

SRI LANKA TELECOM PLC

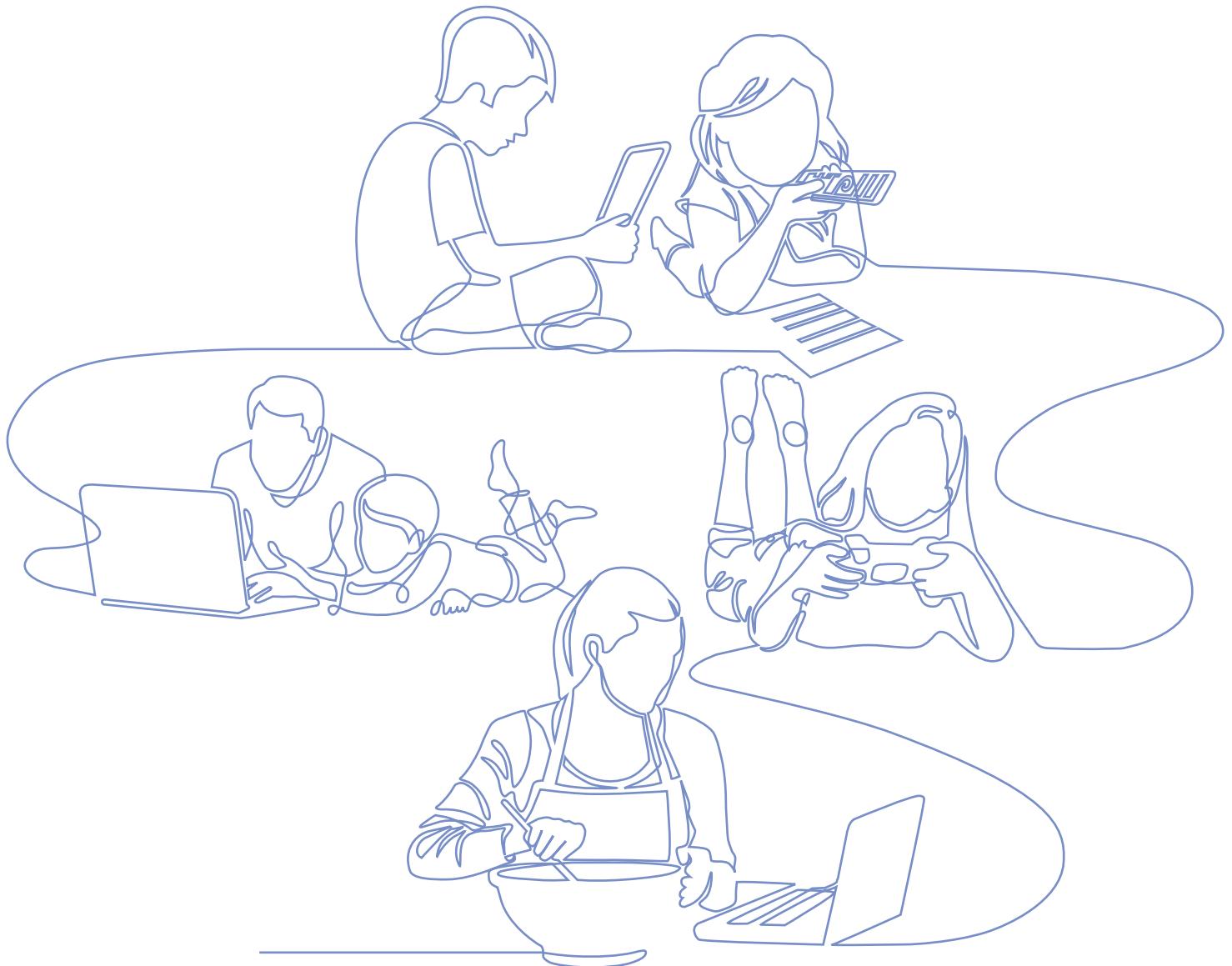
ANNUAL REPORT

2019



Every Step of the Way...

With every Fibre of our Being



Every Step of the Way... With every Fibre of our Being.

At the end of the day...it's always the Big Picture that's important. Yes – Sri Lanka Telecom is Sri Lanka's premier “legacy” communications provider over decades; yes – we are today Sri Lanka's leading proponent and provider of cutting-edge technology inspired solutions in the ICT realm that has transformed Sri Lanka.

But...what really is the Big Picture?

All of this we have accomplished for a single purpose only...to walk in step with every citizen of this country, providing the products and services they need, anticipating what they will need and value adding...at every turn.



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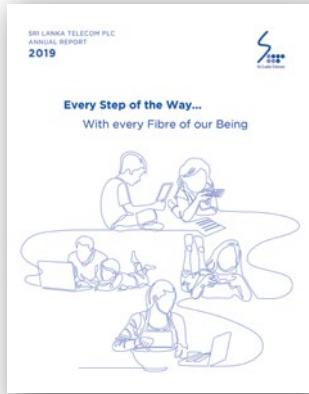
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ABOUT THE REPORT



A concise integrated annual report in print, PDF and CD formats.



This Annual Report is also available on our website
<http://www.slt.lk/en/about-us/investors/financial-reports/annual>

This integrated Annual Report communicates the relationships and interdependence of the many aspects of our business – such as strategy, governance, performance and prospects – in the context of creating value over time.

The approach to reporting we have adopted balances the need to communicate effectively through concise, relevant information (to a large and diverse stakeholder group), while at the same time providing comprehensive compliance-related disclosures (that would interest only a few).

Report Boundary and Compliance

The overall boundary of this Annual Report comprises Sri Lanka Telecom PLC and its subsidiaries, duly identified as 'SLT' or the 'Company' individually, and 'Group' collectively. Consistent with the framework adopted in the previous year, key financial aspects are discussed in the context of the Company and the Group. SLT Group's business is dominated by two principal segments, namely, fixed ICT operations and mobile ICT operations. Our Management Discussion and Analysis thus treats these two segments either separately or as one 'ICT business' as appropriate and duly identified as such.

This Report covers the 12-month period 1 January to 31 December 2019 and is consistent with our usual annual reporting cycle for financial and sustainability reporting, with our most recent report published in 2019 covering the 12-month period 1 January to 31 December 2018.

The information contained herein, as in the past, is in compliance with all applicable laws, regulations, and standards.

In preparing this Report we have drawn on concepts, principles and guidance given in the following where applicable:

- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines GRI Standards
- International Integrated Reporting Framework (IIRC)
- Smart Integrated Reporting Methodology™

Precautionary principle

The Company applies a stringent precautionary principle with regards to social and environmental sustainability. We are highly cognisant that our operations cause reciprocal impacts on society and the environment, and we take all necessary actions to alleviate such risks.

Queries

We welcome your comments or questions on this Report.

You may contact:

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Scan here to view the Online Report

ABOUT SLT

Sri Lanka Telecom PLC is the national Information and Communications Technology (ICT) solutions provider and the leading broadband and backbone

infrastructure services provider in Sri Lanka for over 162 years. SLT enables opportunities that empower Sri Lankans and elevates the country's standing in the global arena. SLT's transformation

into a digital service provider has seen the Company move beyond telecommunications services to provide a variety of services and solutions that cater to a digital lifestyle.



Vision

All Sri Lankans seamlessly connected with world-class information, communication and entertainment services.



Mission

Your trusted and proven partner for innovative and exciting communication experiences delivered with passion, quality and commitment



Values

Customer Caring

We put our customers at the centre of everything we do

Trustworthy

We are true to our promises

Innovative

We continuously invent new opportunities through creative thinking

Responsive

We are ready to listen and act promptly.

Teamwork

We are one team with a common purpose to achieve common goals

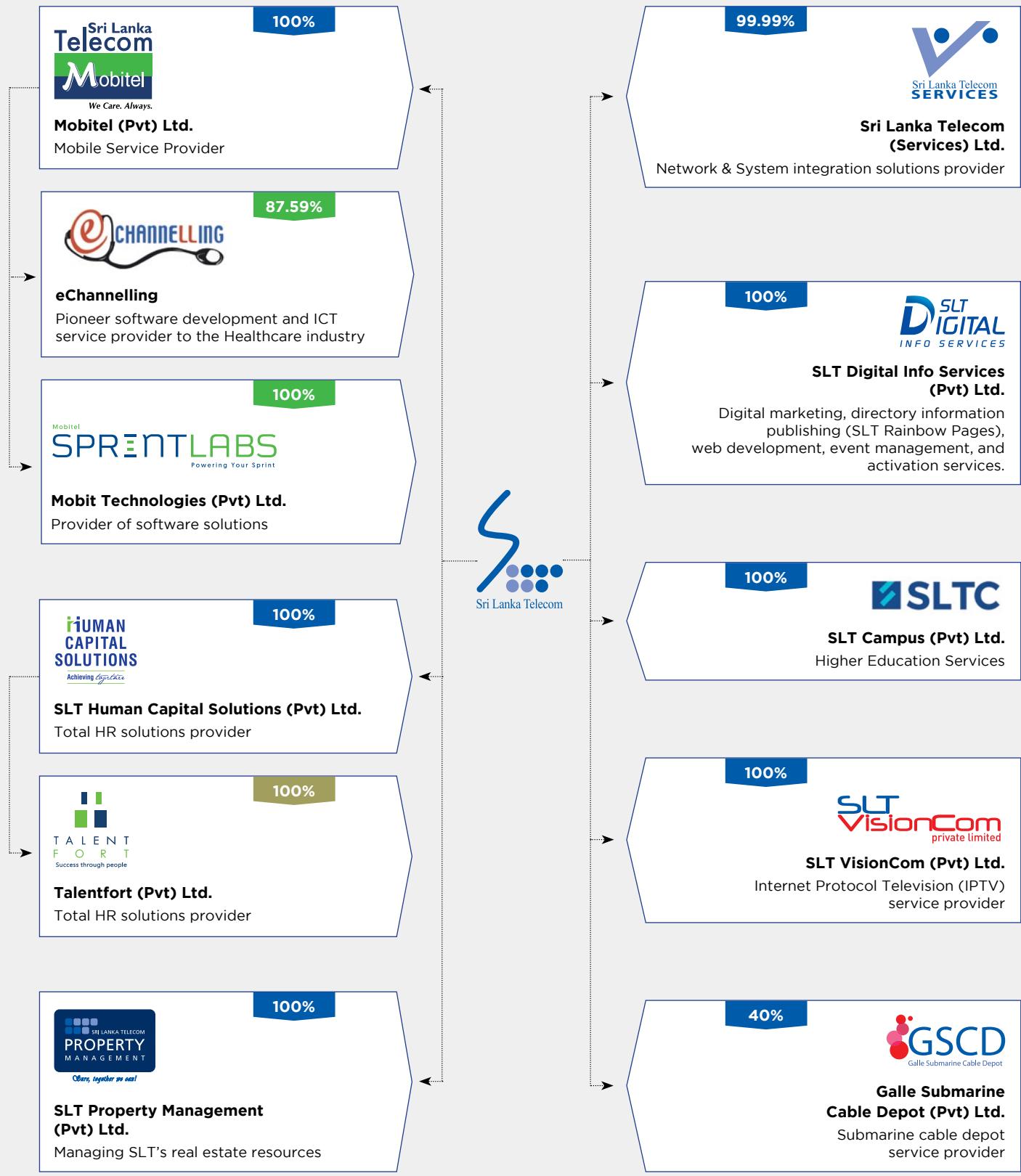
Excellence

We are committed to exceptional performance

Results Driven

We are committed to enhancing shareholder value

Group Structure



Principal lines of business

The Sri Lanka Telecom Group provides diversified services and an entire range of ICT solutions that cover fixed and mobile telephony, broadband, data services, Internet Protocol Television (IPTV), cloud computing and hosting services, and networking solutions to its varied customers via the latest technologies.

The SLT Group primarily focuses on three operating segments which are the Group's strategic segments:

- Fixed ICT operations
- Mobile ICT operations
- Other segment operations

Fixed and mobile ICT operations constitute the SLT Group's core business. In 2019, they collectively accounted for 98% of revenue, 98% of total assets, and nearly 100% of capital expenditure of the SLT Group.

Secondary lines of business

As SLT transforms into a digital service provider, the Group has expanded beyond ICT services to deliver products and services that utilise its core strengths, expertise, and assets. Through its subsidiaries, the SLT Group offers the following services:

- IPTV services and content creation facilities
- Human Resources solutions
- ICT infrastructure and system integrator solutions
- Directory services
- Digital marketing solutions
- Tertiary educational services
- Healthcare channelling platform
- Property management
- Submarine cable maintenance

In addition to diversifying the Group's revenue streams and portfolio, the Group also seeks to build up the core competencies of Sri Lanka and the Sri Lankan people, and to build the image of the country as a global player in the telecommunications industry.

Products and markets

Fixed ICT operations

The Group's holding company, SLT, operates in the fixed ICT business. It provides telecom networks and ICT services to organisations of all sizes across all economic sectors, other telecommunications operators and internet service providers (ISPs), public sector institutions, and domestic customers.

ICT facilities and services provided include voice, data, broadband, wholesale, enterprise, cloud, international, and IPTV. One of the SLT Group's key strategic objectives is to drive adoption of broadband-based consumer and enterprise services by expanding the broadband footprint through the Next Generation Network (NGN) and National Backbone Network (NBN). These efforts are supplemented by an array of technologies including optical fibre, ADSL2+, VDSL2, carrier-grade Wi-Fi, and both fixed and mobile 4G LTE technologies. The Company also uses its multiple international submarine cable networks to offer state-of-the-art global services, securing its position as a key global player in the telecom industry.

Mobile ICT operations

Mobitel (Pvt) Ltd. ("Mobitel"), a fully-owned subsidiary of SLT, offers mobile ICT services including mobile telephony services, high-speed broadband, enterprise solutions, international services, and a range of value-added services. Mobitel has been the pioneer in South Asia:

- To launch a Super 3.5G HSPA network
- To successfully demonstrate HSPA+ MIMO (Multiple Input Multiple Output) technology
- To successfully trial 4.5G LTE-Advanced Pro technology
- To launch the first commercial 4.5G/ 4G+ mobile network
- To successfully trial the first 5G network, achieving a new speed record of 1.55 Gbps
- To complete the first 5G voice call
- To be recognised as the first mobile 5G network on the Ookla 5G map

Mobitel's coverage extends nationwide and includes international roaming with the partnership of a global web of over 650 networks.

As the only 4.5G/4G+ mobile network in Sri Lanka, Mobitel offers an unparalleled broadband network experience delivering burst speeds up to 300 Mbps and has been recognised by Ookla Speedtest Awards as the fastest mobile network in Sri Lanka.

Mobitel was the first mobile network operator to deploy a Sub-1G mobile broadband network utilising 850 MHz spectrum in Sri Lanka, increasing 4G LTE coverage across the island. In 2018, Mobitel commenced rolling out its largest ever 4G LTE expansion project with over 1,600 LTE sites across the nation together with Voice over LTE (VoLTE), enabling customers to make high quality voice calls over the LTE network.

Taking another innovative step towards the digital transformation, Mobitel provided a state-of-the-art LTE Critical Communications solution to a leading container terminal operator for the first time in Sri Lanka.

With the deployment of the advanced Remote SIM Provisioning platform, Mobitel now connects all new smart devices with embedded SIMs, such as Apple iPhones and smartwatches, to facilitate the growth of new generation devices.

Currently, 62% of Mobitel's sites are connected with superfast fibre, making Mobitel the largest fibre connected mobile network in Sri Lanka, delivering an unparalleled mobile broadband experience to our customers.

With the launch of South Asia's first NB-IoT network in the 850/900 MHz spectrum, Mobitel is now capable of delivering coverage with increased penetration, enabling use by sensors embedded deep within concrete structures or underground such as those required for smart meters, disaster monitoring sensors, and car park sensors. Moreover, Mobitel has demonstrated the use of NB-IoT as a powerful technology in urban farming and home safety systems.

Mobitel is the pioneer in 5G in Sri Lanka and South Asia, having publicly demonstrated the first 5G Massive MIMO deployment over 3.5 GHz spectrum. In 2019, Mobitel successfully showcased South Asia's first 5G deployment over a mobile network, hot on the heels of the 5G deployments in the USA and South Korea, connecting a commercial 5G mobile smartphone to its 5G network. Mobitel went on to achieve a new speed record of 1.55 Gbps for South Asia, a landmark for 5G deployment across the globe.

Our reach

The SLT Group covers the whole country and serves a customer base of over seven million accounts across fixed and mobile ICT services. Our customers include domestic users, small and medium enterprises (SMEs), retail customers, multinationals and enterprises, public sector institutions, as well as other operators and wholesale customers.

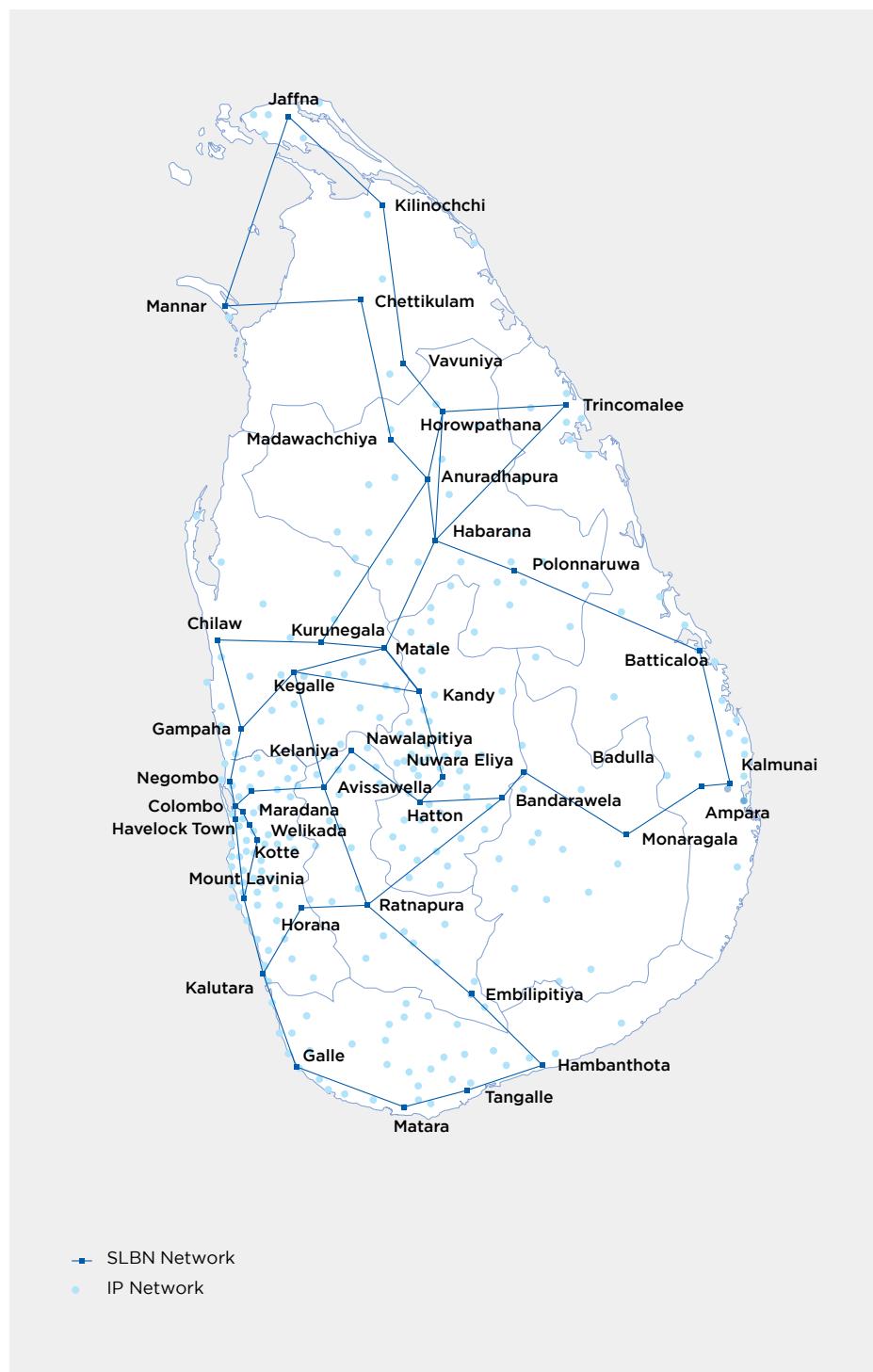
Our fibre optic network, with broadband speeds of up to 1 Gbps, extends nearly 50,000 kms across the island.

Network connectivity

SLT has laid out nearly 50,000 kms of optical fibre throughout the island to extend fibre access through FTTH technology. With the implementation of FTTH network, SLT's 57,000 kms length of legacy access network of copper cables valued over LKR 6 Bn. will be monetised in the future, while being replaced by fiber technology.

Over 300 nodes connected throughout the country accumulate all traffic from various points in the island, giving us the ability to route data to its destination within milliseconds. The core transmission network is equally built with an ultra-high-speed capacity and cutting-edge routers.

Our mobile network connects over 7.7 million subscribers across Sri Lanka with voice and broadband wireless services. Mobile subscribers can connect via GSM/EDGE (2G/2.5G), UMTS/HSPA/HSPA+/DC-HSPA+ (3G/3.5G/3.75G), LTE/LTE-Advanced (4G/4.5G) technologies through Mobitel.



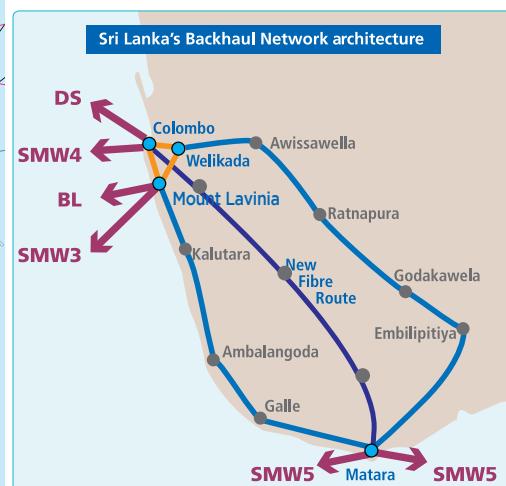
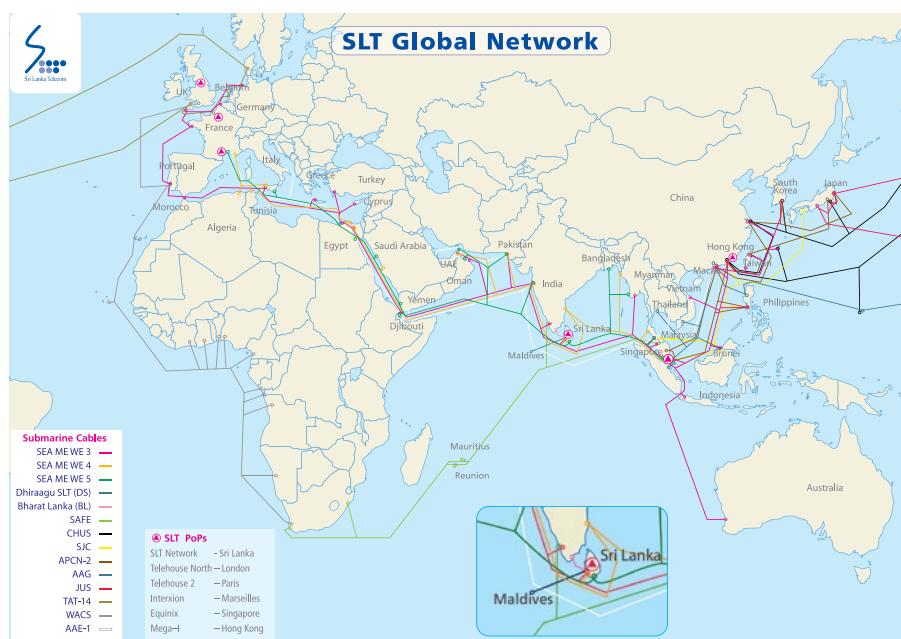
National Backbone Network

Our advanced fibre optic-based nation-wide telecommunication main backbone network is built on 100G technology, 300 nodes, and 64 SLBN nodes which are always functioning due to comprehensive protection schemes such as Automatically Switched Optical Network (ASON) and a comprehensive 1+2 redundancy system. Our high-quality network is one that features a high speed of 8 Tbps combined with extremely low latency, and is a veritable asset in the country's development.

