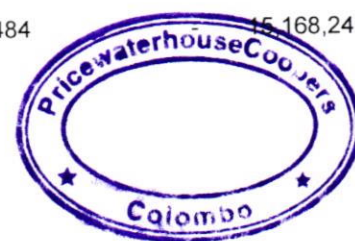
	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Assets	174,788,789	45,737,055	8,952,179	(43,040,489)	186,437,534
Inter-segment assets	(14,130,062)	(217,466)	(28,357)		(14,375,885)
Total assets	160,658,727	45,519,589	8,923,822	(43,040,489)	172,061,649
Liabilities	89,376,893	16,668,101	6,445,061	-	112,490,055
Inter-segment liabilities	(4,166,773)	(8,249,099)	(1,906,655)	-	(14,322,527)
Total liabilities	85,210,120	8,419,002	4,538,406	-	98,167,528
Capital expenditure	3,987,970	924,230	21,468	-	4,933,668

- The segment results for the six months ended 30 June 2019 are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Total segmental revenue	42,864,029	13,379,802	4,267,685	-	60,511,516
Inter-segment revenue	(1,350,626)	(1,044,538)	(12,529)	-	(2,407,693)
Revenue from external customers	41,513,403	12,335,264	4,255,156	-	58,103,823
Segment operating profit / (loss) for the period	7,533,777	686,661	(250,490)	50,548	8,020,496
Finance costs - net					(218,720)
Share of profit from associates - net of tax					567
Profit before income tax					7,802,343
Income tax expense					(963,077)
Profit for the period					6,839,266

- Other segment items included in the statement of comprehensive income are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	9,804,411	4,037,346	1,326,484		15,168,241



DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

- The segment assets and liabilities at 31 December 2019 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband Operation	Television operation	Elimination /adjustment	Group
Assets	174,722,723	49,293,243	9,310,249	(42,211,992)	191,114,223
Inter-segment assets	(13,856,848)	(109,901)	(14,450)	-	(13,981,199)
Total assets	160,865,875	49,183,342	9,295,799	(42,211,992)	177,133,024
Liabilities	90,538,284	20,179,060	6,178,610	-	116,895,954
Inter-segment liabilities	(2,864,693)	(9,448,834)	(1,700,624)	-	(14,014,151)
Total liabilities	87,673,591	10,730,226	4,477,986	-	102,881,803
Capital expenditure	21,993,436	7,214,919	77,693	-	29,286,048

4 Reserves

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Attributable to the owners of the Company				
Retained earnings	45,316,832	45,837,808	55,523,620	55,362,006
Share-based payments reserve	459,112	296,640	459,110	296,640
Attributable to the non-controlling interest				
Non-controlling interest	14,264	12,860	-	-
	45,790,208	46,147,308	55,982,730	55,658,646

5 Seasonal or cyclical factors

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

6 Significant unusual events or transactions affecting assets, liabilities, equity, net income or cash flows

COVID-19 pandemic has resulted in a substantive shift in management's focus towards ensuring the continued safety of people, connectivity of customers, compliance with guidelines issued by various government authorities and continuity of critical business operations.

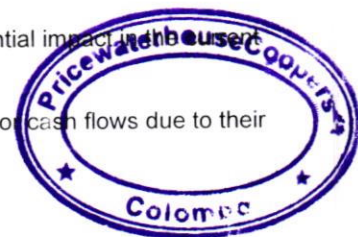
The outbreak and the associated developments impacted the business on multiple fronts including distribution, network rollout and working capital management. The lockdown and credit extensions provided to keep customers connected, significantly impacted cash collections. The global impact of the pandemic and the repatriation of Sri Lankans has also adversely affected the Group's international business including inbound and outbound roaming. Accordingly, the Group faced an adverse impact on revenue, impairment of trade receivables and health and safety related expenses.

With the easing of strict lockdown measures starting mid-May, business activity has resumed across the country and the Group has seen a gradual recovery in revenue and collections. The Group also expects opportunities for broadband and digital services to facilitate the increase in remote operations.

However, the current unprecedented situation is yet evolving and the future impact will heavily depend on the complete removal of restrictions and time taken for economic activity to rebound to pre COVID-19 levels. The overall impact on consumer spending and the recovery of the country's enterprises will also be key determinants of future impact on our business. The Group has resorted to aggressive cost rescaling and rationalisation initiatives both in operating and capital expenditure to soften the impact on the business.

Accordingly, the Group does not consider it practical to provide a quantitative estimate of the potential impact in the current context.

There were no other unusual events or transactions affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 30 June 2020.



DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

7 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates and assumptions used in prior financial periods that may have a material effect in the current quarter and for the financial period to date.