SLT's IP network provides intelligent IP transport services for various platforms which are related to delivering SLT's retail products (broadband, PeoTV, 4G, and Wi-Fi) and connecting government, enterprise, and network carriers. It is also connected to international carriers with multiple back-up paths to provide global connectivity for businesses. It is comprised of 100Gbpps backbone, metro rings, and multiple access rings consisting of over 500 high-capacity nodes and over 3,000 service segregation nodes, making it the largest network in the island. The NBN aims to facilitate to the country's ICT development plans with the future needs of all ICT operators in the country.

South Asia's first submarine cable depot in Galle

Galle Submarine Cable Depot Private Limited is a joint venture formed with Indian Ocean Cablesip Private Limited (IOCPL) and Sri Lanka Telecom (SLT) to operate South Asia's first Submarine Cable Depot in Galle dedicated for providing submarine cable spare storage facilities for regional telecom operators under the South East Asia Indian Ocean Cable Maintenance Agreement (SEAIOCMA) zone. The Submarine Cable Depot commenced operations in January 2019.



Global connectivity

SLT connects Sri Lanka to the world through five international submarine cable systems: SEA-ME-WE 3, SEA-ME-WE 4, SEA-ME-WE 5, Bharat-Lanka, and the Dhiraagu-SLT system. SLT is a key member of the SEA-ME-WE 5 cable consortium with a full cable landing station at Matara with a capacity to connect to the East and West cable segments at 24 Tbps each. Our joint venture with Singapore-based Indian Ocean Cablesip Private Limited, Galle Submarine Cable Depot Private Limited, handles submarine cable maintenance for the region, reducing service restoration times and rendering SLT a key global player in the telecom industry.

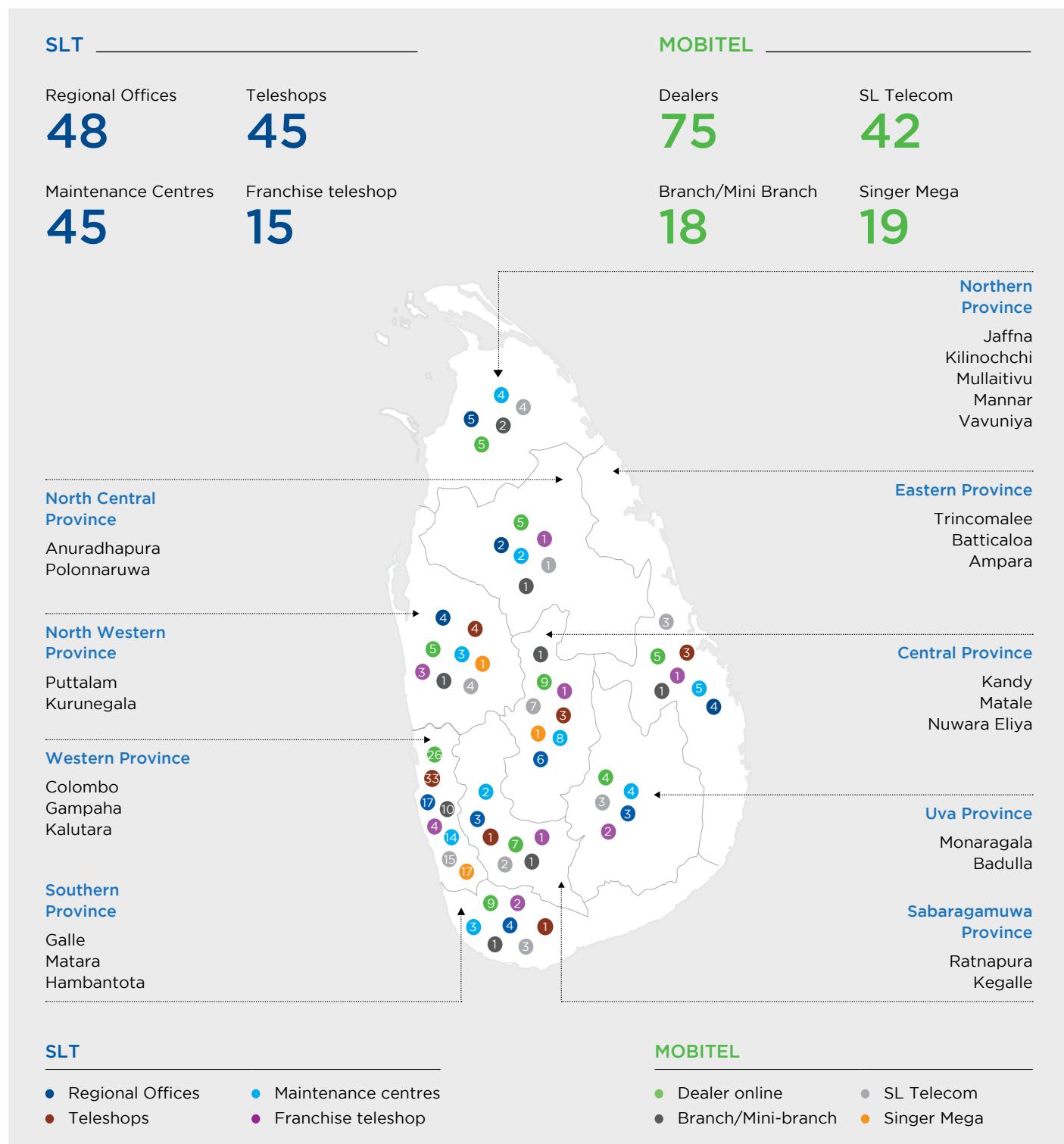


Market presence

SLT has Teleshops and regional telecommunication offices across the island in central locations within convenient reach of customers, where

they can avail of our services and products. In 2019, SLT opened new Teleshops and will continue to expand to more small and developing townships, expanding SLT's reach and increasing customer convenience. Furthermore, through an extensive dealer and reseller

network across the island, customers can easily purchase recharge cards and register for broadband and LTE services. Customers can pay their bills online and at most major banking institutions, supermarkets, and selected retail outlets.



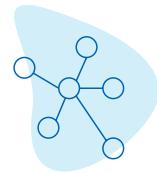
HIGHLIGHTS OF THE YEAR



12.2%
Group Operating
profit growth



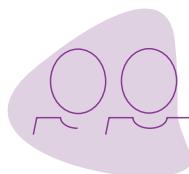
LKR 85.95 Bn.
Group Revenue



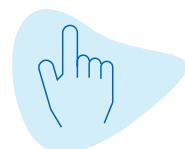
7,750,000
Mobile Subscribers



LKR 25.5 Bn.
Contribution to government
of Sri Lanka – Taxes &
Other contributions



83%
Customer Satisfaction Index



153 (SLT) 154 (Mobitel)
Touch points island-wide

Carbon Footprint
Certification

1 Gbps
Fibre Launch

**“Sri Lanka’s Fastest
Mobile Network”**
Mobitel, Ookla Speedtest (2019)

**“First Mobile 5G Trial
Network in South Asia”**
Mobitel,
Ookla Speedtest (2019)

Fixed Voice
1,413,000

Fixed Broadband
980,000

Total Connections
(As at 31 December 2019)

Peo TV
477,000

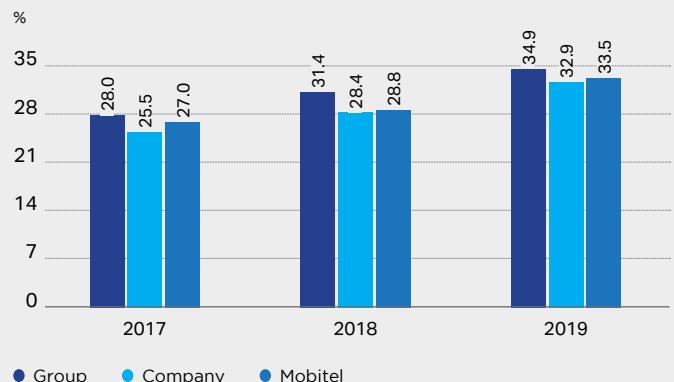
Highlights of the year

(All amounts in Sri Lanka rupees million)	2019	2018	Change (%)
Group			
Revenue	85,948	81,445	5.5
EBITDA	29,984	25,560	17.3
Operating Profit	8,539	7,613	12.2
Profit before Tax	8,216	7,169	14.6
Profit After Tax	6,322	4,948	27.8
Earnings Per Shares (LKR)	3.50	2.74	27.7
Company			
Revenue	50,007	47,389	5.5
EBITDA	16,452	13,457	22.3
Operating Profit	3,350	1,841	82.0
Profit before Tax	4,754	3,142	51.3
Profit After Tax	3,780	1,906	98.3
Earnings Per Share (LKR)	2.09	1.06	97.2

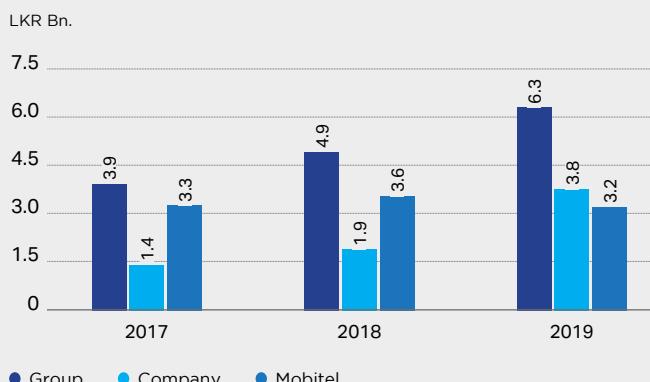
Revenue



EBITDA/Revenue



Profit After Tax (PAT)



Earnings Per Share



MESSAGES

GROUP CHAIRMAN'S MESSAGE

“We recorded an impressive top and bottom line improvements as well as completing most of our major infrastructure investments. These investments will create the platform that will elevate SLT to the next level for business expansion.”

It is with great pleasure, I am issuing this message in conjunction with the 2019 business review of the SLT Group of Companies. I would like to thank the Board of Directors for the trust placed in appointing me as the Chairman of the Board which I consider an honour as well as an exciting challenge.

It will be my resolve to lead the SLT Group to reach greater heights by harnessing its full potential in telecommunication solutions and mobilise the staff for efficiency through task based assignments. Our immediate task is to implement a strong operational platform incorporating transparency, responsibility and accountability for every member of the organisation. The newly appointed Board of Directors are determined to transform the SLT Group to take its rightful place in the corporate ladder as one of the largest and strongest companies in Sri Lanka.



There are positive aspects in our performance during the year under reference. We recorded impressive top and bottom line improvements as well as completing most of our major infrastructure investments. These investments will create the platform that will elevate SLT to the next level for business expansion. In the period under review, the Group posted a top line turnover of LKR 86 Bn. but we believe that there is potential to further improve our performance with the expansion of the Fibre to the home (FTTH) programme that is currently in place and the 5G rollout by our subsidiary, Mobitel. We would also ramp up our research and development efforts to understand what processes can be implemented to increase efficiency, determine what new technologies can be brought in, and develop new applications that would lead to reduced operational costs and maintain capital expenditure within budget.

Our human capital is one of our greatest strengths. Although interacting with several unions and nearly 10,000 directly and indirectly employed staff is a challenge, they are undoubtedly an asset with most of the staff being highly-qualified engineers and skilled technicians with long service in the Company. They possess a vast amount of experience and expertise and above all a tradition of utmost loyalty towards the establishment which will help to unleash their full potential for the development of SLT.

In the fast changing modern world, the field of telecommunication is also changing rapidly. SLT being the pioneer National telecommunication network has gone through several changes since its inception. In the recent past the organisation transformed from a state owned entity to a public-private company listed on the Colombo Stock Exchange. With the change came in modern management techniques and exposure to the world outside in acquiring technology. The company being fully aware of the potential in the field of communication is transforming further from a telecom company to a digital service provider building digital platforms connected through the fibre optic network for all essential services covering, Agriculture, Health, Trade & Commerce, Education, Judicial etc.

Service to our customers is paramount for development and expansion of our market share. With this in mind the Company has initiated the Zero Faults concept, which helps customer complaints attended to within 24 hours during working days and an app for customers to track the progress of the rectification of their complaints. FTTH will bring about many opportunities for home-based entertainment. It will empower Micro, Small & Medium Enterprises, and will also enable high quality communication in challenging times such as what we are experiencing right now, where commuting is restricted. We are also planning to unify our Teleshops under the SLT and Mobitel brands on a singular brand identity to create a sophisticated high-end franchise network for our products and services.

Fortunately, there aren't too many challenges that we face within the Sri Lankan telecommunications industry; whereas most other countries have already reached their saturation levels, the industry in Sri Lanka is still growing and there remains plenty of potential to tap into. A majority of our rural population is still using the older 2G technology and approximately 40% of our population is using the Internet and 4G technology. The potential for growth amongst the rural communities exists, especially at a time when access to communication technologies is more affordable and essential than they have ever been. We are making inroads into these communities through our extensive fibre optic backbone infrastructure.

The rollout of 5G by our mobile arm will provide the customers a brand new experience in telecommunication despite the challenge, due to different types of equipment from 4G technology and the vast investment required for transmission.

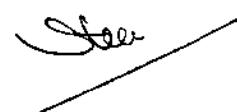
The Board of Directors has identified the vast asset base of SLT spread across the island and a program will be developed under a special team to deploy these assets to raise revenue for the Company.

In terms of regulatory challenges, we are pushing for a policy change in number portability. This has been a restrictive policy for the longest time, not only for mobile operators but for the consumers as well. The implementation of such a policy would truly level the playing field

for mobile operators and bring greater choice to consumers. The implementation of privacy laws on recording of telephone conversations, which is a criminal offense in most other countries, is something that should be looked into as well.

We hope to see substantial development and improvement of SLT in 2020. The complete focus of the Board of Directors, Senior Management, and our staff will be to work towards the singular goal of making SLT and Mobitel one of the most powerful brands in Sri Lanka. We anticipate that the future of the telecom industry in the digital era will be very much a positive one and we are hopeful for continuous future growth, despite the economic challenges and recession being seen around the globe. We will be pushing for greater social and environmental responsibility; SLT is the first Telecom service provider to receive ISO14064-1:2018 for assessment of GreenHouse Gas (GHG) emission and we hope to push the Company further in environmental protection and green growth concepts, such as looking towards solar energy for tower-based operations and further minimising our carbon footprint.

I look forward to working closely with our Board of Directors, CEO, and staff to continue SLT's journey of transformation in 2020 and beyond. I ask our stakeholders for their continued trust, support, and patronage of our Company and to join us in looking forward to great things in the year ahead of us.



Rohan Fernando

Chairman

3 June 2020

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

“SLT is in the best position to take advantage of our geographical position, tectonic plate stability, low latency connectivity, and global Gigabit speeds through the SEA-ME-WE submarine optical fibre cable system.”



One hundred years after the establishment of the first telephone link in Sri Lanka in 1880, “The Economist” in one of their cover page articles predicted the arrival of the “Era of Zero Tariff Telecommunications”.

At that time, transport of today's volumes of data across networks was not envisaged, and what was meant by the statement was in relation to voice. As predicted, voice tariff is all but free while the debate is on data. It is clear that data tariff too would head the same way as voice, in less than half the time it took for voice. The success of the SLT Group thus hinges on how best it is ready to meet the era of zero data tariff telecommunications.

Having taken the national responsibility bestowed on us to invest diligently in infrastructure for the digital transformation, we now must confront extensive changes in markets, technologies, consumer demands, and value chains. With new market players, mergers, massive infrastructure investment requirements, and shrinking traditional revenue bases, the success of SLT in retaining the leading role in the digital era will decide the fate of our 160+ year old organisation and its loyal staff.

SLT's greatest strength vis a vis our competitors is the inherent love our staff have towards the company that no competitor can match. Staff and the unions have historically been the defenders of SLT. Leveraging these as a win-win will help to retain its competitiveness.

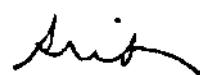
The range of services from digital banking and smart farming to judicial system automation and online education platforms will transform the economy of the country by enabling entrepreneurship

and spreading economic activity across the country. It is the effective carriage of these digital value-added services that will be our revenue stream of the future. And as Sri Lanka moves to a more digitised society, this transformation will be faster than ever before. Here, we are moving ahead to meet the delivery of valued-added services to the people of Sri Lanka with an aggressive broadband fibre-to-the-enterprise and home rollout that no competitor can match. Further, to fill the rural gaps and not leave the furthest people behind, we are investing in wireless 4G broadband with a wide enough radio spectrum to give the best user experience.

As the global economic centre shifts from the West to the East, Sri Lanka is right in the middle between Africa and East Asia. Here, having foreseen the future, SLT is in the best position to take advantage of our geographical position, tectonic plate stability, low latency connectivity, and global Gigabit speeds through the SEA-ME-WE submarine optical fibre cable system. This coupled with SLT's investment in Tier III Data Centres and the Cloud allows us to provide the range of advanced IT services required by the smallest to the largest enterprise and go global to support multinational enterprises.

SLT will leverage the synergies between its subsidiary companies to not only actualise development and market opportunities within the Group, but as the national ICT solutions provider, to also seize opportunities that will place Sri Lanka on the global stage. The investments in technology, infrastructure, and people we have made thus far have already laid the groundwork to establish SLT as key global communications player in the years to come. This will continue to open up growth opportunities for the country and its people, and the SLT Group will continue to be the engine that drives the nation's growth. I look forward to working with all our subsidiaries to turn our vision into a reality.

“SLT will leverage the synergies between its subsidiary companies to not only actualise development and market opportunities within the Group, but as the national ICT solutions provider, to also seize opportunities that will place Sri Lanka on the global stage.”



Lalith Seneviratne

Group Chief Executive Officer

3 June 2020

CHIEF EXECUTIVE OFFICER'S REVIEW

“As the national ICT solutions provider to the nation, we believe that SLT is in a very strong position to act as a key partner in the government’s mission to achieve Smart Sri Lanka”



“At the cusp of a new decade, SLT approached 2019 with a mindset of looking to the future, that of the country and its citizens and SLT’s role in that future. As part of our journey towards a smart Sri Lanka, we have launched the framework and the architecture to drive Digital transformation.”

The roadmap outlines our initiatives to lead and drive the digital transformation of the nation under 14 industry verticals that cover all aspects of the nation’s infrastructural, administrative, and socio-economic processes. The acceleration of our fibre initiative will play a crucial role in the digital transformation and we aim to develop two million fibre-to-the-home (FTTH) ports by 2022, up from the existing 350,000 ports.

Our domestic and global fiber infrastructure is one of our key assets and vital to our journey towards Smart Sri Lanka, as well as our global strategy; we are connected to the world through five submarine cables and are looking to invest in the upcoming SEA-ME-WE 6 submarine cable system. This infrastructure combined with our extensive fibre infrastructure across the island plays a key role in one of the most significant initiatives we launched in 2019.

Xyntac is the global business unit of SLT, our global face. We launched the brand at the International Telecom Week in Atlanta, USA in 2019. Through Xyntac, we are expanding SLT’s income and revenue streams to the global market. We already have the excellent, world class infrastructure and the product portfolio in place to sell wholesale voice and data to the global market. This is important for stimulating our dollar revenue, as

our equipment primarily comes from international vendors and forex continues to be one of our biggest challenges. Having a natural hedge scenario in place will help to balance the dollar outflow for the business, hence why international business is crucial to SLT going forward as it holds a lot of opportunities in untapped or underserved markets.

As the national ICT solutions provider to the nation, we believe that SLT is in a very strong position to accomplish this and to be a key partner in the Government’s mission to achieve Smart Sri Lanka. We also believe that a single entity alone is not enough when it comes to the digital transformation of Sri Lanka. To this extent, we believe that the Government should welcome all other operators, vendors, and service providers from around the world to assist the country along on this journey. At SLT, we have been developing our partner ecosystem to bring new products and services and enable new opportunities in the country. We partnered with key cloud players like Microsoft, Oracle, Citrix, and VMware to bring their cloud services to Sri Lanka through our data centres and fibre connectivity. Furthermore, we have also partnered with 27 SME solutions providers to bring “total solutions” to the Small and Medium Enterprise (SME) market.

2019 was a year that brought several challenges for SLT and the country as a whole. Industries across the country were impacted by the tragic events that unfolded in the year, the hospitality industry in particular. 2019 being an election year also meant that it was harder to gain traction in key strategic projects to support the Government’s digital transformation and other critical infrastructure development projects in the ICT and digital space. Despite these challenges, SLT was able to grow the business with 5.5% revenue growth to reach LKR 50.0 Bn. in revenue. We did this through an incredibly strong and compelling product portfolio and through effective management of our costs, which only increased by 2.4%. The events of the year had an impact on our budget and targets but nevertheless, the overall results speak to the Company’s resilience and adaptability.

“Our domestic and global fiber infrastructure is one of our key assets and vital to our journey towards Smart Sri Lanka, as well as our global strategy”

We look forward to more stability in the country and a healthier performance in 2020. The new government has already implemented tax cuts and a reduction on the telecommunications levy that will make our services more affordable to our customers and lead to increased consumption, particularly with data. We welcome these initiatives and look forward to working closely with the government to propel the country forward into the digital era.

We will be looking more closely at our consumer segment and identifying how we can serve them better. To this effect, initiatives we previously implemented to increase our resources and focus on customer service will really come into play this year. Therefore, we have declared 2020 as the Company’s Customer Service Year and launch initiatives to further boost efficiencies within the Company. We will enhance the skills and competencies of our customer-facing teams and identify ways to refine our service delivery while maintaining a lower cost structure.

SLT’s journey of digital transformation continues in 2020 and we are ready to take on all that it entails. I would like to thank all those who have helped to make this journey possible this far and thank our stakeholders for continuing to be with us.



K A Kiththi Perera
Chief Executive Officer

3 June 2020

CHIEF OPERATING OFFICER'S REVIEW



“Digital services are all about the customer experience and as customers are driving digital lifestyle today, we have transformed SLT into a completely customer-centric organisation”



“Year 2019 was a turning point for SLT. The Company has been undergoing a shift of sorts; we started the year with the strategy where we metamorphosised from communications service provider (CSP) to a digital service provider (DSP), which has been a monumental task.”

Digital services are all about the customer experience and as customers are driving the digital lifestyle today, we have transformed SLT into a completely customer-centric organisation. Digital lifestyle is emerging and therefore society is demanding more than the needs. Understanding the wants of customer who is struggling to fit in to the requirements of the society by exploiting the digital lifecycle is an untapped market opportunity for SLT. Therefore, SLT had to transform themselves into a complete customer-centric organisation to understand the customer, his requirements and to delight him in capitalising digital market opportunities during the transformation as a digital service provider to the nation.

We had to rearchitect our IT and network structure, recognising that this was essential to our transformation to becoming a DSP. Whereas previously our IT support would primarily focus around system integration and support, it now has to take into consideration supporting business and customer applications. We brought in a DevOps culture to ensure

that we are capable of addressing customer requirements through innovative applications to support a digital lifestyle. The change in the culture at SLT has also empowered our employees to better serve our customers. We ensure that our employees have everything that they need for leadership in driving a customer-centric culture at SLT. This has led to the rise of innovation and creativity, frontline employees that can respond swiftly and effectively to customer concerns, thereby improving the customer experience significantly.

This is why we set about giving a new face to our front offices and Teleshops, reallocating sales demarcation zones, and increasing our presence through new regional offices, some of which were converted from Outside Plant Maintenance Centres (OPMCs). SLT believes that strong partnerships are key to delivering a better service, so we are leaning more into the franchising of our Teleshops and effectively making our dealers part of our frontline and increasing our presence.

We have also taken a different approach to who we consider our customers; whereas an SLT customer would previously have been defined as someone who subscribes to at least one of our services, we now consider that anyone could be an SLT customer. This is all part of our transition into becoming a provider of digital services, and we did just that in 2019 through some innovative services and apps. With our SLTgo Community Wi-Fi, anyone with a smart device can connect to our network from any local SLTgo Wi-Fi hotspot or over 23 million Fon Community Wi-Fi hotspots around the world and reduce their mobile data costs. With our SLT Voice app, customers can connect their smartphone device to their SLT landline and use it to make and receive calls with their SLT phone number. This year, we plan to allow any PEO TV subscriber to watch PEO TV on the go through the PEO TV Go app on any network anywhere in the country.

“SLT is capable enough to enter the global wholesale market, which is what we did when we launched the Xyntac global business unit in 2019”

We feel that this is just one of the ways that digitalisation has been a real game changer for SLT.

Of course, SLT has had to encounter a fair share of challenges in 2019. Tragic events had a tremendous impact on the country and businesses that use our services. We faced challenges internally and from the environment. The incredibly ambitious accelerated fibre initiative is also a huge logistical challenge. The sourcing of funds has been a longstanding challenge, one that we are trying to address through sympathetic investors and increasing our dollar revenues. Fortunately, our strategies are paying off and our restructuring has seen all resources ideally placed to successfully achieve our strategic objectives.

Our achievements are outstanding – SLT has truly made its mark on the global level. We are connected to the world through five submarine cables and working towards connecting the nextgen SEA-ME-WE 6. We have the capability of servicing and repairing these cables with the Galle Submarine Cable Depot. We have 1+2 redundancy and can switch to a backup cable within 50 milliseconds, ensuring the country never experiences a blackout. All this means that SLT is capable enough to enter the global wholesale market, which is what we did when we launched the Xyntac global business unit in 2019. Sri Lanka is well on its way to becoming a hub for global communications.



M B P Fernandez
Chief Operating Officer

3 June 2020

A ROAD MAP TO SMART SRI LANKA

SLT is actively contributing to the national goal of transforming the country into a digitally empowered Smart Sri Lanka, complementing the Government's mission of providing the country with the multifaceted benefits of digitalisation.

As the national Information and Communications Technology (ICT) solutions provider and the leading broadband and backbone infrastructure services provider of Sri Lanka, SLT has been enabling opportunities and fulfilling the dreams and aspirations of Sri Lankans for over 162 years: SLT has connected Sri Lanka to the world through five submarine cable systems; SLT has connected every corner of the island with its advanced fibre optic backbone infrastructure enabling a smart and connected government. At every step, SLT has transformed the nation through the latest telecommunications infrastructure, technology, and solutions. SLT now finds itself in the midst of its own transformation, transitioning from a communications service provider into a digital service provider, working towards becoming the nation's preferred digital lifestyle provider.

The SLT Group is committed to large-scale ICT infrastructure development that will see it continuing to expand its contributions towards the national development through the implementation of major ICT initiatives that fall under 14 industry verticals that will transform the lives of both the urban and rural communities of Sri Lanka, uplifting them into the digital era. SLT has taken the lead in planning these initiatives with the support of subsidiaries.



Enabling e-government

With the advent of smart internet and communications technologies finding their way into every aspect of day-to-day life, it was inevitable that they would also find their way into public administration. There are an increasing number of initiatives every year to build smart ecosystems via smart cities and smart governments, and many such initiatives are already active. According to the United Nations Department of Economic and Social Affairs, approximately 55% of the world's population lives in cities today. The need for smarter cities and smarter governments to address the challenges of urbanisation, population growth, economic growth, and environmental issues is stronger today than it has ever been. Although there are varying perspectives on what constitutes a smart government based on political agenda and vision, a smart government can best be described as one that uses technology to facilitate and support better planning and decision-making to transform the ways that public services are delivered by being more citizen-centric, data driven, and performance focused.

Dubai is an example of a city that has transformed itself into a smart city. To accomplish this, it had to transform the government into a smart government. This required a cultural transformation,

one that made the government more agile, open, and transparent in addition to cultivating a collaborative governance style.

This collaborative style brought together cutting-edge experiments and initiatives from the private sector, academia, and Government bodies to achieve a holistic transformation and enable the systematic generation of public value, increased standards of living, and a higher quality of governance. The Government set about internet-enabling key traditional Government services and widening the reach of public service delivery by enabling services to be available 24 hours a day through smart devices. This resulted in majority of all public services becoming digitalised and influenced the digital transformation of the country as a whole.

As the national ICT solutions provider, SLT undertakes many initiatives to digitalise the Government of Sri Lanka. SLT connected 860 Government organisations to a single, highly secure private network segmented for the different requirements of different organisations. The Lanka Government Network 2.0 (LGN 2.0) is an "information superhighway" that will eventually connect various Government organisations together and help the Government of Sri Lanka to fulfil its vision of digitising the economy by tying all Government institutions into a singular digital infrastructure.

LGN 2.0 will help to usher the public sector into the digital era, bringing about efficiencies and the smooth flow of information that will lead to improved standards of service and greatly benefit Sri Lankan citizens. Furthermore, SLT is working on several other initiatives under the Smart Government section, like the Lanka Government Analytics Platform that will enable quick and efficient decision making and policy development for the Government.



Interconnected Buildings

Modern buildings are a collection of complex structures, systems, and technology interconnected with each other. As cities become smarter and more interconnected, buildings also need to become smarter and designed to work as part of a broader ecosystem. The integration of internet and communications technologies can make buildings more energy efficient, comfortable, and safer for its occupants. For instance, a building's chiller system could be optimised by calculating the optimal operational capacity taking into consideration the current building occupancy and weather; lighting and cooling systems can be shut down when and as occupants leave the building; emergency services can get accurate information about how to respond to situations within the building – the availability of information about the various subsystems within a building opens doors to new possibilities and opportunities in building design that were not possible before.

SLT is embracing these possibilities through its fibre infrastructure that powers the rising towers that are making up Colombo's emerging cityscape. SLT's fibre and smart building solutions power the Lotus Tower, the most technologically advanced building to grace Sri Lanka and the tallest tower in South Asia. With a range of solutions such as a smart guard tour system, smart room control systems, smart energy management system, and integrated building management systems, the facility management and operations of the tower are more secure and efficient, and enables closer collaboration with key Government institutions such as

the Fire Department. SLT's technology and contributions enable the simulation of the tower with a digital twin of the physical infrastructure through Building Information Modelling (BIM).

SLT's smart home solutions also enable homeowners to turn their homes into a smart home that can be monitored and operated on the go via a smartphone app. Residents can incorporate smart door locks, lighting systems, Wi-Fi plugs, smoke detectors, and several other smart sensors that help them to monitor every aspect of their home and identify issues in real-time.



Smarter Living

A smart city uses internet and communications technologies to enable smarter living for citizens by increasing operational efficiencies, enabling increased openness and transparency with the public, and improving the quality of Government Services and citizen welfare. Cities will be transformed with citizen-friendly and cost-effective governance with an increasing reliance on online services to increase transparency and accountability, using smart devices to provide services and reduce costs while also eliminating the need to visit municipal offices. Citizens will be able to directly provide feedback, utilise smart transport solutions, and benefit from expanded housing opportunities.

SLT's solutions for smarter living enable customers to enjoy SLT's services without boundaries. PEO TV customers can now enjoy their favourite channels on their smart devices on the go with the PEO TV Go application. With SLTgo Community Wi-Fi, SLT broadband customers can access Wi-Fi locally and overseas using their existing credentials, thus saving on mobile data costs. SLT is also providing an extensive range of smart city solutions for the upcoming Colombo Port City such as video surveillance, video analytics, asset management, parking management, smart lampposts, transport management, waste management, and more. Polonnaruwa Smart City will utilise many of these smart city solutions together with location-based visitor experience management, smart agriculture with

online farming community building and smart irrigation that will empower farmers with data to farm effectively according to the geographical and agricultural characteristics of the area.



Safe and secure Sri Lanka

In the quest to build smarter cities, smarter buildings, and smarter infrastructure, the critical component of security is one that needs to be addressed. It is no secret that nefarious players target weaknesses in any interconnected system; IBM and Poneman Institute estimate that a data breach can cost as much as \$3.86 Mn. on average. Therefore, there is a need for security to be an integral part of the design of any smart city, Government, or building, constant monitoring for threats, and the establishment of risk management strategies. On the other hand, smart technologies will bring about safer cities; the implementation of smart security measures in cities around the world, such as Hayward, California, have demonstrated benefits like reduced crime, improved safety, and a better quality of living for citizens. The increased amount of data available to city planners from these technologies opens the potential for more informed design decisions and improved responsiveness from social services like police and fire departments. With 68% of the world's population projected to live in urban areas by 2050, the need for smarter city security solutions will continue to rise.

SLT's security solutions will enable smarter, safer cities in a Smart Sri Lanka with a focus on upholding national security. Advanced video surveillance and video analytics solutions such as face recognition, and intrusion detection are made possible through SLT's fibre optic infrastructure across the country. All customers of SLT can focus on their core business and not have to worry about retaining cybersecurity professionals through SLT's cybersecurity solutions and Managed Security Operations Centre (SOC) that provides analysis services with highly experienced staff trained to international SOC standards. Digital Transaction ID for Sri Lankans will enable citizens to avail of Government offering such as Samurdhi, pensions, and fertiliser

subsidies. The Government will benefit from reduced costs and more effective public administrative services that can be rolled out rapidly. Furthermore, the Digital Transaction ID will open up new opportunities to generate revenues through new business models that will be facilitated through public and private social collaborations.



The foundation for a Smarter Sri Lanka

Building the smart cities of the future requires a smarter foundation. Smart infrastructure will provide digital insights that help to derive more value from existing infrastructure while creating new opportunities. The addition of a digital layer to physical infrastructure results in data that can be used by citizens, companies, and the Government to solve problems, approach tasks in a smarter and more effective manner, use resources more efficiently, and develop more personalised services. Fibre is one of the key enablers for smart infrastructure; it provides the leaps in bandwidth that is fundamental to spur the pace of innovation and economic growth in burgeoning smart cities. Wired broadband access supports as much as 90% of all internet traffic, even that which ultimately ends up on wireless devices. Fibre will be instrumental in realising new revenue streams, innovation, expanding broadband access to citizens, and supporting 5G networks and beyond.

With over 50,000 kms of fibre optic cabling, SLT is laying the fastest broadband infrastructure across the country that will enable new opportunities for citizens, businesses, and the Government. Together with the fastest growing 4G LTE network in Sri Lanka and 5G infrastructure in the near future, SLT's valued customers can experience blazing fast internet, superior online gaming, uninterrupted HD video streaming, and much more. SLT's distributed network architecture enables 1G to 100G bandwidth scalability for carrier-grade services, live TV, video on demand, and high-speed internet services. Moreover, SLT's smart infrastructure, ICT, and digital solutions enable a smart workforce with employees empowered to work from home or bring their own devices to the workplace. The office of the future in Sri Lanka is no longer tethered to the limitations of yesterday through the possibilities enabled by SLT.

As the national ICT solutions provider, SLT is strongly involved in the development of the nation and has long carried out activities with the goal of building a Smarter Sri Lanka.

e-Channelling is just one of the systems from SLT that contributes to Smarter Sri Lanka. By facilitating citizens in finding the appropriate doctors and making it more convenient to book appointments with them, SLT is contributing to developing the country's healthcare system.

SLT Muve is another way that SLT is building a Smarter Sri Lanka. The smart transport service app is designed with the betterment of the nation in mind, with the intention of giving more and offering the most benefits of any ridesharing app in the country to passengers, drivers, and the community. Moreover, SLT's online ticketing solution enables citizens to easily purchase bus tickets, train tickets, and air tickets, thus foregoing long queues at ticket vendors.

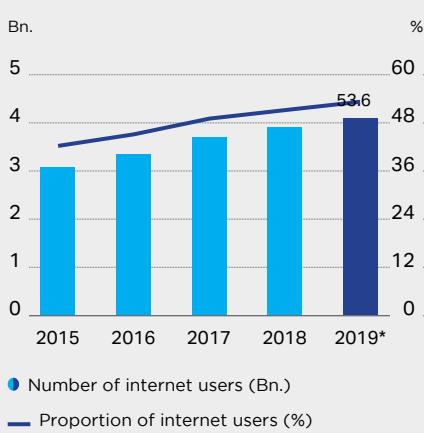
A Smarter Sri Lanka isn't just possible through innovative technology solutions, however. SLT is committed to enhancing the knowledge and education facilities for future generations of Sri Lankans, thus laying the groundwork for Smarter Sri Lankans as well. Educational "Videsa" channels on PEO TV and M-learning digital learning platforms are just some of the ways that SLT is transforming education in the country through cutting-edge technology. SLT Campus is the ultimate contribution by Sri Lanka Telecom to enhancing the academic standing of the nation through 24x7 teaching and providing the necessary facilities. In addition to producing career-ready global graduates, the Campus produces internationally peer-reviewed research that contributes to developing the intellectual capital of the nation.

BUSINESS MODEL

OPERATING ENVIRONMENT

The world is increasingly connected; 4.1 billion people are estimated to be using the Internet, a 5.3% increase over 2018. Between 2005 and 2019, the number of internet users grew by 10% every year, taking the global penetration rate from nearly 17% to over 53%. However, despite the growth in penetration, global growth rates have been slowing down due to some parts of the world reaching saturation level. Developed countries tend to have the highest saturation levels with nearly 87% of people online, whereas only 19% of people are online in the least developed countries (LDCs).

Individuals using the internet, 2015-2019



Note: *ITU estimate

Source: ITU

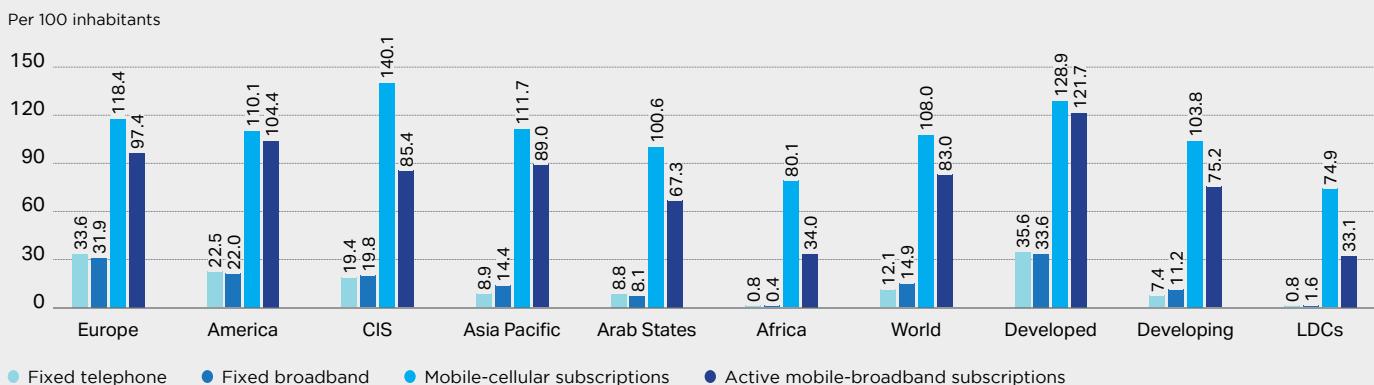
The trends previously observed in the growth in mobile-cellular subscriptions and the decline in fixed-telephone subscriptions continued in 2019.

Mobile-broadband subscriptions continue to grow strongly with the number of active mobile-broadband subscriptions per 100 inhabitants growing 18.4% year-on-year in 2019. Fixed-broadband subscriptions are also continuing to grow but at a more modest rate than mobile-broadband subscriptions; it has been observed that developing countries now have more fixed-broadband than fixed-telephone subscriptions. While a strong correlation can be identified between a region's income levels and the number of fixed-telephone and fixed-broadband subscriptions per 100 inhabitants, such a correlation cannot be observed between the level of development and uptake of mobile subscriptions, likely a result of the affordability and availability of mobile vs. fixed connections. Furthermore, the minor gap in uptake of mobile subscriptions between developed and developing countries also indicates that connectivity is a key priority among people in all countries, regardless of the level of development. Trends in Sri Lanka reflect global trends: fixed-telephone subscriptions continue to decline while mobile-cellular subscriptions have reached saturation levels with a 150.8% penetration rate. Approximately 78% of the population aged 15-65 own a mobile

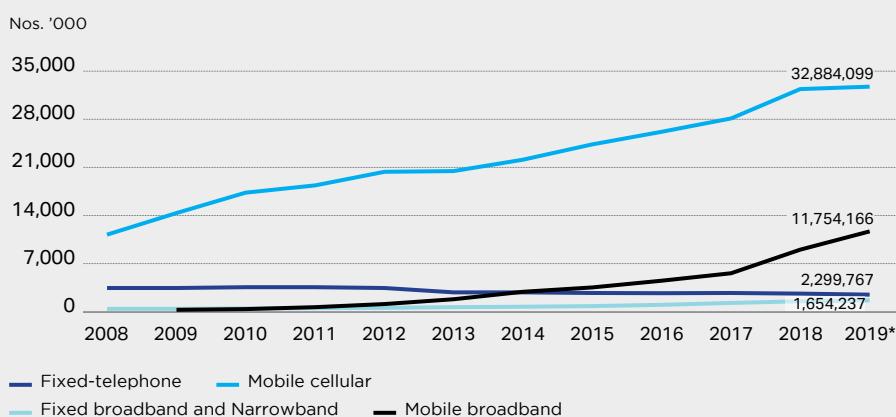
phone, placing Sri Lanka well above its South Asian neighbours (India: 61%, Bangladesh: 74%, Pakistan: 57%).

The prevalence of mobile devices that can connect to the Internet and uptake of mobile-broadband subscriptions has reduced the need for computers in households and thus led to the decline of the computer – mobile devices are increasingly becoming the primary and sole means of accessing the internet for many people. Combined with the fact that almost 97% of the world's population lives within reach of a mobile cellular signal, the landscape for device usage and internet consumption has radically transformed in just over a decade. Mobile usage overtook computer usage in Sri Lanka in 2013 and has remained the dominant means by which most Sri Lankans access the internet. With Mobitel covering 99% of the island with at least 2G coverage, accessing the internet through a smartphone is the most convenient means of getting online; research indicates that smartphone usage is driving internet usage in the country. Challenges remain, however – while 93% of the world's population lives within reach of a mobile broadband or internet service, just over 53% use the internet. In Sri Lanka, the internet penetration rate sits even lower, estimated to be approximately 34.11% in 2017. 61% of non-internet users surveyed did not know what the internet was and 20% deemed it as not useful.

ICT subscription growth per 100 inhabitants

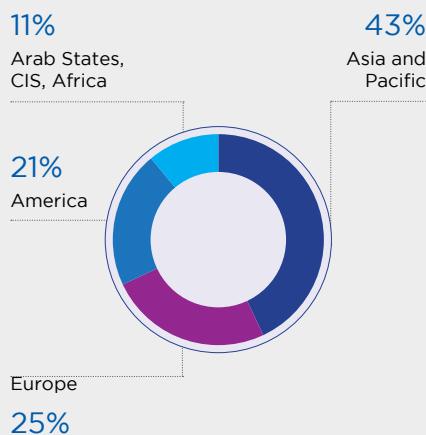


ICT subscription growth in Sri Lanka, 2008-2019

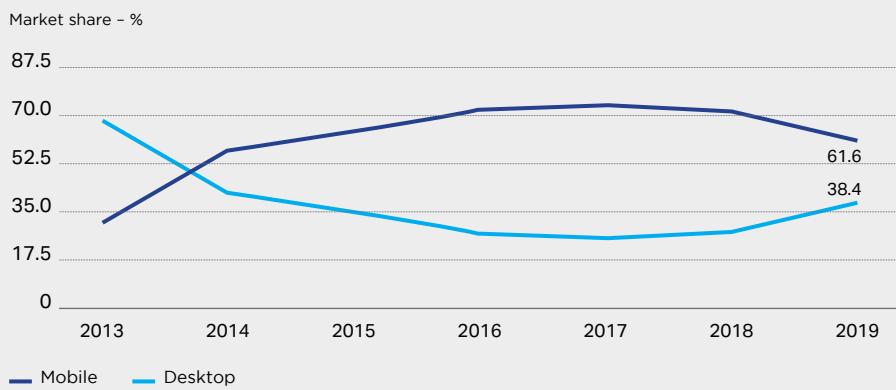


Source: Telecommunications Regulatory Commission of Sri Lanka, 2019

Global bandwidth usage – 2019

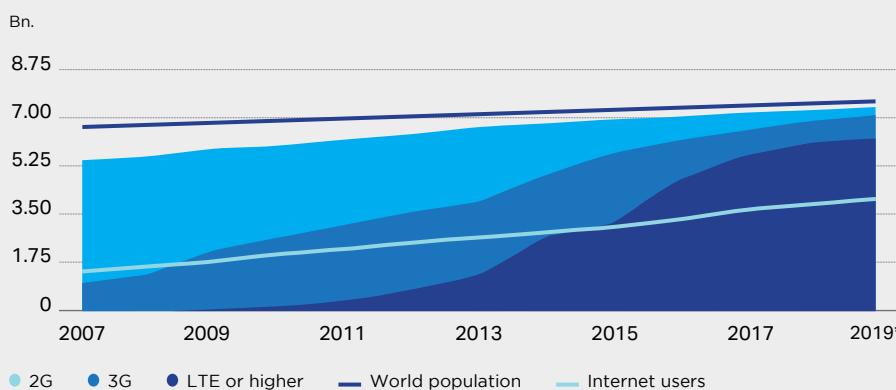


Desktop vs Mobile market share in Sri Lanka, 2013-2019



Source: StatCounter GlobalStats

Mobile population coverage by type of network, 2007-2019

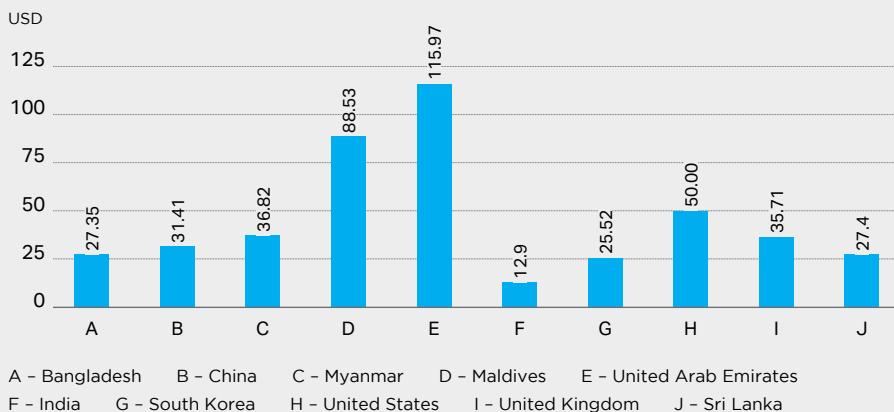


Note: *ITU estimate

Source: ITU

Barriers continue to affect the uptake and effective use of the internet. Access to broadband is still expensive in the least developed countries; in 2019, a fixed-broadband subscription including 5 GB of data cost less than 2% of Gross National Income (GNI) per capita in 61 countries. A mobile-broadband subscription with a 1.5 GB data package cost less than 2% of GNI per capita in 89 countries, including four LDCs. A high-usage mobile broadband bundle (140 minutes of voice, 70 SMS, 1.5 GB of data) costs on average approximately USD 40 in purchasing power parity (PPP) terms; however, there is a stark difference between developed countries (USD 31 PPP) and LDCs (USD 45 PPP). A low-usage bundle (70 minutes of voice, 20 SMS, 500 MB of data) has an average price of USD 25 PPP in developed countries, developing countries, and LDCs. Although recent years have seen broadband access become more affordable, affordability is still a challenge in many countries, LDCs in particular. In Sri Lanka, a 2019 LIRNEasia study indicated that 28% of people aged between 15-65 who did not own a phone claimed the reason for not doing so was because they could not afford it, second only to those who claimed they did not need a mobile phone (58%). Among internet users, 25% claimed that the cost of data was a limitation for internet usage. This is despite Sri Lanka meeting the UN Broadband Commission's affordability target for 2025 – 1 GB of mobile broadband data costs approximately 0.49% of monthly income, lower than the UN's target of 2%.