In preparing the condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the sources of estimates uncertainty are consistent with the audited financial statements for the year ended 31 December 2019.

8 Issues, repurchases and repayments of debt and equity securities

There were no significant and unusual issues, repurchases and repayments of debt and equity securities during the period ended 30 June 2020.

9 Stated capital

Stated capital of the Company consists of 8,143,778,405 ordinary shares.

10 Earnings per share

The diluted earnings per share is same as the basic earnings per share.

11 Market price per share

For the three months ended 30 June

	2020 Rs.	2019 Rs.
- Highest	12.90	9.70
- Lowest	7.90	8.60
- Last traded	11.60	9.00

12 Directors' shareholdings

The details of shares held directly by the Directors and their spouses as at 30 June 2020 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	43,010
Mr. Mohamed Muhsin	18,040

None of the Directors and their spouses other than those disclosed above directly held any shares in the Company.



DIALOG AXIATA PLC**Notes to the condensed consolidated interim financial statements (Continued)****13 Twenty largest shareholders of the Company**

Name of Shareholders	No. of shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	83.32%
2 Employees Provident Fund	237,424,082	2.92%
3 BBH Luxfidelity Funds - Pacific F	147,311,909	1.81%
4 CITI Bank New York S/A Norges Bank Account 2	89,213,425	1.10%
5 BNYM RE - Consilium Extended Opportunities Fund, L.P.	88,309,938	1.08%
6 BNYM SA/NV RE - LF Ruffer Investment Funds: LF Ruffer Pacific and Emerging Markets Fund	67,314,300	0.83%
7 Pershing LLC S/A Averbach Grauson and Co.	63,840,699	0.78%
8 JPMCB NA - Fidelity Asian Values PLC	41,762,540	0.51%
9 BBH - Fidelity Funds	40,181,803	0.49%
10 State Street Luxembourg C/O SSBT- Alliance Bernstein Next 50 Emerging Markets (Master) Fund SICAV - SIF S.C.SP.	38,024,290	0.47%
11 Northern Trust Company S/A Hosking Global Fund PLC	33,856,321	0.42%
12 SSBT - Retail Employees Superannuation Trust	26,685,697	0.33%
13 Morgan Stanley and Co. LLC - RWC Frontier Markets Equity Master Fund	25,595,947	0.31%
14 J.B. Cocoshell (Private) Limited	22,109,211	0.27%
15 Mellon Bank N.A.- UPS Group Trust	18,880,000	0.23%
16 SSBT- AL Mehwar Commercial Investments LLC	15,953,567	0.20%
17 JPMBL SA - Kapitalforeningen Institutionel Investor, Asiatiske Smid Cap Aktier	15,059,195	0.18%
18 Employees Trust Fund Board	14,912,065	0.18%
19 Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	14,867,369	0.18%
20 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	14,289,887	0.18%

14 Public shareholding

Information pertaining to public shareholding is as follows:

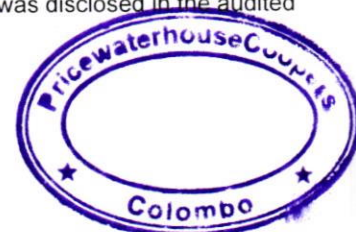
	30 Jun 2020	31 Dec 2019
Public holding percentage	16.68%	16.68%
Number of public shareholders	21,705	20,967
Float adjusted market capitalisation (Rs.)	15,758,189,244	16,709,114,457

The Company is compliant with the Minimum Public Holding requirement under option 1 of rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange.

15 Effect of changes in composition of the Group

- (a) Dialog Axiata Digital Innovation Fund (Private) Limited ('DADIF'), which is a subsidiary of Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company, issued 66,307 Preference Shares during the period. DHL holds 56,386 of these Preference Shares, while remaining 9,921 Preference Shares are held by individual shareholders.
- (b) Dialog Finance PLC ('DFP'), a subsidiary of the Company proceeded with a Rights Issue, with a view to increasing the core capital to ensure compliance with Central Bank Directions. Pursuant to a resolution adopted by the shareholders of DFP at a meeting held on 2 March 2020, DFP raised Rs. 701,344,798 through a Rights Issue by issuing 17,446,388 ordinary shares (in the proportion of 17 new shares for every 89 existing shares in DFP) at the price of Rs. 40.20 per share. The new shares were listed on the Colombo Stock Exchange on 3 June 2020.
- (c) Pursuant to a conversion of shareholder advances, Digital Holdings Lanka (Private) Limited ('DHL'), a fully owned subsidiary of the Company, issued and allotted 7,080,000 new ordinary shares in DHL to the Company on 29 June 2020. This share issue has not changed the composition of the Group.