Average cost of fixed broadband package (USD per month)

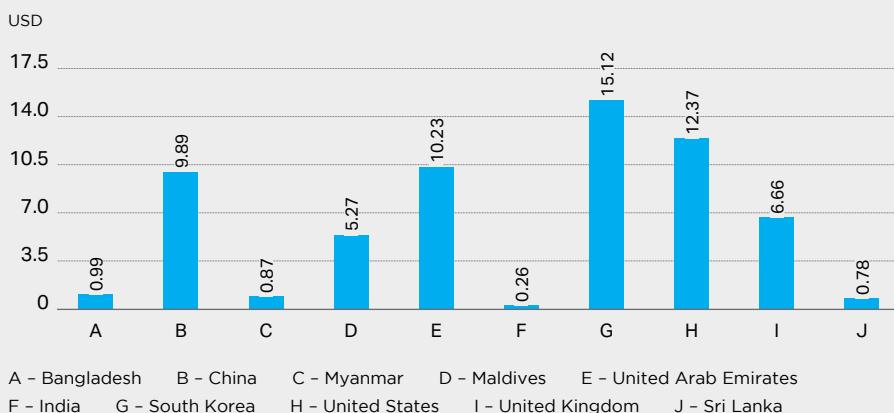


Source: 2020 Global Broadband Pricing, Cable.co.uk

of 5G and shaping the expectations of customers around the possibilities of the technology. Consumers will start seeing more commercial launches for 5G handsets in more flagship and mainstream lines but will have to wait for telecommunications firms and enterprises to determine what the “killer apps” for the technology will be. Mobitel, having established the first 5G network deployment in South Asia and reaching the highest mobile 5G speeds in 2019, will continue to showcase its prowess as the undisputed leader and pioneer of 5G technology across the island while working together with the regulator towards a commercial launch.

Sri Lanka's global competitiveness is also improving, boasting the most improved ranking in the region on the World Economic Forum's Global Competitiveness Report (84, up from 85 in 2018) and ICT adoption went up to 107 from 109 in the previous year. The change in Government administration brought about changes that should prove to be beneficial to the telecom industry and consumers in the short term, namely the removal of the Nation Building Tax and reduction of VAT and the tax on telecommunication tariffs by 25%. Nearly all challenges that faced the industry in previous years have been eliminated and although the economy growth fell short of expectations in 2019, more optimistic projections for 2020 are falling between 3.3% and 4.5%. Crucially, the Information and Communication Technology Agency of Sri Lanka (ICTA) is taking on a supervisory and management role on the implementation of all Government technology projects, highlighting the new administration's push for the efficient implementation of the digitalisation of the Government. Technology will continue to be a growing focus for Sri Lanka going forward and the telecom industry lies at the heart of it.

Average cost of mobile data (USD per GB)



Source: Worldwide mobile data pricing, Cable.co.uk

Beyond affordability, the lack of Information and Communications Technology (ICT) skills is a major barrier in the uptake and effective use of the internet. 40 out of 84 countries for which data was available had less than half the population that possessed basic computer skills such as sending an email with an attachment. More complex activities such as using spreadsheets or downloading and installing software had even lower proportions. In Sri Lanka, 11% of people who did not own phones aged 15-65 stated in a survey that the reason for not owning a mobile phone was because they did not know how to use them. The same survey also indicated that 38% of people aged 15-65 did not know what the internet was and 25% did not use the internet despite being aware of it, indicating a low digital literacy.

The development of digital skills of the population is critical as it has implications for the economy of the country.

2020 will see telecommunications providers building the infrastructure

	Voice and Value-Added Services (VAS) %	Mobile and Fixed line International Direct Dialling (IDD) calls and Data-Related Services %
Telecommunication levy	11.48	0
Other Government levy	2.04	2.04
Effective VAT	9.08	8.16
Total effective tax	22.60	10.20

STRATEGY

Following over 162 years of empowering the nation through infrastructure services SLT has contributed to the realisation of individual and organisational aspirations. Continuing on its transformational journey from communications service provider (CSP) to digital service provider (DSP), SLT is laying the foundation for a new era in Sri Lanka – the digital era.

A future-fit strategy

While SLT is a successful CSP today, it is vital to continue taking steps towards becoming a DSP tomorrow. Taking cognisance of the vital role SLT

has to play and as a key partner in the Government's mission to achieve Smart Sri Lanka, SLT has aligned its strategy with strategic projects to support the Government's digital transformation.

It will also ensure that Sri Lanka is able to move ahead in the global arena in tandem with international digital advancements.

Key aspects of SLT's transformation journey include:

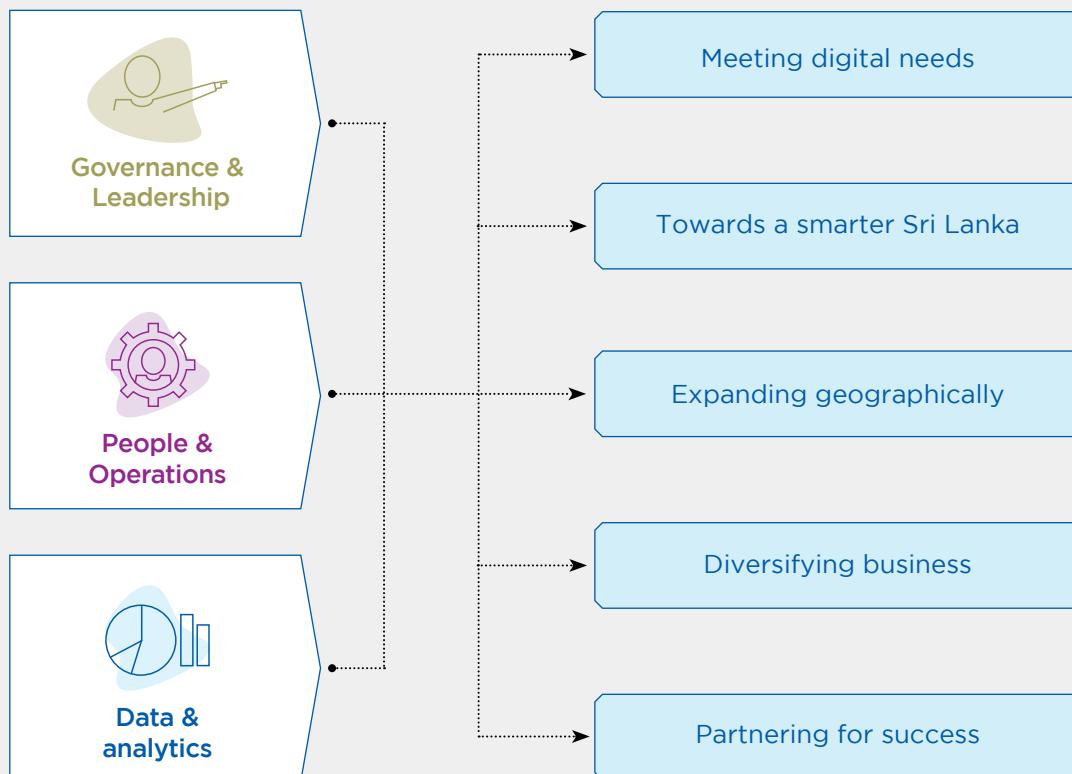
- Meeting the 360° digital needs of customers
- Contributing to Smart Sri Lanka
- Continuing geographical expansion

- Continuing business diversification through subsidiaries
- Leveraging and nurturing strong, mutually beneficial partnerships

SLT's journey will encompass both business-to-customer and business-to-business routes embracing diverse stakeholder groups including:

- B2C – individuals in urban and rural areas
- B2B – organisations, communities and industries

This journey will be steered by a three-pronged approach under administrative, infrastructural and socio-economic aspects, involving Governance and leadership, People and operations and Data and analytics.



Meeting digital needs

Already, SLT has made much progress on this journey. Starting with the adoption of a wider definition of the "Customer", visible improvements have been achieved across the Group on customer centricity, culture and innovation & creativity. For instance, products and services such as SLT Smart Home, storage services, SLT Digi Solutions, eSports platform have taken the Group beyond CSP, fulfilling the digital lifestyle and business needs of customers more holistically and contributing to the Smart Sri Lanka initiative.

The SLT Group continues to invest in the future, not just of the Group but of the country and its people. Technology is transforming the world rapidly and no industry is immune to its effects. Through SLT and its subsidiaries, the SLT Group has a multi-pronged strategy to transform the country for the digital era.

Technology and infrastructure only serve as the foundation for SLT to enable the digital future for Sri Lanka and its citizens. As Sri Lankans become increasingly connected and tech savvy, they will seek new opportunities in Smart Sri Lanka; the SLT Group is working towards this future by crafting digital products, services, and solutions that will facilitate the digital journey of the Group and that of our customers.

Towards a smarter Sri Lanka

SLT is expanding its efforts in stimulating innovation, efficiency, and economic growth by identifying 14 industry verticals that serve as the basis of Smart Sri Lanka. SLT is implementing major ICT initiatives under each of these verticals in ways that leverage its infrastructure, expertise, and resources, as well as those of its subsidiaries. The initiatives will result in wide-ranging benefits for the country, urban and rural communities, business communities, and industries.

SLT remains committed to its ongoing National Fibre programme and has an ambitious plan to develop two million fibre-to-the-home (FTTH) ports by 2022 to connect every household, government, and business institution to an ultra-fast broadband network with the lowest latency.

Through the state-of-the-art Tier III National Data Centre in Pitipana, SLT provides secure and reliable data

hosting and cloud computing services, all enabled by SLT's fibre infrastructure. This infrastructure is also what will power Mobitel's 5G network in the near future, for which it has been successfully conducting trials.

Expanding geographically

SLT has looked beyond the borders of Sri Lanka for new means of sustaining long-term growth while simultaneously boosting the quality of life for Sri Lankan citizens through cutting-edge infrastructure and technology.

Through Xyntac, its global unit, Sri Lanka Telecom is fostering an evolving digital communications ecosystem that has diversified submarine networks via ownership of major submarine cable systems and partner cable systems. SLT's networks span continents providing highly scalable transport speeds up to multiples of 100 Gbps with the capability of networking diverse customer sites. With around the clock expert engineering support, industry specific service level agreements and network uptime, SLT brings stakeholders closer to the future of digital communications.

Combined with SLT's portfolio of international submarine cable systems, the National Backbone Network opens up opportunities for a wide range of solutions for domestic and global operators including fixed and mobile backhaul services, global and ISP connectivity services, and intelligent business solutions for enterprises.

Diversifying business

SLT's Big Data Strategy will see technologies such as artificial intelligence (AI), robotic process automation (RPA), and fintech solutions with blockchain technology set up the platforms necessary for the country's digital transformation. These will create further value through an Application Protocol Interface (API) strategy and partner ecosystem that will help to create new business models and opportunities.

Organisations will be able to utilise these technologies to boost the quality and reliability of their products and services while lowering operational costs. SLT sees the potential in these technologies for transforming internal processes such as report automation, data services configuration automation, customer registration in Customer Relationship Management (CRM) applications, and more.

Partnering for success

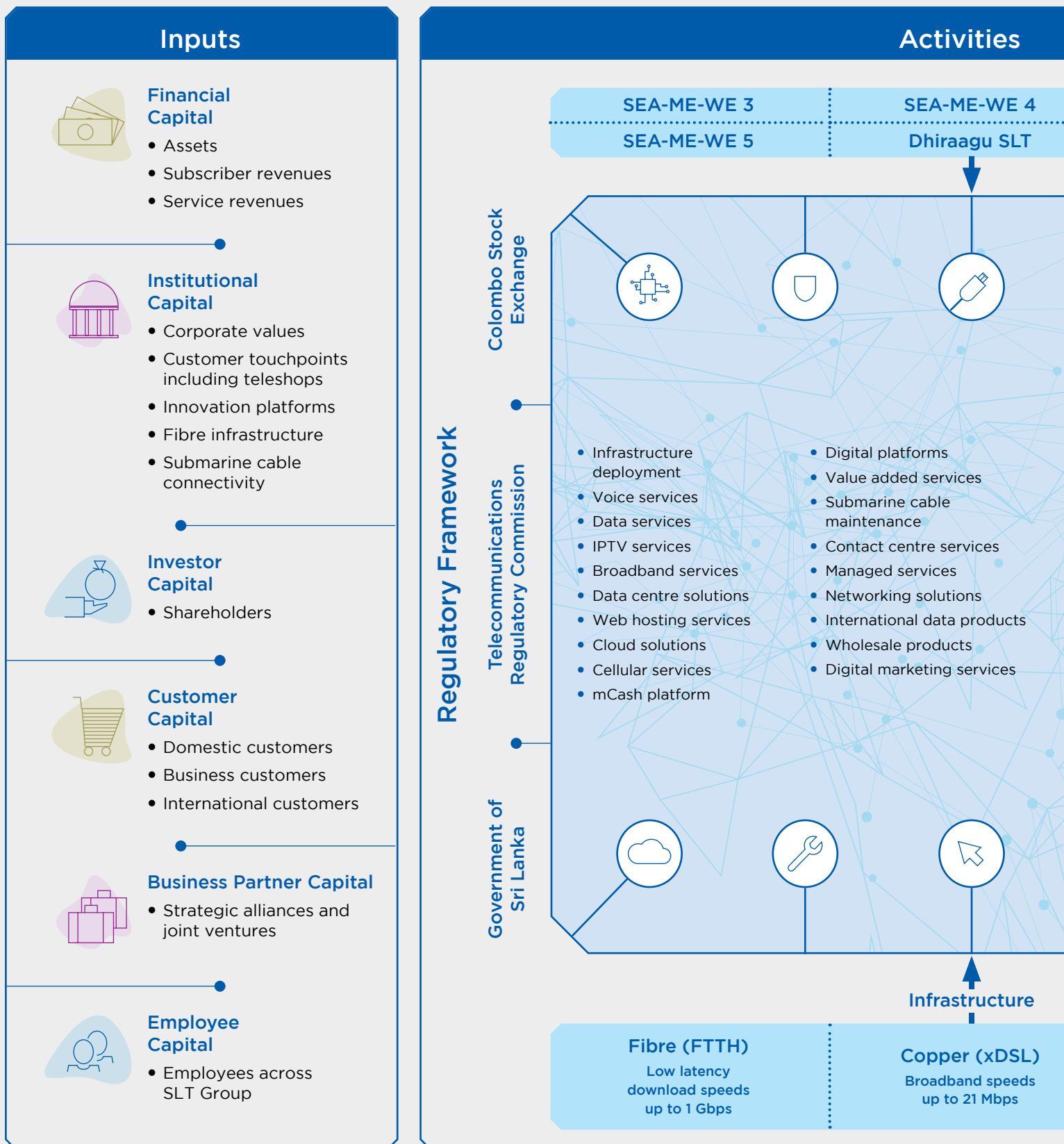
SLT has long partnered with the Government of Sri Lanka to fulfil its visions and ambitions of a more prosperous, connected Sri Lanka.

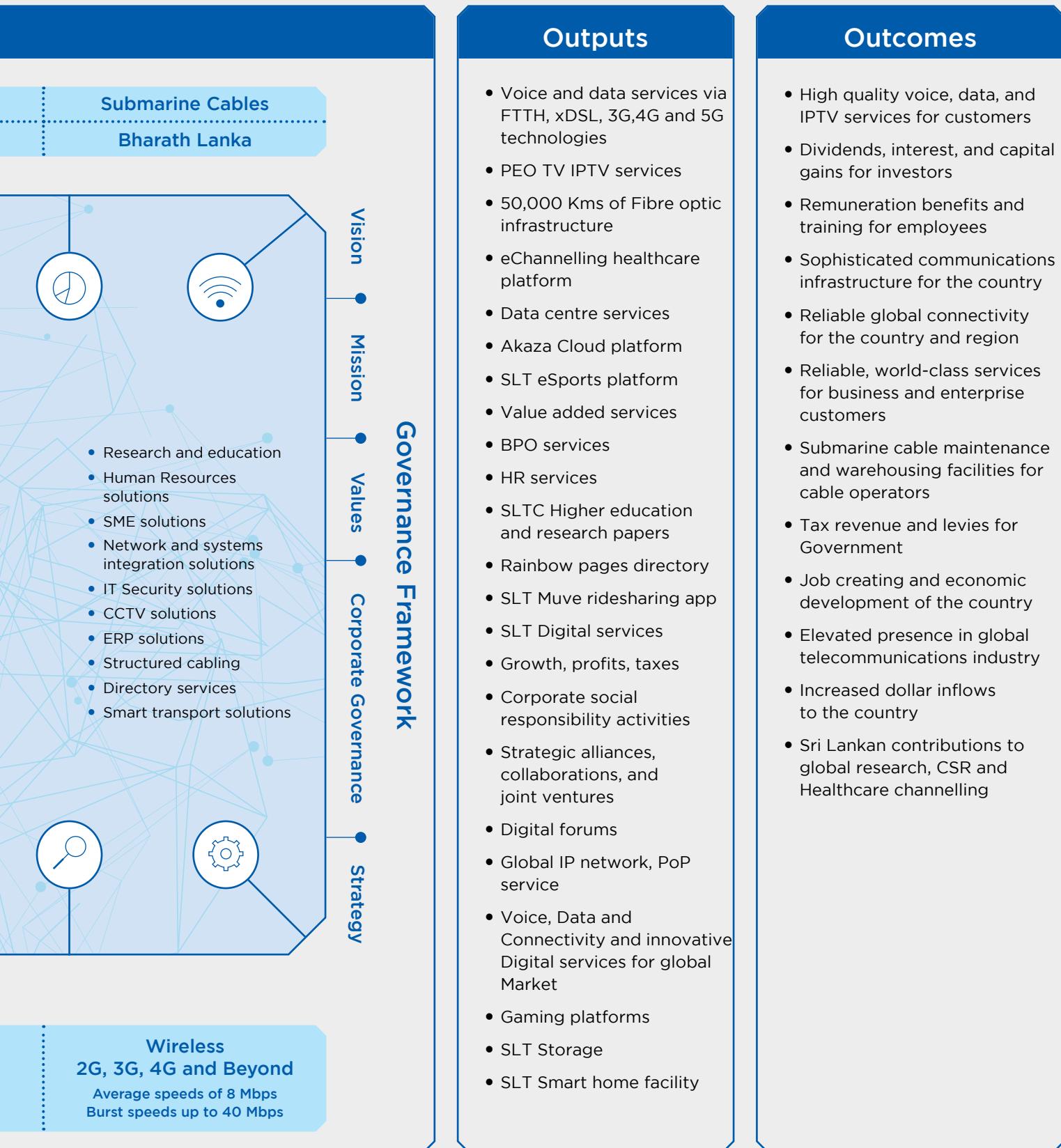
SLT also partners with global players such as Microsoft, Oracle, Citrix, and VMware to bring cloud services to Sri Lanka through our data centres and fibre connectivity.

SLT's subsidiaries contribute to the Group's strategic vision and the nation's development in multiple ways including:

- Establishing Sri Lanka and SLT's presence on the global stage through continuous expansion
- Increasing foreign exchange revenues through growing global investments
- Utilising SLT's existing and future investments in international submarine cable systems, multiple data centres, and global point of presence (POPs)
- Driving the creation of local content to suit the unique sensibilities of Sri Lankan people with a fully-fledged studio and facilities
- Enabling advanced opportunities for learning across the country through initiatives such as Videsa channels and online learning platforms that elevates the education industry in Sri Lanka
- Maintaining the first and only corporate-powered, research-based, fully residential university in Sri Lanka enhancing the nation's academic profile.
- Establishing Sri Lanka as an international higher education destination through future intake of international students

VALUE CREATION MODEL





STAKEHOLDERS

The individuals and organisations that are impacted by SLT's activities, products, and services constitute our stakeholders. Conversely, these stakeholders can have an impact on how SLT implements its strategies and achieves its objectives.

SLT's key stakeholders include its shareholders, customers, business partners, employees, Government authorities, industry regulators, media and advocacy groups, and the communities and environment the Company operates in. SLT strives to better understand its stakeholders through various means of engagement and accordingly optimises its strategies, products, and services to deliver mutually beneficial outcomes for all parties.

Identification and engagement

The operations of the SLT Group have an impact on the lives of all Sri Lankans. The varying interests amongst various stakeholder groups can sometimes conflict with each other; therefore, the identification and prioritisation of SLT's stakeholders is essential to understanding and meeting short-term needs and long-term expectations.

SLT systematically approaches stakeholder mapping after analysing the operating environment and the ideal strategies for addressing opportunities and threats within the environment. This

shapes the engagement processes that SLT pursues with its stakeholders and has led to the establishment of various engagement platforms. Through these platforms, SLT seeks to understand the views of its stakeholders and communicate with them, addressing any concerns that they may have.

Our primary stakeholders



Investors



Customers



Business partners



Employees



Society and environment



Industry regulators



Government authorities



Media



Advocacy groups

Material issues pertaining to the stakeholder	Engagement	Frequency of engagement	Key initiatives for the year
Investors			
Dividend, share price, innovation and industry growth	<ul style="list-style-type: none"> • Quarterly results • Annual report • Annual General Meetings • CSE disclosures • Media releases • Rating reviews 	<ul style="list-style-type: none"> • Quarterly • Annually • Annually • Need-based • Regular basis • Annually 	AGM and rating reviews to rating agencies
Customers			
Improve customer relationship and retention	<ul style="list-style-type: none"> • One-to-one interactions • Contact centre • Engage and interact through the website and social media • Mailers • Newsletters • Brochures • Customer satisfaction survey 	<ul style="list-style-type: none"> • Regular basis • Regular basis • Regular basis • Monthly basis through the bill • Need-based • Need-based • Quarterly and need based 	Annual Brand Health Track Study Regional Account Management Customer gatherings
Improve SME customer relationship and retention	<ul style="list-style-type: none"> • Proposals by regional sales staff • SME customer forums • Customer visits and meetings • Product awareness programmes • ICT workshops for SME business owners and IT managers • Market surveys • Newsletters 	<ul style="list-style-type: none"> • Regular basis • Quarterly • Regular basis • Regular basis • Monthly • Quarterly • Quarterly 	SME forums Field sales campaigns
Improve enterprise customer relationship and retention	<ul style="list-style-type: none"> • Proposals by sales staff • Enterprise customer forums • Customer visits and meetings • Newsletters 	<ul style="list-style-type: none"> • Regular basis • Annually • Regular basis • Need-based 	Enterprise forums
Business partners			
Better return, innovation and industry growth	<ul style="list-style-type: none"> • Partner meetings • Projects and events • Post evaluation reviews 	<ul style="list-style-type: none"> • Need based • Need based • Projects based 	
Dealers looking for strengthening brand presence and improving sales	<ul style="list-style-type: none"> • Dealer meetings • Dealer satisfaction surveys • Dealer review • Dealer awareness sessions • Dealer reward programmes 	<ul style="list-style-type: none"> • Monthly • Quarterly • Biannually • Monthly • Annually 	Dealer convention

Material issues pertaining to the stakeholder	Engagement	Frequency of engagement	Key initiatives for the year
Suppliers looking for better return, innovation and industry growth	<ul style="list-style-type: none">• Procurement policy and vendor selection process• Vendor satisfaction surveys• Vendor review and awareness sessions• Vendor reward programmes• Quality improvements	<ul style="list-style-type: none">• Need-based• Annually• Annually• Annually• Regular basis	Publications Awareness on new business strategy and culture
Employees			
Employee welfare, satisfaction, retention, training and development	<ul style="list-style-type: none">• Employee satisfaction survey• Group meetings and one-to-one meetings• Information sharing through intranet• Employee affinity• Grievance handling• Transfer handling• Emails• Notice boards• Cultural and religious associations• Award ceremonies• Involvement in community projects	<ul style="list-style-type: none">• Quarterly• Regular basis• Throughout the year• Need-based• Need-based• Annually• Regular basis• Regular basis• Annually• Annually• Need-based	
Government and regulatory authorities			
Investment and infrastructure development, better return, innovation and industry growth, compliances and digital services or smart Sri Lanka services	<ul style="list-style-type: none">• Meetings with Treasury, TRCSL, BOI, Customs and other regulatory bodies• Annual report and quarterly reports• Strategy and operational presentations• Media releases	<ul style="list-style-type: none">• Need-based• Annually and quarterly• Need-based• Regular basis	Monthly meetings with the regulator forums
Community (society and the environment at large)			
Community investment and infrastructure development	<ul style="list-style-type: none">• Community projects• Media releases• Website• Social media• Events and activations	<ul style="list-style-type: none">• Regular basis• Regular basis• Regular basis• Regular basis• Need-based	

External initiatives

SLT is in alliance with several associations and has its' staff actively participating in events and activities to strengthen such collaborations.

National

- National Broadband Committee
- National Chamber of Commerce
- Next Generation Network Committee
- Government initiative of free Wi-Fi programme
- Online secondary school education (SchoolNet) programme
- Online university education programme (LEARN) programme
- eGovernment programme
- Sri Lanka Internet Society

International

- SEA-ME-WE connectivity consortium
- IPv6 Execution Committee
- Global Internet Exchange Network
- International PoP Community
- Commonwealth Telecommunications Organisation (CTO)
- International Telecommunication Union (ITU)
- Fibre-to-the-Home Community
- Carrier Ethernet Forum
- Carrier Grade Wi-Fi Forum
- International Internet Society
- MEF – Metro Ethernet Forum
- IEEE – Institute of Electrical and Electronics Engineers
- IET – The Institution of Engineering & Technology
- CECP – Carrier Ethernet Certified Professional

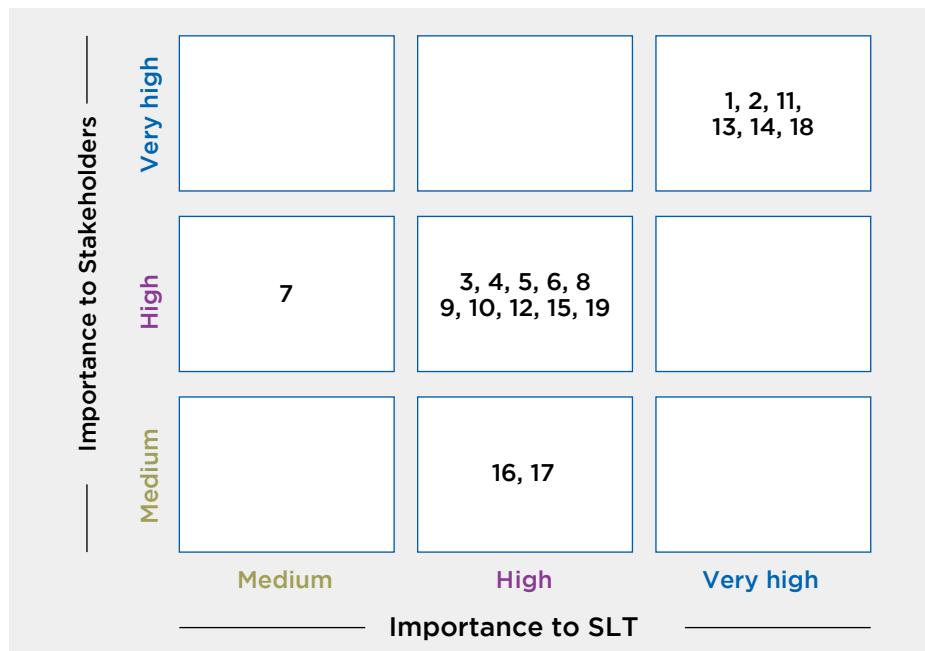
Materiality

SLT's business model focuses on aspects that are important to the telecom business (SLT Group) and its stakeholders. "Importance" is judged by the relevance and significance of an aspect, as determined by the probability of occurrence and the magnitude of the impact.

The identification of these aspects is facilitated through effective engagement with SLT's stakeholders. These aspects are listed below along with their importance to the business and its stakeholders.

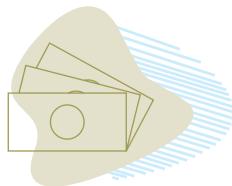
No.	Topic	Importance to SLT	Importance to stakeholder
1.	Economic performance	Very high	Very high
2.	Indirect economic impacts	Very high	Very high
3.	Procurement practices	High	High
4.	Anti-corruption	High	High
5.	Anti-competitive behaviour	High	High
6.	Energy	High	High
7.	Biodiversity	Medium	High
8.	Emissions	High	High
9.	Effluents and waste	High	High
10.	Environmental compliance	High	High
11.	Employment	Very high	Very high
12.	Occupational health and safety	High	High
13.	Training and education	Very high	Very high
14.	Diversity and equal opportunity	Very high	Very high
15.	Freedom of association and collective bargaining	High	High
16.	Local communities	High	Medium
17.	Marketing and labelling	High	Medium
18.	Customer privacy	Very high	Very high
19.	Socioeconomic compliance	High	High

Materiality matrix



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL CAPITAL



Financial capital refers to the pool of financial resources SLT Group utilises to acquire the assets and to fund the operations of the Group. By combining the financial capital with the other types of capital such as customer capital and employee capital, we create value for the short, medium and long-term for the Group and to all our stakeholders.

This section is an overview of our financial position and performance for the year under review, at both Group and Company level. The information presented below is duly supplemented with the Financial Statements and Notes.

In this section, "the Group" refers to Sri Lanka Telecom PLC and its subsidiaries and "the Company" refers to Sri Lanka Telecom PLC.

Group Financial Highlights – 2019

5.5%



**Revenue
Growth**

17.3%



**EBITDA
Growth**

12.2%



**Operating Profit
Growth**

27.8%



**PAT
Growth**

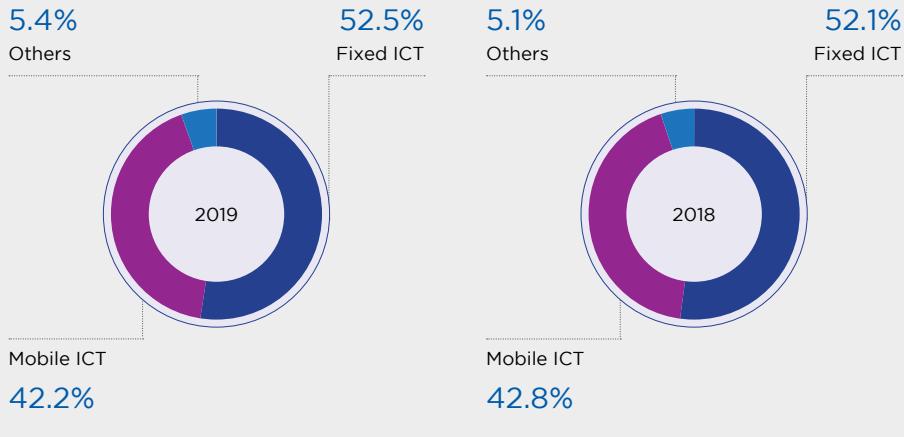
Revenue

The Group recorded a revenue growth of 5.5% in 2019 compared with the year before to LKR 85.9 Bn. primarily driven by the growth in revenues of both Fixed ICT and Mobile ICT segments. The Group's Fixed ICT segment which is operated by Sri Lanka Telecom PLC (the Company) reached a milestone by reporting LKR 50.0 Bn. revenue for the year achieving a 5.5% growth compared to 2018. The growth was largely underpinned by the remarkable increase of revenues of Fibre-to-the-Home (FTTH), LTE, PEO TV, Enterprise Solutions, Career Domestic and International Settlements. The mobile arm of the Group, Mobitel (Pvt) Ltd (Mobitel), which operates the Mobile ICT segment, recorded LKR 40.2 Bn. revenue, a 3.3% YoY growth stemming from the increase of Mobile Broadband revenues, primarily due to the increase of Broadband reach during the year under review.

The revenues are expected to further rise in the future with the ongoing accelerated Fibre Expansion Project under the National Fiberisation Program. Further, the Group focuses on the growing trend of over-the-top (OTT) services which will increase the demand for data and the Internet of Things (IoT) which will create new revenue streams.

The below graphs illustrate the revenue mix by reportable segments in 2019 compared to the previous year.

Revenue Mix by Reportable Segments

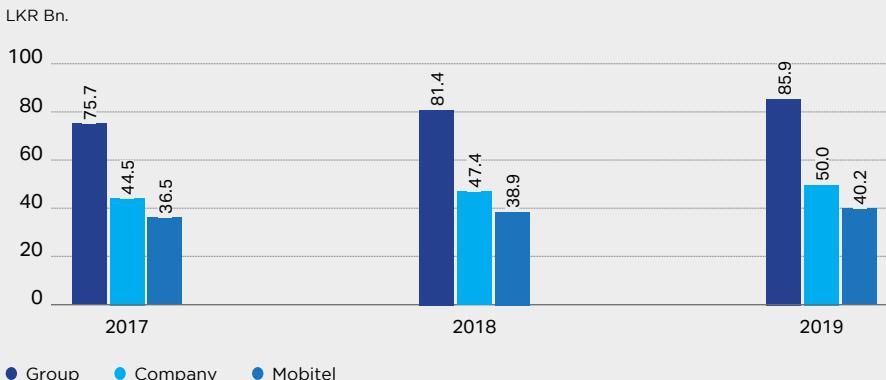


EBITDA & Operating Profit

The Group's Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) rose to LKR 30.0 Bn., reflecting an impressive 17.3% YoY growth due to the increased revenues and operational efficiency achieved through the Group's

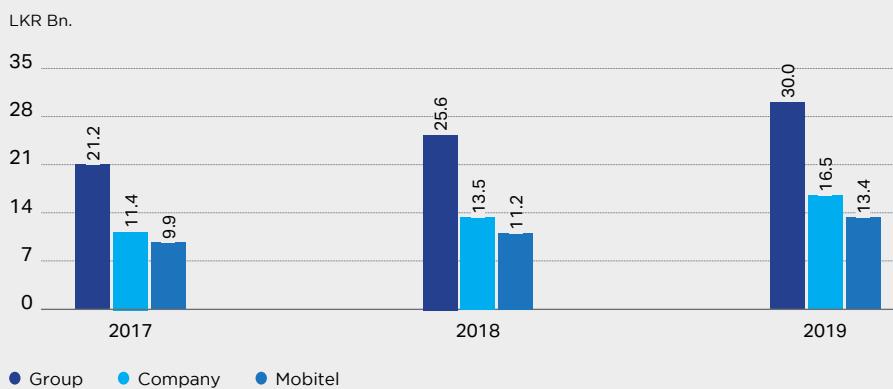
cost management initiatives. This pushed the EBITDA margin up to 34.9% from 31.4% in 2018. The Group maintained the Operating Expenses excluding Depreciation & Amortisation, with a slight increase of 0.1% in 2019 compared to 2018 at LKR 56.0 Bn. Depreciation and Amortisation for the year was LKR 21.4 Bn. which is a 19.5% increase compared to 2018 due to the growing capital expenditure. The Operating Profit grew by 12.2% YoY reaching LKR 8.5 Bn. for the year under review.

Revenue

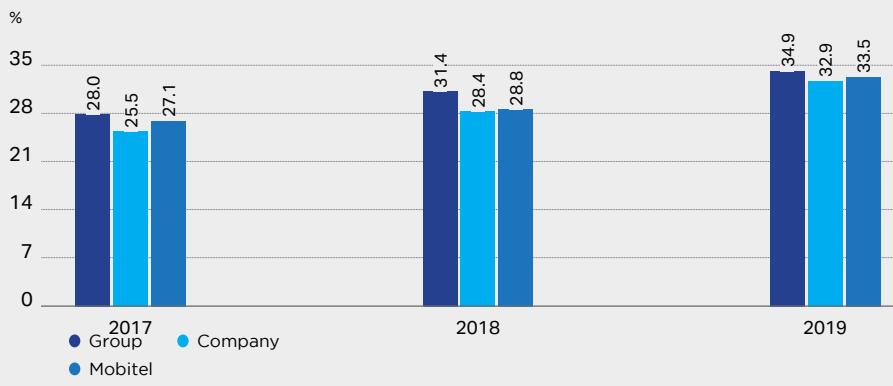


The Company's EBITDA increased to LKR 16.5 Bn., a 22.3% YoY growth while improving the EBITDA margin to 32.9% from 28.4% in 2018. The Company's Operating Expenses excluding Depreciation & Amortisation stood at LKR 33.6 Bn., which is a reduction of 1.1% compared with the previous year. The decline in repair and maintenance costs and the SLFRS 09 - Financial Instruments and SLFRS 16 - Leases adjustments impacted favourably to the EBITDA. The Depreciation and Amortisation increased to LKR 13.1 Bn. during the year from LKR 11.6 Bn. in 2018, which included the impact of SLFRS 16 adjustment. The increase in revenue coupled with the reduction in Operating Expenses resulted a 82.0% YoY remarkable growth in Operating Profit to LKR 3.4 Bn.

EBITDA

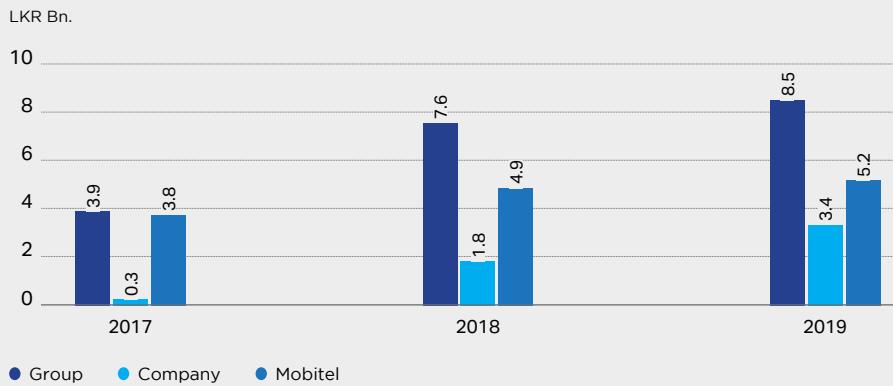


EBITDA Margin



The SLFRS 16 adjustment had a significant impact on the profitability of Mobitel too. Mobitel recorded a growth in EBITDA and Operating Profit for 2019 which is a YoY increase of 20.2% and 6.2% respectively. While there was a positive impact on EBITDA and Operating Profit, the adjustment had an adverse impact on Profit After Tax of Mobitel in 2019.

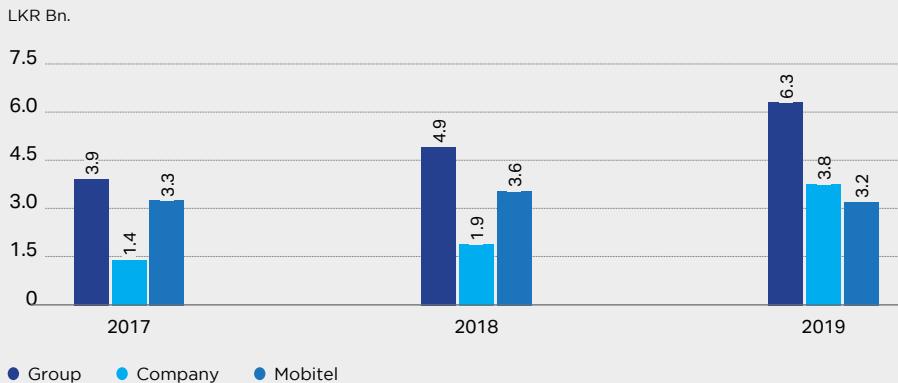
Operating Profit



Profit After Tax (PAT)

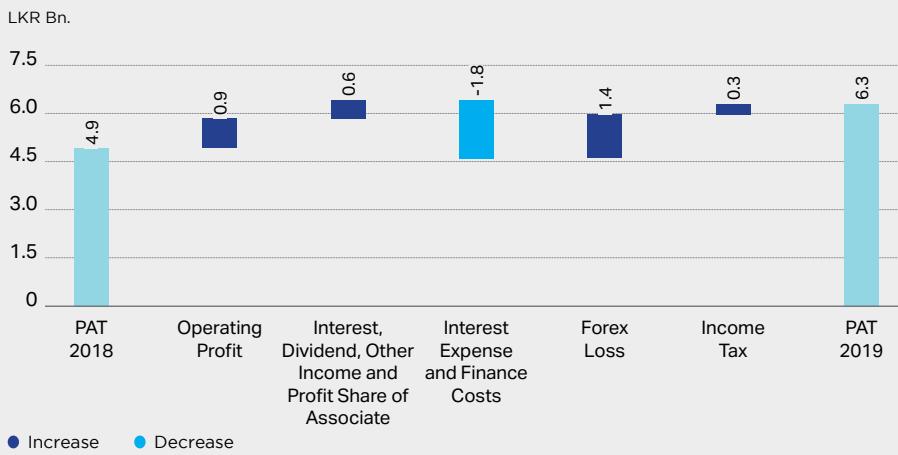
The Group concluded the financial year 2019 on a high note, with 27.8% YoY growth in Profit After Tax (PAT) at LKR 6.3 Bn. The impressive growth was strongly underpinned by the increase in revenues and the Group's cost management initiatives. The Group managed the Forex losses at LKR 443 Mn. for the year from LKR 1.8 Bn. in 2018 as a result of the reduction of foreign currency denominated borrowings and effective hedging strategies. However, the Interest Expense and Finance Costs increased by LKR 1.8 Bn. to LKR 2.1 Bn. primarily due to the adverse impact of SLFRS 16 adjustment and increased borrowings to finance the growing capital expenditure in order to align with the global technological trends and fulfil changing customer demands. The Interest Income increased by 88.0% YoY, reaching LKR 1.3 Bn. The Profit Before Tax (PBT) stood at LKR 8.2 Bn., a 14.6% YoY growth.

Profit After Tax (PAT)



The following graph illustrates the movement of Group PAT in year 2018 to 2019.

Group PAT Walk from 2018 to 2019



The PAT of the Company almost doubled to LKR 3.8 Bn. during the year from LKR 1.9 Bn. in 2018. Higher Operating Profit, reduction in Forex losses by LKR 886 Mn. and increase in Interest Income by LKR 296 Mn. contributed positively to the profits while increase in Interest Expense and Finance Costs by LKR 597 Mn. impacted negatively. The PBT rose by 51.3% YoY to LKR 4.8 Bn. in 2019.

The PAT of Mobitel recorded at LKR 3.2 Bn. compared to LKR 3.6 Bn. in 2018, while the PBT recorded at LKR 4.1 Bn. compared to LKR 4.4 Bn. in the year before. The SLFRS 16 adjustment made an adverse impact on the PBT and PAT of Mobitel even though it positively impacted on EBITDA and Operating Profits.

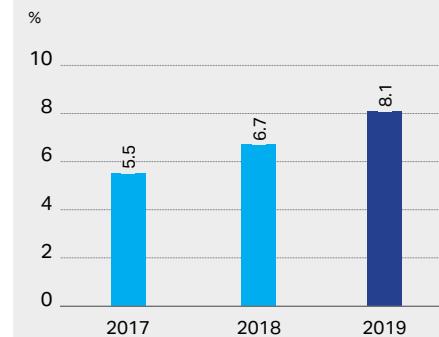
The Group paid a total of LKR 25.5 Bn. as Direct and Indirect taxes and other contributions to the Government of Sri Lanka during the year 2019.

Earnings Per Share (EPS) of the Group grew from LKR 2.74 in 2018 to LKR 3.50 for the year under review.

Return on Equity - Group

Net profit attributable to the owners, expressed as a percentage of average ordinary shareholders' equity for the year grew to 8.1% compared to 6.7% in 2018 due to the improved Profit After Tax in 2019.

Return on Equity (ROE) - Group

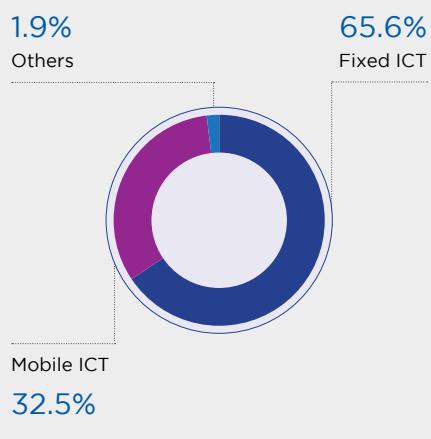


Assets

The asset base of the Group comprised of 77.6% of Non-Current Assets and 22.4% of Current Assets as at 31 December 2019. Property, Plant & Equipment accounted for 86.6% of the total Non-Current Assets and recorded at LKR 140.6 Bn. as at the reporting date. During the year, the Group invested LKR 29.0 Bn. in Property, Plant & Equipment and Intangible Assets in comparison to LKR 21.4 Bn. investment in 2018. During the year under review, the Group continued its strategic investments mainly directed at the expansion of Fibre-to-the-Home (FTTH) network, Internet Protocol Television (IPTV) platform, 4G/4.5G LTE network and the Optical Fibre Core Network. As a Group operating in the telecommunications industry, continuous investments in latest technologies are vital in order to align with the global technological trends and to meet evolving customer demands.

The below graphs depict the asset base and the capital expenditure made by the reportable segments of the Group. The Fixed ICT segment which is operated by the Company accounted for 65.6% of the total asset base of the Group in comparison to 32.5% of Mobile ICT segment operated by Mobitel due to the more capital intensive nature of fixed telecommunication services than the mobile telecommunication services.

Reportable Segments' Asset Base



Capital Structure

The Group's equity position improved by 6.0% as at 31 December 2019 to LKR 78.2 Bn., primarily due to the accumulation of profits during the year. Debt/Equity Ratio of the Group increased from 75.7% in 2018 to 92.7% in 2019 due to the increased borrowings to meet the growing capital expenditure and creation of Lease Liability as required in SLFRS 16. The total Borrowings and Lease Liability of the Group reached LKR 72.4 Bn. as at 31 December 2019 compared with LKR 55.8 Bn. as at 31 December 2018. However, the Group has reduced foreign currency denominated borrowings and uses effective hedging strategies to mitigate the exposure from fluctuations in the foreign exchange rates.

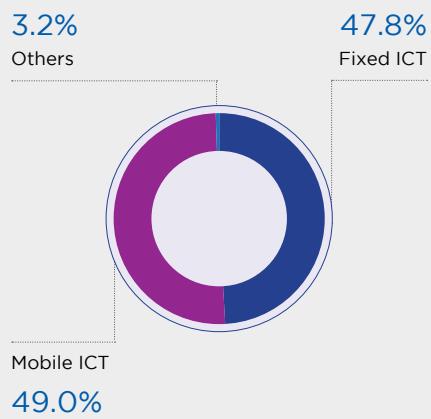
The Company's Debt/Equity Ratio increased from 79.2% in 2018 to 88.1% for the year under review. The Company's Borrowings and Lease Liability position increased to LKR 53.0 Bn. as at the end of the reporting period of 2019 from LKR 46.0 Bn. in 2018.