Other than disclosed above there has not been a change in the composition of the Group which was disclosed in the audited financial statements for the year ended 31 December 2019.



DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

16 Financial instruments measured at fair value

Note	Measurement criteria and the fair value					
	Level 1 Rs.000		Level 3 Rs.000		Total Rs.000	
	2020	2019	2020	2019	2020	2019
Financial assets						
Financial assets at fair value through profit or loss (FVTPL)						
- Investment in quoted equities (a)	897	1,286	-	-	897	1,286
- Investment in unquoted equities (a)	-	-	203,037	153,036	203,037	153,036
Financial assets at fair value through other comprehensive income (FVOCI)						
- Investment in unquoted equities (b)	-	-	267,200	257,200	267,200	257,200

The Group measures the financial instruments based on published price quotations (Level 1), market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable directly or indirectly and valuation technique with unobservable inputs (Level 3) at the end of the financial reporting period.

- (a) Carrying value of financial assets at FVTPL at the end of the financial reporting period represents the investments in quoted equity investments by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.
- (b) The carrying value of financial assets at FVOCI represents the fair value of the investment in shares in the Credit Information Bureau of Sri Lanka by Dialog Finance PLC and investment in unquoted equity investments by Dialog Axiata Digital Innovation Fund (Private) Limited.

17 Cash and cash equivalents

Cash and cash equivalents of the Group include restricted cash deposited in the following financial institutions:

	30 Jun 2020 Rs.	31 Dec 2019 Rs.
People's Bank, amount deposited in settlement account to facilitate NFC Travel card value	64,168,482	64,112,326
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation	610,000,000	610,000,000
	674,168,482	674,112,326

18 Revenue from contracts with customers

	Group		Company	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Mobile operation	38,982,081	41,513,403	39,573,203	41,630,242
Fixed telephony and broadband operation	14,201,654	12,335,264	-	-
Television operation	4,239,902	4,255,156	-	-
	57,423,637	58,103,823	39,573,203	41,630,242

19 Valuation of property, plant and equipment

The Company and the Group do not adopt a revaluation policy on its property, plant and equipment.



DIALOG AXIATA PLC

Notes to the condensed consolidated interim financial statements (Continued)

20 Contingent liabilities

In August 2008, Sri Lanka Customs ('SLC') detained a shipment of CDMA Customers' Premises Equipment ('CPE') belonging to Dialog Broadband Networks (Private) Limited ('DBN') and commenced an investigation into the eligibility of these items falling under the duty exemptions granted under the terms and conditions of the agreement with the Board of Investment of Sri Lanka. The shipment was cleared by DBN upon submitting bank guarantees and thereafter subsequent shipments of CPE were cleared by paying duty 'Under Protest'. SLC commenced an inquiry into this matter on 30 January 2009 which was temporarily suspended upon a proposed settlement by the Secretary to the Treasury in May 2010. However, SLC took steps to continue with the inquiry. Inquiry was held on several dates and the last date being 9 September 2016, however the inquiry was not concluded on this date. On 11 April 2018, DBN was served with an 'Order' dated 6 April 2018 by SLC imposing a mitigated monetary forfeiture of Rs. 1,626,622,200. DBN has instituted legal action challenging the order made by SLC in the Court of Appeal under Case No: CA (Writ) 166/2018. The matter was supported on 28 November 2018 and Notices were issued on the Respondents.

Thereafter, SLC filed objections on 15 February 2019 as directed by Courts. Matter is fixed for Argument on 6 October 2020.

Except for disclosed above 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 2019.

21 Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not yet incurred consists of Rs. 13,858,526,224 (31.12.2019 - Rs. 8,669,997,774) and Rs. 17,968,982,551 (31.12.2019 - Rs. 13,169,991,159) of the Company and the Group respectively.

22 Reclassification

- (a) The Company's and Group's interest payable on borrowings was previously presented under trade and other payables in the statement of financial position. However, management considers it more relevant if interest payable on borrowings is presented under current borrowings. Prior year comparatives as at 31 December 2019 have been restated by reclassifying Rs. 189,355,760 and Rs. 193,843,252, from trade and other payables to current borrowings, for the Company and the Group respectively.
- (b) Overpaid amounts by subscribers of the Company and Group as at the reporting date, was previously presented under trade and other receivables in the statement of financial position. However, management considers it more relevant if overpaid amounts by subscribers is presented under trade and other payables. Prior year comparatives as at 31 December 2019 have been restated by reclassifying Rs. 581,140,984 and Rs. 935,650,758, from trade and other receivables to trade and other payables, for the Company and the Group respectively.

23 Events after the reporting period

No circumstances have arisen since the statement of financial position date which require adjustments to, or disclosure in the financial statements.