The Company recorded a reduction in net cash generated from operating activities from LKR 11.3 Bn. in 2018 to LKR 9.8 Bn. in 2019, due to the rise in interest payments. Net cash used in investing activities recorded an outflow of LKR 13.7 Bn. primarily due to the acquisition of Property, Plant and Equipment and Intangible Assets of LKR 13.9 Bn., while net cash generated from financing activities reported an inflow of LKR 6.2 Bn. As the cash inflows of the year outstripped the cash outflows by LKR 2.3 Bn., the Company was able to reduce the negative Cash and Cash Equivalents position of LKR 5.0 Bn. as at the beginning of the year to negative LKR 2.6 Bn. as at the reporting date.

Debt/Equity Ratio



Reportable Segments' Capital Expenditure



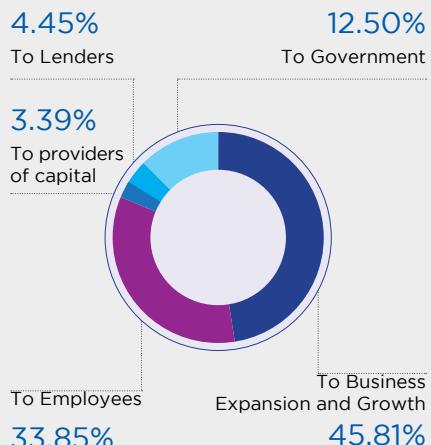
Cash Flow

The Group's cash generated from operations improved to LKR 29.3 Bn. in 2019 compared to LKR 24.0 Bn. in 2018. However, due to the increased interest payments in 2019 compared to 2018 as a result of increased borrowings, net cash generated from operating activities improved slightly to LKR 20.4 Bn. from LKR 19.7 Bn. in 2018. Net cash used in investing activities recorded an outflow of LKR 28.3 Bn. due to the increased capital expenditure. Net cash generated from financing activities reported an inflow of LKR 5.0 Bn. for the year under review. The Group was able to manage a positive Cash and Cash Equivalents balance of LKR 1.7 Bn. as at the end of the reporting period.

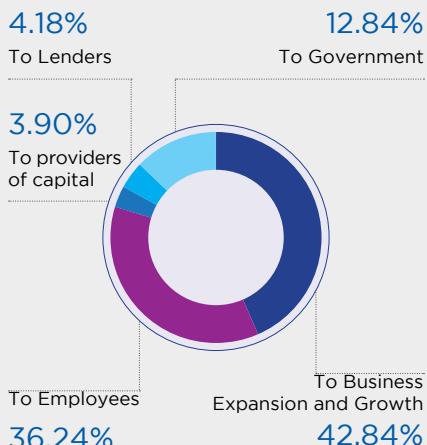
Value Added Statement

	2019 LKR Mn.	%	2018 LKR Mn.	%
Value Added				
Revenue	85,948		81,445	
Other Income	2,187		1,604	
	88,135		83,049	
Goods & Services purchased from other sources	(31,693)		(34,065)	
Value creation	56,442		48,984	
Distribution of Value Added				
To Employees				
- Salaries, wages and other benefits	19,108	33.85	17,750	36.24
To providers of capital				
- Dividend to shareholders	1,913	3.39	1,913	3.90
To Government				
- Taxes & Regulatory fees	7,057	12.50	6,290	12.84
To Lenders				
- Interest & Related charges	2,510	4.45	2,048	4.18
To Business Expansion & Growth				
- Depreciation	21,445	37.99	17,948	36.64
- Retained Income	4,409	7.82	3,035	6.20
	56,442	100.00	48,984	100.00

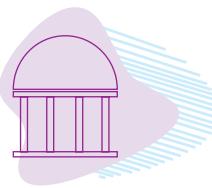
Distribution of Value Added – 2019



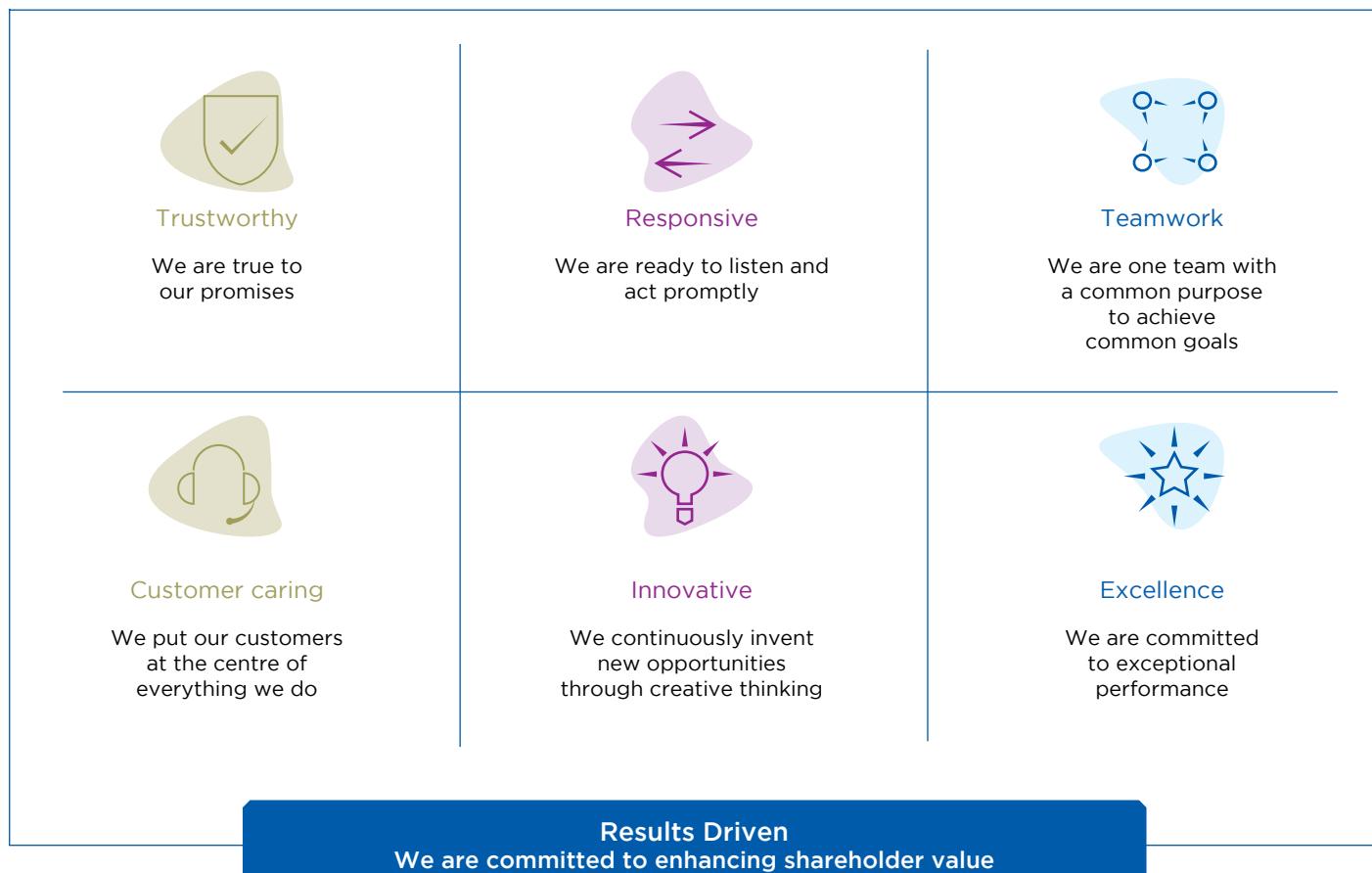
Distribution of Value Added – 2018



INSTITUTIONAL CAPITAL



The largely intangible, non-financial components that SLT uses to establish its position as Sri Lanka's leading digital service provider comprise its institutional capital.



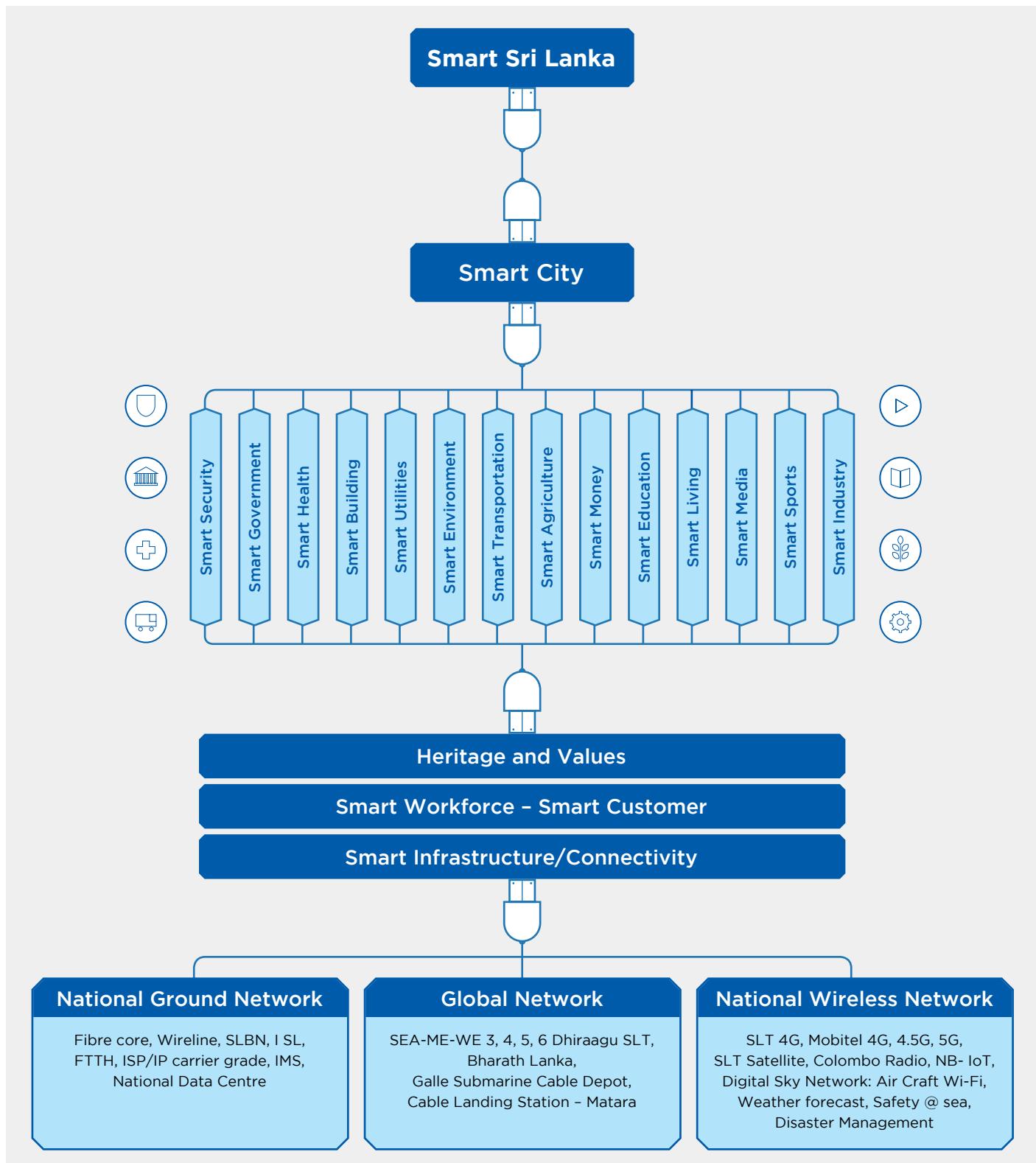
Seven core values lie at the heart of SLT and are the foundation of our institutional capital. They encompass every aspect of the corporate culture that permeates the SLT Group, including components such as organisational knowledge, our brand and reputation, our internal systems, and our ethical standards.

SLT's corporate culture is one of professionalism that encourages communication and engagement with employees. New employees are inculcated into this environment through our induction schemes and the Company hosts a variety of team building activities and refresher

programmes to help enrich and uphold the unique corporate culture. Employees are encouraged to make their own contribution to SLT's culture through suggestion schemes, registers, and brainstorming sessions.

Towards a smarter Sri Lanka

SLT embarked on a large-scale ICT infrastructure development project that will utilise the Company's core infrastructure, products, services, platforms, and resources to achieve various goals. SLT, with the support of its subsidiaries will take on several projects with the goal of building a smarter Sri Lanka. The SLT Group is proud to take on this mission to transform the nation and the lives of citizens through its broad vision for the future of Sri Lanka's digital landscape.



Polonnaruwa Smart City

A major contribution we made towards the development of the country was the expansion of services under the “Pibidemu Polonnaruwa” district development project. SLT completed over 14 ICT projects for the benefit of residents in the Polonnaruwa District.

SLT has implemented several major ICT initiatives as part of the project, including transforming the Regional Telecom Office with cutting-edge technology, urban and rural communication development projects across the District, the provision of 5G technology to the “Deepa Uyana”, and the provision of broadband services to over 100 schools under the “Smart School” project. SLT also established 17 service units in the development of ICT infrastructure, ensuring continuous service availability to the public.

The initiative is yet another example of the responsibility assumed by the SLT Group in enriching the lives of citizens in different areas of the country. SLT has a great responsibility to step forward in every possible way to support the Government in empowering the nation with state-of-the-art ICT technologies.

Xyntac

A milestone was achieved by launching the Xyntac brand at the International Telecom Week (ITW) 2019 held in Atlanta, USA. SLT will use Xyntac to better position itself in the global market as a true global carrier and promote voice and data services along with innovative digital services to cater to evolving global market requirements.



SME Solutions Partnership Day 2019

A significant event we held was the SME Solutions Partnership Day 2019 at the Taj Samudra, Colombo. SLT signed agreements with 27 SME solutions providers for a period of three years, which will enable it to provide “total solutions” to the SME sector. The agreements cover a wide range of solutions categories including unified communications, networking infrastructure, CCTV surveillance, and cabling.

SLT Digitastic – Digital Lifestyle Expo

A partnership was entered into by SLT with the national ICT expo, Infotel 2019, to launch the first “SLT Digitastic – Digital Lifestyle Expo” at the BMICH in November 2019. The Company demonstrated several digital products and smart concepts, offering visitors the opportunity to experience what next generation digitally enabled “smart” lifestyles are all about. SLT Smart Home, 1 Gbps fibre download speeds, IoT for schools, the SLT Selfcare app and the revamped SLT Broadband Portal were launched at the event, together with the SLT OI Awards for Digital Excellence 2018/19. Visitors were entertained with the latest in digital entertainment, including e-sports, augmented reality (AR) and virtual reality (VR), and holograms.

Google I/O Extended Sri Lanka 2019

The Google I/O Extended event is an exciting and interactive overnight event with a live stream of the Google keynote from the USA focused on the next generation of technology that consumers can expect to see in the near future.

Mobitel hosted the popular Google I/O Extended Sri Lanka event for the sixth consecutive year at Stein Studios in May 2019. Given the tragic situation that had struck the country in April, the event was a live online event, a difficult decision Mobitel took to ensure the personal safety of attendees. The Mobitel Innovation Centre team arranged

an exciting line-up, making for an unforgettable event. Audiences were treated to exclusive sessions focusing on 5G, technology for a greener future, and “Island Mentality vs Start-up Mentality”, an informative panel discussion with key individuals in the Sri Lankan start-up ecosystem.

South Asia's first 5G network

Mobitel demonstrated 5G connectivity via a commercial 5G smartphone for the first time in South Asia in June 2019, and shortly thereafter demonstrated the highest mobile 5G speeds of over 1.55 Gbps, a momentous landmark in 5G deployment across the globe. Mobitel’s successful demonstrations followed similar demonstrations in the USA and South Korea in April 2019. The mobile 5G services were demonstrated using Huawei 5G network equipment on a 3.6 GHz trial spectrum allocation from the TRCSL.



Ookla, the global leader for speed test benchmarking, recognised Mobitel as the first mobile 5G trial network in South Asia in their 5G map, a proud achievement for Sri Lanka. In order to raise public awareness on 5G technology capabilities, Mobitel conducted a series of public demonstrations on 5G applications in Sri Lanka. Mobitel intends to continue working towards 5G readiness and a commercial launch once the spectrum has been allocated.

Limitless You

The “Limitless You” campaign was conducted across the SLT Group to utilise and share the benefits of Group synergy. Each subsidiary in the Group carried out activities that pertained to their unique capabilities and resources towards the benefit of the group.

For example, VisionCom leveraged its PEO TV platform to provide sales and brand promotion for the other Group subsidiaries. HCS carried out human capital development to meet the staff requirements of other subsidiaries, as well as BPO activities for the Group.

Awards and recognition

BestWeb.lk Awards 2019

SLT's corporate website, www.slt.lk, was awarded the title of "Most Popular Corporate Website" at the prestigious BestWeb.lk Awards 2019. The SLT corporate website serves as the Company's virtual presence on the internet and is often the primary touchpoint for customers to find information and pay their bills. The website also caters to a diverse audience including investors, business organisations, and the general public. SLT's website is among the top 20 traffic ranking websites in Sri Lanka with over 800,000 page views per month, 60% of which are mobile users.

Quality Management System

SLT received the ISO 9001:2015 Quality Management System (QMS) certification issued by the Sri Lanka Standards Institution (SLSI) in 2019, the first ICT organisation in Sri Lanka to do so. The certification covers all the business units of SLT including local and international services provided by the Company, and the operations of Teleshops, Regional Offices, Contact Centres, Customer Experience Centres, Customer Service/Billing Centres, Operations and Maintenance Centres, and Training Centres across the country.

Information security

SLT's information security policy complies with the ISO/IEC 27001:2013 International Standard. SLT continually evaluates its infrastructure and takes the appropriate measures necessary to maintain compliance.

Compliance

SLT takes every effort to comply with all rules, regulations, and standards where applicable. All company policies, procedures, and guidelines are developed in compliance with regulatory and statutory requirements, and separate regulatory and legal divisions monitor all regulatory and statutory ratifications. SLT complies with all Government regulations and adheres to the rules and regulations imposed on it as a listed company by the Colombo Stock Exchange (CSE).

SLT's human resource practices comply with labour regulations and relevant statutory collateral, and employees are informed of relevant developments via the SLT Intranet portal. The Company also takes steps to ensure the compliance of outsourced operations, such as making contributions to Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF).

SLT's activities are compliant with established guidelines on environmental protection.

SLT's compliance is audited by Auditors internally and externally, and for the period under review, SLT did not default in relation to issues of non-compliance with laws and regulations pertaining to the provision and use of our products and services. No complaints were received regarding discordances on customer privacy.

Risks and contingencies

The Board of Directors bears total responsibility for the establishment and monitoring of the Group's risk management framework (page [104](#)). The Audit Committee inspects Management's monitoring of compliance with the Group's risk management processes. Aspects of financial risk management are covered under Note 4 to the Financial Statements commencing on page [138](#). Any other extraneous aspects are discussed under Note 31 to the Financial Statements on pages [175](#), [176](#).

SLT

1. **Gold award**
CA Sri Lanka Annual Report Awards 2019
2. **Top 100**
Asia's Best Employer Brand Awards 2019
3. **CSR Leadership Award**
At "Sri Lanka's Best Employer Brand Awards 2019" for community development
4. **ISO 9001:2015 Quality Management System**
Certification issued by the Sri Lanka Standards Institution (SLSI).
5. **Quality Choice Prize 2019**
Under the Gold Category hosted by the European Society for Quality Research (ESQR)
6. **Asia's most trusted companies Awards 2019**

7. **Gold award**
In the "Infrastructure and Utilities" sector at the National Business Excellence Awards
8. **1st Runner up Corporate Governance Disclosures**
Best Presented Annual Report, BPA Report awards and SAARC Anniversary Awards for Communication and Information Technology sector
9. **Sector Award**
Best performance at the Best Corporate Citizen Sustainability Awards 2019, organised by the Ceylon Chamber of Commerce
10. **Winner**
"Broadband Service provider with Social Impact" at the Get To Fast Faster (GTFF) conference 2019

11. **Gold winner – ARC Awards**
Interior Design under telecommunication category
12. **Honors – ARC Awards**
Financial data under telecommunication category
13. **Honors – ARC Awards**
Non-Traditional Annual Report under telecommunication category
14. **Honors – ARC Awards**
Written Text under telecommunication category
15. **Most popular Corporate web site**
BestWeb.lk



MOBITEL

16. SLIMBE: Mobitel Finalist
Service provider of the year 2019
SLIM Brand Excellence Awards

17. SLIMBE: mCash Gold
Online Brand of the year 2019
SLIM Brand Excellence Awards

18. SLIMBE: eChannelling Bronze
B2B Brand of the year 2019

19. SLIMBE: eChannelling Silver
Online brand of the year 2019

20. LankaPay Technnovation Awards: Silver Award

mCash Lanka pay awarded the Most Popular Electronic Payment Product in the FinTech Category

21. ACEF Awards: Gold – Special Award
Best Use of Social Message for Customer Engagement – “Suicide Prevention Campaign”

22. ACEF Awards: Silver - Special Award
Most Admired Mobile App – “SelfCare App Campaign”

23. ACEF Awards: Silver - Digital Marketing
Successful Use of CSR Activity - “Suicide Prevention Campaign”

24. ACEF Awards: Gold
“Cash Bonanza” through the Innovative Loyalty Program

25. ACEF Awards: Gold
Data+ Credit Card Campaign Innovation

26. SEAC Awards: Silver
Best Brand Loyalty Marketing Campaign – “Cash Bonanza”

27. SEAC Awards: Gold
Best Use of Data & Research – “Upahara”

28. SEAC Awards: Bronze
Best Use of Data & Research – “Suicide Prevention”



29. SEAC Awards: Bronze
Excellence in Launch Marketing – “Master”

30. SEAC Awards: Gold
Excellence in Digital Transformation – “Mobitel Selfcare App”

31. SLIM Effie Awards 2019
Mobitel was recognized for effectiveness in marketing communications

32. Sumathi Awards: 1st Runner-Up
Best TV commercial category for Upahara

33. International Business Magazine:
Best Digital Finance Partnership Sri Lanka
Mobitel partnership with LOLC

34. International Business Magazine:
Most Innovative Digital Financing Product Sri Lanka
mCash Digital Loan

35. Best Employer Brand Award 2019
Employer Branding Awards

36. South Asia Business Excellence Awards:
Best Business Solutions Provider of the year 2019

37. ISO 9001:2015 Quality Certification
Mobitel Business Solutions

38. Techno Awards: Gold award
Stall with the Best Display & Demonstration of Engineering Products

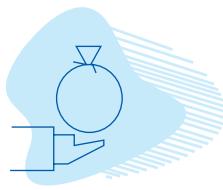
39. Techno Awards: Merit Award
Stall displaying an Engineering product with the highest social impact

40. Ookla Speedtest Award 2019
The world renowned global leader in Internet Speed testing has crowned Mobitel as The fastest Mobile Internet Service Provider in Sri Lanka

41. South Asia Business Excellence Awards
Best Business Solution Provider of the year 2019

42. South Asia Business Excellence Awards
The “Best Healthcare ICT Services Provider in Sri Lanka 2019”

INVESTOR CAPITAL



SLT's investors are the individuals and institutions that provide the financial capital that is essential to the Company's investments and development. Investors expect reciprocal return on their investment in the short, medium, and long-term, which SLT provides through value adding processes that create value for the Company and its customers, and in turn delivers value to key stakeholders. SLT works to nurture relationships with its investors through mutual trust and accountability.

Shareholder profile

The two major shareholders of Sri Lanka Telecom PLC (SLT) as at 31 December 2019 were the Government of Sri Lanka holding a 49.50% stake through the Secretary to the Treasury, and Global Telecommunications Holdings N.V. (GTH) holding a 44.98% stake. The remaining 5.52% of shares are publicly traded on the Colombo Stock Exchange.

Government of Sri Lanka

The Government of Sri Lanka (GoSL) is the primary shareholder of SLT, which offers many consumers a feeling of reassurance and confidence in the quality of our products and the level of service we offer.

Global Telecommunication Holdings N.V.

Global Telecommunications Holdings N.V. is the holding company of Maxis, the Malaysia-based telecommunication company. Maxis provides technical and telecommunication expertise and assistance to SLT.

Stability

SLT plays a key role in the development of the country. In view of this, the stability and long-term viability of the Company is of great importance to stakeholders and the country.

Fitch Ratings

SLT's ratings are constrained by the sovereign rating as per Fitch's Parent and

Subsidiary Rating Linkage criteria. Fitch Ratings revised their outlook on SLT's National Long-Term Rating to Negative from Stable, following the downgrade of Sri Lanka's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs), with the rating affirmed at "AA+(lka)". The National Rating on SLT's outstanding senior unsecured debentures was also reaffirmed at "AA+(lka)".

Investor relations

SLT engages with its shareholders and associated parties via various means including press releases, interim financial results, the Annual General Meeting, our website, and announcements on the Colombo Stock Exchange. SLT's Annual Report offers comprehensive details on all relevant financial and non-financial information.

Distribution of shares

Shareholdings		Resident			Non-resident			Total		
		No. of shareholders	No. of shares	(%)	No. of shareholders	No. of shares	(%)	No. of shareholders	No. of shares	(%)
1 - 1,000 shares		9,835	2,891,093	0.16	12	4,447	0.00	9,847	2,895,540	0.16
1,001 - 10,000 shares		2,251	8,824,000	0.49	22	109,575	0.01	2,273	8,933,575	0.50
10,001 - 100,000 shares		214	4,551,425	0.25	8	331,734	0.02	222	4,883,159	0.27
100,001 - 1,000,000 shares		6	1,140,375	0.06	0	0	0.00	6	1,140,375	0.06
Over 1,000,000 shares		8	975,249,482	54.03	1	811,757,869	44.98	9	1,787,007,351	99.01
		12,314	992,656,375	54.99	43	812,203,625	45.01	12,357	1,804,860,000	100.00

Categories of shareholders

Category	Number of shareholders	Number of shares
Individual	12,212	15,716,173
Institution	145	1,789,143,827
	12,357	1,804,860,000

List of 20 major shareholders as at 31 December 2019

Name	Shareholding	%
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	18,697,853	1.04
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	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	1,605,655	0.09
10. Sampath Bank PLC/Mr D K L Chandrasena	249,485	0.01
11. The Incorporated Trustees of the Church of Ceylon	223,590	0.01
12. Bank of Ceylon No. 1 Account	214,000	0.01
13. Pinnacle Trust (Pvt) Limited	183,984	0.01
14. Ceylon Biscuits Limited	161,825	0.01
15. Sinharaja Hills Plantation Pvt Limited	107,491	0.01
16. Mr Deraniyagala	100,000	0.01
17. Mrs Edirisinghe	100,000	0.01
18. Mr Tanaka	100,000	0.01
19. Mr Weerasinghe	70,000	0.00
20. Mr Munasinghe	69,400	0.00
	1,788,587,126	99.10

Float adjusted Market Capitalisation as at 31 December 2019 – LKR 3,178,141,876

Percentage of public holding as at 31 December 2019 – 5.52%

Number of shareholders representing the public holding as at 31 December 2019 – 12,353

The Company does not comply with the minimum public holding requirements of the CSE. However, the Board of Directors of the Company has agreed in principle to carry out a private placement in order to comply with the minimum public shareholding as per CSE Rule No. 7.13.1 (a)

Ratios and market price information

Share price trend

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Highest value (LKR)	34.50	30.00	36.70	46.40	54.90	57.30	50.00	50.00	64.50
Lowest value (LKR)	19.60	18.90	27.00	31.20	43.00	33.33	36.10	34.00	44.00
Last traded price (LKR)	31.90	23.40	28.50	36.00	47.00	49.90	37.00	44.50	48.00
Market capitalisation (LKR Bn.)	57.57	42.23	51.43	64.97	84.83	90.00	66.78	80.32	86.63

Trading activity

	2019	2018	2017
No. of transactions	5,576	3,195	3,149
No. of shares traded	2,718,416	1,113,157	1,463,787
Value of shares traded (LKR)	76,016,539	26,852,883	46,137,965

Equity – Group

	2019	2018	2017
Earnings per share (LKR)	3.50	2.74	2.18
Net assets per share (LKR)	43.25	40.82	39.56
Debt/Equity Ratio (No. of times)	0.93	0.76	0.59
Quick asset ratio (No. of times current liabilities)	0.77	0.82	0.48
Interest cover (Earnings before interest and taxes divided by interest expense)	1.47	1.77	2.02
Dividend pay-out ratio (%)	30.26	38.66	40.77
Dividend per share (LKR)	1.06	1.06	0.89

Debt information – Company

Interest rate of comparable Government security (%)	10.16
Debt/Equity ratio - (No. of times)	0.88
Interest cover - (No. of times)	0.99
Quick Asset Ratio - (No. of times) current liabilities	0.74
Market prices and yield during the year (Ex-interest)	
Highest Debenture Price	Debentures were not traded during the year 2019.
Lowest price	
Last traded price	
Any changes in credit rating (for the entity for any other instruments issued by the entity) if applicable	Fitch Rating - See page 46

Earnings Per Share



CUSTOMER CAPITAL



With over seven million customers across the country ranging from individuals to small and medium enterprises (SMEs), multinational corporates, and the public sector, the SLT Group is dedicated to providing innovative solutions that utilise state-of-the-art technology and infrastructure. As part of SLT's transformation into the digital service provider of choice, SLT has laid the foundation for quality service and superior customer experience, recognising that this is fundamental to customer loyalty and retention in an intensely competitive market subject to disruption and transformation.

Product Portfolio

Sri Lanka Telecom

Broadband

SLT Fibre

Fibre (FTTx)

SLT offers customers the highest download speeds in the country of up to 1 Gbps and the highest monthly data volumes of up to 3 TB.

SLT 4G LTE

4G LTE

SLT 4G LTE offers average download speeds up to 8 Mbps and burst speeds up to 40 Mbps with monthly data volumes of up to 3 TB.

ADSL

ADSL

SLT ADSL broadband offers speeds of up to 21 Mbps and monthly data volumes of up to 3 TB.

Carrier-grade Wi-Fi



SLT broadband customers can access SLT Wi-Fi hotspots around the country with their existing credentials or purchase prepaid access cards, enabling them to access high-speed data in public areas such as shopping malls. The SLT Public Wi-Fi mobile app enables users to easily connect to these hotspots.

SLT eSports Platform



The SLT eSports Platform is a dedicated gaming network that enables customers to enjoy low latency in online multiplayer games where latency is critical to a player's performance. The platform allows customers to create and manage game tournaments, participate in free and premium tournaments, and win prizes in a variety of popular games.

SLT Digisolutions



SLT Digisolutions enables customers to transform their homes into smart homes through IP cameras, wireless smart alarms, smart motion detectors, and more.

Sri Lanka Telecom

National Data Centre

SLT launched Sri Lanka's first purpose built state-of-the-art Tier III Data Centre in Pitipana, Homagama in 2018. The facility, the "National Data Centre", provides secure and reliable data hosting and cloud computing services and is South Asia's first data centre capable of supporting Network Function Virtualisation (NFV) and Software Defined Networking (SDN) environments. SLT's data centres and cloud platform offer enterprises a scalable and cost-effective alternative to deploying dedicated computing resources in-house.

Cloud Hosting

SLT's state-of-the-art data centre offers hosting solutions for customers that meet a diverse range of personal and business requirements, including DNS hosting, domain name registration, and mail server solutions.

SME Solutions

SLT has partnered with 27 ICT solution providers to offer comprehensive solutions to SMEs.

Voice and video	Networking	Data hosting	Managed services
Unlimited voice	VPN over FTTH and LTE	Broadband bundle solution	SLT BizChat
Premium number	ICT infrastructure solution	Broadband endpoint security	Hotel management system
Calling circles with mobile extensions	BIL over FTTx	Broadband redundancy	City surveillance
IVR services	SIP over FTTx		Shared call centre
Voice recording	Leased lines		Digital business financing
Managed call centre	SME managed Wi-Fi		E-municipality
Unified communications solutions			
PBX with mobile extensions			
PEO TV Biz			

SLT Storage



Powered by SLT Akaza Cloud, SLT Storage allows users to access their files on the go through the SLT Storage app, automatically sync files and folders to their desktop, and backup their Android phone contacts and messages. SLT Storage offers a built-in search engine and the lowest storage prices in the market.

Pay with SLT



Recognising that online transactions continue to increase and are becoming a significant part of the global economy, SLT introduced "Pay with SLT" to its digital portfolio. SLT customers will be able to purchase products and services online from SLT-registered merchants and have the payable amount added to their monthly SLT bill. Customers can benefit from a credit period offered by SLT, as well as peace of mind through the safe and secure mode of payment.

SLT Selfcare App



SLT launched the Selfcare mobile app for Apple iOS and Android platforms that offers an array of benefits to SLT broadband customers. The app notifies customers of details such as data limits, data usage and daily usage patterns, remaining data, and a summary of data usage by application (Facebook, YouTube, Gmail, etc.). Customers can also add extra data from the app and choose to pay immediately or add the amount to their monthly bill.

Sri Lanka Telecom

SLT Smart Home



SLT Smart Home solutions are designed to allow homeowners to control the lighting, climate, entertainment systems, appliances, devices, power, sensors, curtains, home security systems, and many more devices in their homes through a central hub, with a user interface available on their phones, tablets, desktop computers, or a web interface accessible off-site via the internet. SLT Smart Home solutions are suitable for owners and tenants of luxury apartments, large scale industry builders, and engineering and architectural communities in the country.

SLT CCTV



SLT CCTV is a camera surveillance domestic security solution that enables customers to remotely monitor their premises through a web portal or mobile app. SLT also provides cloud storage for the footage through the SLT Akaza cloud storage platform, reducing the requirement for storage and other hardware at the customer premises. Customers can select packages that suit a range of budgets and residences.

SLT Voice



SLT Voice is a SIP/Voice over IP (VoIP) phone app developed exclusively for SLT Megaline, SLT Fibre, and SLT 4G users to use in tandem with SLT voice services. The app enables customers to connect up to four smart devices to their fixed line and make calls on their device through their SLT fixed line. The app seamlessly integrates the smart device into the household phone system and acts like any ordinary fixed phone line. Customers benefit from not having to invest in additional phones for their household and use the value-added services from their SLT fixed line, including free minutes, while seamlessly using the features of their smart device such as contact lists and call logs.

Kimaki – SLT Mobile Game



With the increased adoption of smartphones, mobile games have also become increasingly popular; Sri Lanka has an estimated five million gamers across mobile and PC platforms. Realising the potential to reach and engage an incredible number of users, SLT launched a casual game for SLT customers. Both SLT and non-SLT customers can play Kimaki and win prizes based on their performance in the game.

Tele Health Insurance



Tele Health Insurance is a special medical insurance scheme provided in collaboration with Ceylinco General Insurance Limited exclusively to SLT customers. The Tele Health policy cover provides financial assistance for hospitalisation in any government hospital, registered private hospital/nursing home, or any other approved government/private Ayurveda hospital as an in-patient as a result of sustaining accidental bodily injury, any sickness or illness, or any type of surgery. The insurance scheme offers covers with monthly premiums that can be settled in the monthly SLT bill and eliminates the need to fill application forms. Insurance cover is also available to the spouse and children of subscribers.

Xyntac



Xyntac, the Global unit of Sri Lanka Telecom is an evolving digital communications ecosystem that delivers carrier-grade voice and data solutions to businesses around the globe. Expansive fiber networks, submarine cable systems and international partnerships allow clients to take advantage of the limitless possibilities of cross-border connectivity and innovative ICT solutions.

Connectivity Service Portfolio

Global Network Solutions

Global submarine cable capacity requirements have increased up to 500 times over the past 10 years and this trend continues as Virtual Reality, Augmented Reality and Internet of Things are becoming mainstream for global capacity requirements. To cater this emerging capacity demand, Xyntac has already diversified its submarine cable network.

Xyntac submarine cable network comprises of its consortium cables SEA-ME-WE 5, SEA-ME-WE 4, SEA-ME-WE 3, private cables connecting to Maldives and India & partner cables around the globe and capable of providing submarine cable capacities up to multiples of 100Gbps.

P2P Connectivity

With International Private Leased Circuit (IPLC) and International Ethernet Private Line (IEPL), Xyntac provides global enterprises with an exclusive, secure connectivity services with unmatched reliability delivered through point-to-point connections. These private connections provide dedicated, connectivity, fast and flexible performance linked with industry specific SLA & professional support.

Global VPN Services

Xyntac's VPN Service (Layer 2/3) enables mission-critical business applications to grow faster and securely through our Global MPLS network. Global Enterprise customers can use the VPN service to connect employees, customers, and systems efficiently across the globe and have an ideal foundation for their ICT requirements.

Internet Services

With IP Transit and Direct Internet Access (DIA), Xyntac provides robust and secured Internet solutions to Global Carriers and Global Enterprises through Global IP backbone (AS 45489) which is backed by Global Tier I ISPs and major IXs across the world.

Voice Services

Xyntac delivers Wholesale Voice Services and ITFS/Free Phone Services through faster TDM and VoIP interconnects through 120+ direct partnerships with guaranteed Quality of Service.

Xyntac

Digital Portfolio

Cloud Services

Xyntac provides multi-cloud platforms partnering with virtualisation giants such as VMWare, Microsoft, and Oracle, enabling the digital transformation of global enterprises. Also Xyntac is capable of providing Virtual Data Centres (VDCs), Virtual Machines (VMs), Disaster Recovery services, Disaster Avoidance services, Backup services, Storage services, Load Balancing services and Managed Services.

Co-location Services

Xyntac offers a carrier neutral, Tier III Uptime Certified and Green Gold Certified Data Centre facilities that provides:

- High security, scalability, and availability
- Advanced technologies to achieve high power usage effectiveness
- Customised services to meet diverse business requirements
 - Caging facility
 - Access control
 - Surveillance
 - Working area facility
- Industry-specific SLAs and guaranteed network uptime
- Meet Me Room facility
- 24x7 monitoring and customer support

Managed Services

Xyntac can totally handle the clients' IT infrastructure so that they can focus on their core business. Services include:

- Managed firewall
- Managed security
- DDoS protection
- Managed infrastructure
- 24x7 live support with a skilled engineering team, guaranteed service levels and network uptime and guaranteed restoration time

Mobitel

Personal Solutions

Mobitel offers prepaid and post-paid mobile telephone connections, as well as 4G LTE broadband packages.

Business Solutions

Mobitel offers a variety of solutions that can enhance productivity and value for small businesses and large enterprises.

These include:

- Business Applications
- Infrastructure & Asset Management Systems
- End-user experience solutions
- Communication Services
- Managed Services
- Enterprise MISs

Cloud Solutions

Mobitel is an authorised Cloud Solutions Provider for:

- Microsoft Azure
- Microsoft Intune
- Microsoft Office 365
- Microsoft AEP
- Samsung Knox

Also the authorised reseller for:

- IBM MaaS360 with Watson
- Amazon Web Services
- Cisco Webex

SLT VisionCom

PEO TV



PEO TV brings the latest on news, entertainment and education from around the world through an interactive platform offering 48 hours of Rewind TV, Video on demand and Subscription Video on Demand. PEO TV differentiated its offering by introducing Picture-in-Picture, Music on Demand, Education on Demand and many other TV applications for the first time in Sri Lanka.

Customers can watch over 140 TV channels with a selection of HD Content. The On Demand library offers a large number of Sinhala, Hindi, Tamil, English, Malayalam, and Telugu movies.

PEO TV Go



Launched in April 2019, PEO TV Go enables customers to enjoy their favourite PEO TV content on any device anywhere they are at any time. The PEO TV Go app will be made available to any customer over any network in 2020.

PEO TV Biz



SLT launched PEO TV Biz, providing a multiple TV solution to cater to the requirements of small and medium enterprises in the country. The service is available in two formats: Multiple PEO TV via FTTH to provide up to three TV points, and Enterprise PEO TV via dedicated fibre to provide over 15 TV points.

SLT VisionCom

Charana TV



Charana TV is a PEO TV channel dedicated to a variety of Sri Lankan Content; the channel became the 7th most viewed channel on PEO TV within a year of its launch. Charana TV differentiates itself from the rest, by broadcasting more educational and informational programmes keeping to its identity set from the beginning and offers a wide variety of programmes from Music, Entertainment, Movies, Talk Shows, Life style with many other novel initiatives brought to TV screen to respect the diversity of the country. In 2019, a fully-fledged studio was opened to boost the creation of local content. The launch of a YouTube channel further expanded the reach of the channel.

Helawood Popcorn



Helawood Popcorn is a website, a cinematic cyber space launched to capture the diverse flavors of local and international entertainment in one platform. Connects lovers of Sri Lankan cinema and get them to engage in discussions about the history and future of Sri Lankan Cinema.

SLT Group Watch



SLT VisionCom launched the SLT Group Watch channel, which serves as the default channel when a viewer boots up their PEO TV set-top box. The channel serves the customer to get acquainted with updates on SLT products, services and important updates on Technology and beyond.

Event TV



Event TV is a dedicated channel for events; the channel enables entities to broadcast their live and recorded telecasts in high definition at a nominal cost.

Videsa



Videsa 6-11 Bouquet offers a dedicated educational channel for each grade, from grade 6 to 11 covering a wider spectrum of school curriculum in each grade.

Education on Demand (EoD)



EoD (Education on demand) offers students the convenience to take their lessons at any time they need and to capture the important areas in lessons. EoD on PEO TV provides Content from many educational content providers such as Candela Learning, Guru and many other specialists.

Sri Lanka Telecom Services

Outside plant (OSP) business division

This business unit is charged with executing all the outside plant related projects. The scope of its activities include planning, designing and commissioning. The following are the main projects the division has undertaken in the year under review:

- Maintenance and other related works (PSTN, FTTH and Broadband faults operations)
- New subscriber connections (Fiber, PSTN & IPTV)
- FTTH, Fiber and Copper cable development projects
- Telecom Network shifting works
- Mobile operator tower and antenna related projects

System Integration (SI) business division

ELV system solutions (Extra Low Voltage system projects)

The services that the Division provides include total ELV system solutions using both UTP and fiber with state-of-the-art voice and data copper cabling systems, as well as cost-effective total power solutions for industry networks on par with industry standards. These solutions include structured cabling, surveillance, PABX, PA (Public addressing), Access control & Door phone systems, IPTV/MATV, Carpark management and BMS (Building management systems)

Surveillance Systems

We also offer complete CCTV and IP-based surveillance systems that encompass all the monitoring requirements of clients. Solutions can be catered to the requirements of clients ranging from a small home to a large corporation.

Enterprise Switching, Routing, and Wireless

SLTS provides network equipment to clients including enterprise switching, routing, and wireless equipment. SLTS enterprise network solutions and enterprise wireless solutions can help clients to accelerate innovation while enhancing security and other benefits while reducing the cost and complexity.

Server and Storage Solutions

Our capabilities enable us to offer various storage solutions suitable for server consolidation and virtualisation environments with high performance and high availability to our clients..

IT Security Solutions

Our services portfolio also includes IT security solutions for clients, including firewalls, antivirus and messaging security, and securing data and information from malware threats.

Unified Communication Solutions

Complete unified communication solutions (PABX solutions) including IP-based PABX systems that encompass all the internal communication requirements of clients are also on offer. Solutions can be catered to the requirements of clients ranging from a small home to a large corporation.

Smart Application Solutions

Enterprise Resource Planning Solutions

SLTS Total Enterprise System (TES) is an Enterprise Resource Planning (ERP) system that can manage the entire informational requirement across an organisation. The system integrates all organisational departments including financial/accounting, marketing, sales and customer relationship management, manufacturing, and more into a single point and can automate all activities through an integrated software application. TES is a total web-based system with a database repository backend that can run under different hardware and network environments, including virtualised or hosted services.

Web Solutions

The SLTS web development team handles website design for clients, as well as web-based system development, website maintenance and support services. SLTS can cater to clients of varying sizes from small, home-based businesses to larger corporate and government organisations.

Banking Solutions

SLTS has developed a Micro Finance and Banking Solution which can address all the micro financing application requirements, called "Easy Bank" that goes beyond core banking to provide an integrated banking system solution.

SLT Digital Info Services

Rainbow Pages Print Directory

The Rainbow Pages directory contains over 15,000 listings and is the only National Business directory in Sri Lanka. The latest version of the Western Province directory was released in December 2019.

Rainbow Pages web Directory

[RainbowPages.lk](#) is one of the most frequently visited websites for purposeful business searches in Sri Lanka with over 10,000 daily visitors and an Alexa ranking in the 200-range. 2019 saw the website upgraded with improvements to the search logic, the addition of products and services search functionality, and search engine optimisation.

Rainbow Pages Mobile App

The Rainbow Pages mobile app was launched early on in Sri Lanka's smartphone and mobile apps revolution. Since then, smartphones and mobile apps have evolved tremendously and SLTDS is transforming the app for modern devices, with an expected launch in 2020.

Wedding Directory and Tourist Directory websites

The Wedding Directory and Tourist Directory websites are dedicated directory vertical websites created by SLTDS to cater to two key industries in Sri Lanka. The vertical directories provide a unique platform for advertisers to promote their brands and products, and a one-stop website for customers searching for information about these two industries.

Events and Activations

The SLTDS Events Team handles over 300 events and activations on behalf of SLT. In 2020, the Team will start offering its services to organisations outside of SLT.

Digital services

Digital services are centred around digital marketing and web creations. Products include:

- Social media marketing (Facebook, Twitter, LinkedIn)
- Search engine advertising (Google search ads and display ads)
- Email marketing
- Web creations
- SMS marketing
- Search engine optimisation
- Photography and video
- Video editing and artwork design
- Logo design
- Content writing

Smart Transport Solutions

SLTDS launched SLT Muve in June 2019. SLT Muve is a ride sharing service fully powered by SLT that aims to rectify issues in the industry around fairness, reliability, quality, and value for money through a robust app with 24-hour support centre for riders and drivers, strong privacy protocols, driver training, and clean and safe vehicles.

SLT Human Capital Solutions

Contact Centre Solutions

HCS provides convenient contact centre solutions using sophisticated phone system software, trained staff, and infrastructure facilities to help clients operate their business smoothly.

HR IT Solutions

Using the in-house developed Human Resource Information System, "Headspace", SLT Human Capital Solutions can model the entire employee lifecycle and provide information dispatch and collection using mobile technologies.

HR Consultancy

HCS offers holistic consultancy services for all business functions such as HR, marketing, project management, and financial management. Fully-qualified consultants can assist clients with strategically integrating effective HR processes, programmes, and practices.

Foreign Employment

HCS specialises in the recruitment of professional employees from Sri Lanka to fill vacancies anywhere in the world.

SLT Campus

SLTC is a pioneering venture, being the first research-based fully residential University in Sri Lanka established by a corporate body. It is located in a scenic 37- acre campus at Padukka. The Campus provides a unique teaching and learning experience in a fully-fledged university environment. It is the fastest growing university in the country, operates 24X7, and has been an innovative step in the Sri Lankan higher education system.

The university financially self-sustaining, has currently enrolled over 1,700 students and has an academic faculty of over 140. At present, 25 local undergraduate programmes are on offer, in addition to over 10 foreign partnership programmes. The latter includes partnerships with prestigious overseas universities such as Lancaster University- UK, The University of Auckland- New Zealand, RMIT- Australia, RK University- India. The courses span a wide spectrum of disciplines, including engineering,

technology, business studies, IT & computing and music. The quality of education provided is demonstrated by the fact that it maintains a 1:10 staff to student ratio, aligned with international accreditation guidelines such as Washington Accords, AACSB and IET. The campus has the distinction of housing the largest residential facility in a non-state university, with 800 students currently staying on campus in our fully-fledged accommodation facilities.

The recognition SLTC has gained is evidenced by the many accolades it has received. These include the Presidential Award for Outstanding Publication in 2017 in the fields of computer & IT, engineering & technology, and architecture; and the Presidential Award for Outstanding Publication in 2019 in the fields of physical sciences and technology. It has also been recognised as the "The most Emerging Education Institute of the year 2019" in South Asian Business Excellence Awards 2019 and received the Merit award

under the Educational Service Sector at National Business Excellence Award 2019. The institution has more than 20 high impact publications to its credit and maintains over 20 research partnerships, collaborating with top ranked universities & institutions in the world such as Texas Tech University USA, IIT Bombay, USDA, NASA etc. SLTC aspires to be the number one ranked research-based university in Sri Lanka.

The institution has blazed a new trail in online education by conducting its courses totally online, enabling smooth continuance of its academic programmes. It has the distinction of being the leader among state as well as non-state universities in terms of online program delivery. We are in the process of upgrading our Campus environment with cutting-edge technology and innovative spaces with the objective of providing our students with an unmatched experience in higher education.

Customer experience management

Customer Service Week 2019

SLT successfully conducted its second Customer Service Week (CSW) in parallel to the International Customer Service Week celebrated the world over between 7-11 October. The theme for 2019 was "You are our Pride" and the event was held with the aim of recognising and appreciating SLT's loyal customers and employees who serve the Company's customers.

This year's theme was a reflection on the importance placed by the Company on its customers and the employees who are committed to serving those customers on a daily basis, with emphasis on the fact that employees and customers together are what make up the true pride of SLT and are the true reason behind the Company's continued success. A series of programmes and activities were held during CSW 2019 to pay tribute to customers and employees, including customer visits to identify any issues or areas of improvement, visits to employees in regional offices to recognise and appreciate their contribution to serving customers, and a special tech talk, "Geek Speekz", held at the Hilton Colombo.

Geek Speekz was organised to appreciate and thank SLT's enterprise and Government sector customers. The event was a great success, with many corporates sharing their individual digital roadmaps that they have put in place to support the transformation of Sri Lanka into a digital economy.

The CSW 2019 closing ceremony saw the highest participation, with 25 teams from SLT's customer touchpoints being recognised and rewarded for their commitment and passion towards ensuring customer service excellence.

Customer Satisfaction Survey

In the year under review, SLT continued the practice of conducting a customer satisfaction survey. The services of a reputed research agency were obtained for this purpose which ensured that the survey was conducted with a high degree of professionalism. We can be assured of its objectivity, quality assurance the accuracy of data collection and the

conclusions. Our Customer Satisfaction Index retained its previous 83% level, while the Net Promoter Score increased 2 points year-on-year to reach 40. A diverse and representative sample including all customer segments (SME, enterprise and consumer), business verticals and geographical areas was used for the survey, which gives further confidence in the accuracy of the results. The methodology used was a face-to-face 30-45 minute interview followed by a comprehensive questionnaire.

Customer voice survey

SLT regularly conducts a customer voice survey to better understand the sentiments of its customers towards the Company's customer service. The survey provides insights on customer satisfaction on service delivery and fulfilment. During the period under review, SLT registered 93% overall satisfaction on the time taken to resolve customer complaints, with 85% of customer complaints attended to within the committed timeframe.

Mystery audit 2019

Mystery audits were conducted during the year at all branches across the island. The audit tested the performance of Regional Telecom Offices, Teleshops, and franchise branches across four dimensions:

1. Convenience of branch (exterior)
2. Convenience of branch (interior)
3. Staff member grooming and responsiveness
4. Service – only for inquiries

The objective of the mystery audits was to discover service delivery gaps in order to facilitate continuous improvements to the customer experience, which SLT believes to be the key business differentiator in the competitive business environment of today.



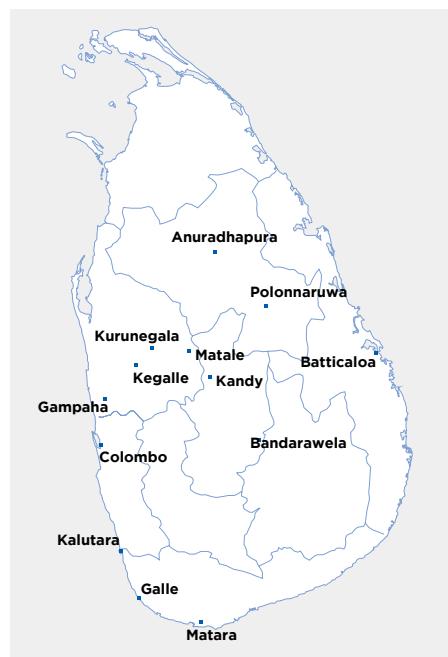
SLT conducts a mystery caller survey to measure customer satisfaction with the Contact Centre. The performance of the Contact Centre is evaluated across four dimensions:

1. Convenience of automated service
2. Telephone etiquette
3. Service
4. Contact Centre agent knowledge

Contact Centre

The SLT Contact Centre functions 24x7 hours conducting business across two arms: SLT customer service via the 1212 hotline and other digital channels such as social media, email, Web chat and IVR automation, as well as the BPO business that provides contact centre solutions to external organisations.

13 stations across the country operate the customer service hotline with 300 skilled officers who possess bilingual capabilities. Six BPO contact centres with 140 full-time officers provide customer service to various business sectors such as insurance, banking, food and beverages, utility, and government services. The Contact Centre received nine million calls in 2019, with an average of 21,000 calls handled per day.



SLT Digital Forums

We host a range of digital forums that serve as a knowledge-sharing and networking platform that positions the Company within the digital services space. SLT Digital Forums bring together domain experts and representatives from private sector organisations, public institutions, and academia to discuss their ideas and experiences of the evolving digital services ecosystem.

Marketing campaigns

SLT Speed-up Cycle Sawariya

The sporting events we organised included the longest cycle race in Sri Lanka, "SLT Speed-up Sawariya 2019", in September 2019. The Men's race started from Galle Face Green on 24 September through Panadura, Ratnapura, Embilipitiya, Wellawaya, Bandarawela, Nuwara Eliya, Kandy, Kurunegala, Anuradhapura, Vauniya, Trincomalee, and finished in Dambulla on 28 September. The Women's race commenced in Colombo on 27 September and travelled through Kurunegala, finishing in Dambulla on 28 September. The event marked yet another milestone in the country's cycling journey with the first ever competitive cycling event held for juniors on 28 September, starting from Dambulla and travelling through Kekirawa and Habarana to Dambulla. The locations across all nine provinces of the country symbolises the SLT broadband backbone that runs throughout the country.

SLT Speed-up Karting Challenge 2019

SLT partnered with Sri Lanka Karting Circuit, Bandaragama (SLKC) to promote the "SLT Speed-up Karting Challenge 2019" to provide the public with a novel sporting experience. Aligning with the widely acclaimed "SLT Speed-up" programme started in 2015, the Karting Challenge took place in July 2019. As Title

Sponsor of the event, SLT aimed to meet the growing demand for activity-based leisure experiences while contributing to expand the market for sports tourism, an emerging sector with promising benefits for the country.

SLT eSports Women's Championship

Sri Lanka's first ever eSporting event, catering solely to women e-gamers, was held in April 2019. The event was powered by SLT's ultra-fast broadband internet. With the event, SLT endeavoured to motivate and encourage more women gamers to get involved in e-sports.

Inter-University eSports Championship 2019

The grand finale of the Inter-University eSports Championship was another event powered by SLT Fibre. Over 50 leading government and private universities and educational institutes participated in this event.

Inter-School eSports Championship 2019

Ultra high Speed SLT Fibre powered the 4th annual Inter-School eSports Championship. As the Title Sponsor and broadband connectivity provider for the championship, SLT Fibre provided the superior connectivity required to run the event, ensuring low latency, lag-free gameplay, and streaming that ensured gamers had the fastest and smoothest experience.



SLIoT Challenge and Robo Games 2019

SLT partnered with the SLIoT Challenge and Robo Games competitions at the Techno 2019 exhibition.

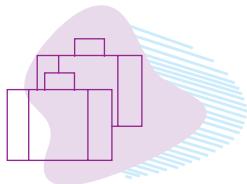


Running for the third consecutive year, the SLIoT challenge is a competition for solutions based on Internet of Things (IoT) technology. The competition aims to encourage and motivate innovative youngsters in Sri Lanka to create smart objects, software customisations, and applications using IoT technology that can provide real-world solutions to the general public. The competition also helps to raise awareness around IoT technology in Sri Lanka while promoting their usage which will play a key role in expediting a digitally enabled Sri Lanka. SLT played a key role in powering the entire competition with its ultra-fast broadband connectivity through fibre technology and provided the IoT Gateway for the competition via SLT Cloud services.

SLT also powered the Robo Games, a nationally renowned robotics competition held annually with the aim of bringing forth the next generation of innovative engineers and inventors. It provides an opportunity for students to learn about robotics, a vital field that will spark interest in STEM (Science, Technology, Engineering, and Mathematics) education.

Winners of both competitions were awarded with attractive cash prizes and free SLT 4G LTE and Megaline Double Play broadband connections. The SLIoT Challenge registered over 60 teams, while the Robo Games registered over 70 teams.

BUSINESS PARTNER CAPITAL



SLT provides a wide range of ICT services to the Government, Enterprise Customers and Domestic Operators in Sri Lanka. As part of its national duty to uplift and enable the business environment in Sri Lanka, SLT has established ties with several business partners to provide these services to customers across the country, ensuring mutual continued successes in a spirit of co-existence, co-innovation, and collaboration. In 2019, SLT established several new partnerships to bring cutting-edge infrastructure and innovative solutions to the Sri Lankan market.

New strategic alliances, collaborations, and joint ventures

Lotus Tower SLT completed building the exceptional and intricate fibre optical telecommunication infrastructure on the Lotus Tower in 2019. The Lotus Tower is one of the significant landmarks in the burgeoning Sri Lankan urban landscape and an epitome of the Sri Lankan economy, culture, and development. SLT partnered with China National Electronics Import and Export Corporation, the main contractor for the project, and signed a Memorandum of Understanding (MoU) with TRCSL to develop ICT solutions for the Tower.

SLT also partnered with China National Electronics Import and Export Corporation to develop Extra Light Voltage Solutions/Weak Current System and ICT solutions under 14 sub-systems of internal telephones, LAN-WAN and IPTV, information publishing, building management, access control, video surveillance and control, public addressing, wireless intercom, wireless patrolling, energy management, fire detection and alarming, smart solutions for VIP guest rooms, wireless ordering solution (for the revolving restaurant and banquet halls), and GPS synchronised digital clock system.

VMware VCPP Partnership SLT entered into a partnership with VMware Inc, a leading innovator in virtualisation and cloud solutions, to drive Akaza cloud adoption and speed up the digital transformation journey for Sri Lankan enterprises. SLT offers premium cloud services through an “as-a-service” business model through this technology which is part of the VMware Cloud Provider Programme. Thereby we help enterprises to improve their flexibility, agility and streamline their work flows.

Microsoft Azure Stack SLT joined with Microsoft and John Keells IT (JKIT) to unveil Microsoft’s cloud technology, Microsoft Azure Stack, for the first time in Sri Lanka. Azure Stack is an extension of Microsoft’s Azure cloud platform that extends Azure services and capabilities to any environment from data centres to remote offices. The three companies will explore the joint development of cloud solutions on Azure Stack to support customers with specific use cases to meet regulatory requirements and requirements at the edge, including SLT’s content streaming services. Customers will be able to leverage Azure’s services through the public cloud and maintain data sovereignty by hosting their data locally in the private cloud.

Fon We also linked up with Fon, the world’s leading Wi-Fi carrier provided based in Madrid, Spain, to deliver Wi-Fi connectivity to SLT’s subscriber base. The deal also includes Fontech’s robust, carrier-grade Wi-Fi Service Management Platform (WSMP) and Connection Manager to deliver seamless Wi-Fi access locally. Through a roaming agreement with Fon, SLT will grant SLT subscribers international access to Wi-Fi in over 23 million locations around the world..

Huawei Technologies

We undertook a major initiative to facilitate the digital transformation of Sri Lanka, linking with Huawei Technologies Lanka Co. (Pvt) Ltd. The digital projects involved will have a special focus on digitalising Government institutions in the country. They will include the Colombo Port and Polonnaruwa Smart City projects, and other applicable projects under the Government's "Digital Sri Lanka" initiatives. Under the MoU, Huawei role will be to provide optimal digital solutions and supply, deliver, install, test, and commission relevant systems and equipment. SLT's contribution will be to provide the required infrastructure services, including fibre/copper connectivity, data centre and hosting services, internet connectivity, Wi-Fi services, voice and voice-related application services, and other necessary ICT services. We will also liaise between Government institutions and Huawei to obtain and share relevant information pertaining to projects.

University of Moratuwa

Another cooperative venture SLT entered into was with the University of Moratuwa to carry out collaborative research in the areas of electrical engineering, electronics, and telecommunications; major scientific, technological, and economic impacts for the country are anticipated to result from this project. SLT will provide support through material, financial, human resources, and testing facilities to the University to facilitate their research activities.

We seek to give opportunities to our gifted and creative students to develop their talent. SLT inaugurated the IoT Design Innovation Laboratory, dedicated to research and development around the Internet of Things (IoT) at the University's premises in 2019. The IoT Design Innovation Laboratory is another innovative step in SLT's support for the realisation of a Smart Sri Lanka, by providing the ideal environment for IoT concepts to be experimented and tested by innovative students, prior to being implemented in practical situations.

Sri Dalada Maligawa

SLT has a continuing partnership with Sri Dalada Maligawa to act as the exclusive communications partner for the Temple's ICT project. We thereby participate in a venture that is of great religious and cultural significance for the country. SLT's commitment is to provide ultra-high-speed broadband internet services and PEO TV services via SLT Fibre technology connected to the Maligawa premises to broadcast the annual Esala Perehera online. The services will be provided free of charge, facilitating the media centre of the Temple of the Tooth to undertake the broadcasting and sharing of cultural and religion information to the public.



Multi-tenant projects

Another type of partnerships SLT entered into were multi-tenant projects, which are listed below. Under these agreements we undertook to be an exclusive Digital Services Provider which will provide fibre-to-the-home (FTTH) infrastructure. Residents will have the advantage of ultra-fast internet connectivity with download speeds up to 100 Mbps, high quality voice services, and access to high definition TV content via PEO TV.

- Homelands Skyline
- Blue Ocean Group of Companies
- Capital Trust Properties (Pvt) Ltd
- International Construction Consortium Yechoe Group
- Prime Land Residencies
- Idieal Engineering (Pvt) Ltd
- Nemra Properties (Pvt) Ltd
- Espacio
- Green Land Property Developers
- Orient Construction Company (Pvt) Ltd
- Rasika Holdings (Pvt) Ltd
- Span Engineering (Pvt) Ltd
- Asian Silk Route (Pvt) Ltd

Work.lk

SLT entered into an MoU with [Work.lk](#), the pioneering online freelance marketplace in Sri Lanka, to increase ease of access for the general public to essential services online, and also empower the freelance community in the country to find jobs easily. [Work.lk](#) is an online marketplace designed by EFutureTech Systems (Pvt) Ltd. that enables employers to conveniently hire skilled labour. Under the MoU, SLT will facilitate its customers by enabling them to subscribe for [Work.lk](#) services through the "Pay with SLT" option. Through this payment option, SLT customers will be able to subscribe and pay for [Work.lk](#) services in the most convenient and secure manner.

Bhasha Lanka

A landmark agreement we entered into was with Bhasha Lanka (Pvt) Ltd., the pioneer consumer digital services provider in Sri Lanka, to smoothen access by the general public to essential services online. As part of the MoU, SLT will enable its customers to subscribe to Bhasha's digital services and pay through the "Pay with SLT" online cashless payment option. SLT customers can subscribe and effect payment for Bhasha's services through their flagship mobile app, Helakuru, conveniently and securely.

SME solutions partners

The SME sector is the backbone of our economy and SLT mounted a major initiative to assist this vital sector.

Partnership agreements were signed with 27 SME solutions providers for a period of three years. Our agreements aim to provide customised and comprehensive solutions for SME clients.

This will facilitate the SMEs dealing with multiple vendors.

Solutions are primarily focused around Voice and Video, Networking, Data Hosting, and Managed Services.

- Advanced Network Technologies (Pvt) Ltd.
- Aiken (Pvt) Ltd.
- Bartleet Electronics (Pvt) Ltd.
- Ceylon Innovation
- Ceympon (Pvt) Ltd.
- Digital Content (Pvt) Ltd.
- E-Solutions Lanka (Pvt) Ltd.
- East Link Engineering Company (Pvt) Ltd.
- Epic Lanka Technologies (Pvt) Ltd.
- EZY Distribution (Pvt) Ltd.
- Fentons Ltd.
- Finco Technologies (Pvt) Ltd.
- Fintechology Asia Pacific Lanka (Pvt) Ltd.
- GreenWin Technologies Lanka (Pvt) Ltd.

- Just In Time Technologies (Pvt) Ltd.
- Metropolitan Communications (Pvt) Ltd.
- Onestep Solutions (Pvt) Ltd.
- P W J Lanka Technology (Pvt) Ltd.
- SALA Enterprises
- SEC Vision (Pvt) Ltd.
- Siyol International (Pvt) Ltd.
- Smartcom Engineering (Pvt) Ltd.
- Softlogic Retail (Pvt) Ltd.
- Sri Lanka Telecom Digital Info Services (Pvt) Ltd.
- Sri Lanka Telecom Services Ltd.
- Starcom International & Investment (Pvt) Ltd.
- Vista Solutions (Pvt) Ltd.



Procurement policies and standards for business partners

SLT has detailed policies and guidelines in place on all matters related to the procurement of goods and services. A Code of Ethics for suppliers covers in comprehensive detail issues such as labour practices and sustainable business operations. SLT remains committed to conducting activities in a fair and responsible manner and works with partners who share similar values and business ethics.

Dealer support

SLT dealers are continually kept up-to-date on new solutions which helps them to diversify their offerings and provide maximum value to their customers. This enables dealers who sell voice and data products to offer complementary ICT solutions. This improves their internal productivity, efficiency, and profitability .

EMPLOYEE CAPITAL



SLT's employee capital is considered among the most valuable assets of the Company. SLT recognises that satisfied employees are productive employees; to this effect, SLT provides a rewarding working environment for its employees and continues to improve the employee experience in an open and transparent manner.

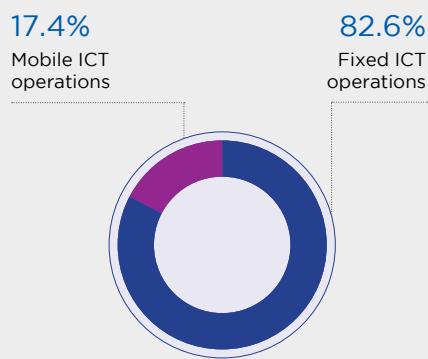
Workforce profile

Total workforce by employment type

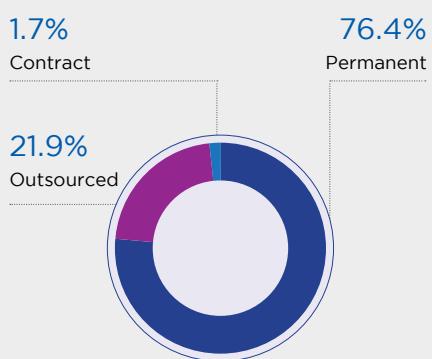
Type of employment	2019		2018	
	Fixed ICT operations	Mobile ICT operations	Fixed ICT operations	Mobile ICT operations
Permanent	5,217	1,165	5,364	1,165
Contract	18	122	8	113
Outsourced	1,667	162	1,869	156
Total	6,902	1,449	7,241	1,434

* Excludes part-time staff

Total workforce by business segment



Employee composition by type



Total workforce by gender

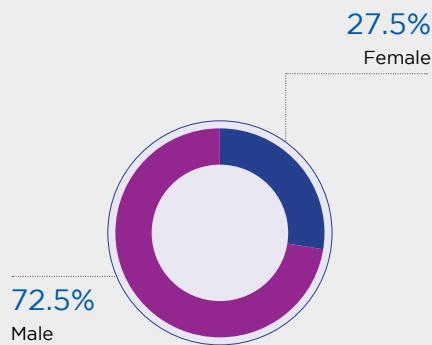
Type of employment	2019		2018	
	Female	Male	Female	Male
Fixed ICT operations	1,415	3,820	1,432	3,940
Mobile ICT operations	379	908	386	892
Overall ICT business	1,794	4,728	1,818	4,832

*Excludes Outsourced and part-time staff

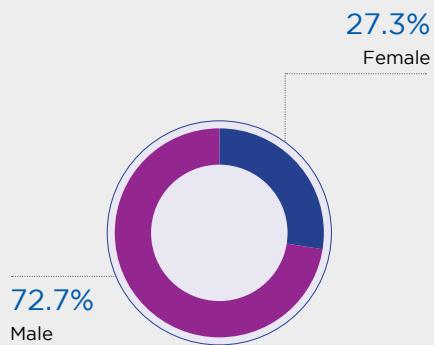
Recruitment

SLT constantly seeks to recruit new talent by seeking out specialists, leaders, and future executives. Efforts around talent acquisition focuses on long-term human resources planning and finding candidates for positions that require skills that are specific to the Company and industry are vital for ensuring the continued growth of the business. All recruitments are based on SLT's Staff Recruitment and Promotion Scheme (SRPS).

Total workforce by gender – Overall ICT business (2019)



Total workforce by gender – Overall ICT business (2018)

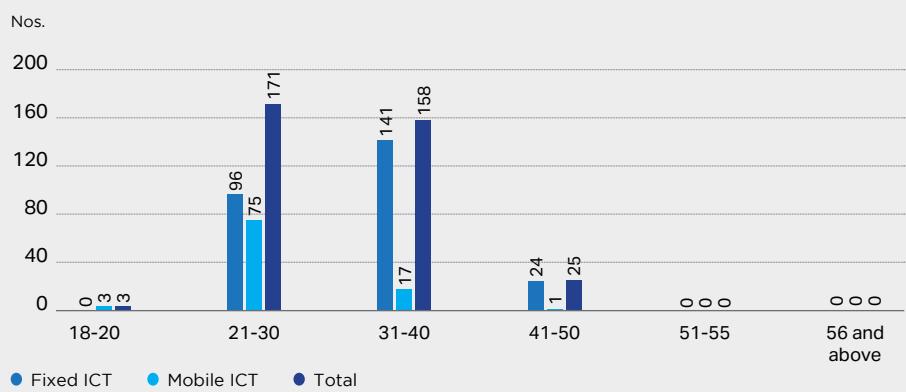


Employee recruitment by age and business segment

Age Category	Fixed ICT	Mobile ICT	Total ICT
18-20 years	0	3	3
21-30 years	96	75	171
31-40 years	141	17	158
41-50 years	24	1	25
51-55 years	0	0	0
56 years and above	0	0	0
Total	261	96	357

Note: Excludes both outsourced and part-time staff

Employee recruitment by age and business segment



Employee recruitment by grade and business segment

Grade	Fixed ICT Operations (2019)	Mobile ICT Operations (2019)	Fixed ICT Operations (2018)	Mobile ICT Operations (2018)
Senior management	1	0	1	0
Middle management	0	10	0	8
Executives	41	86	5	114
Non-executive staff	219	0	469	0
Total	261	96	475	122

Note: Excludes both outsourced and part-time staff

Turnover

Turnover at SLT may occur through the following scenarios:

- Employees may conclude their employment at SLT subject to giving prior notice as per their letters of appointment.
- SLT may choose to terminate an employee's employment subject to the provisions of the respective labour agreements.
- Retirement at the age of 55 years, with extensions up to 60 years of age upon request subject to performance, discipline and conduct, recommendations of executive supervisors, and the discretion of the management.

Employee turnover by age and business segment

Age Category	Fixed ICT (%)	Mobile ICT (%)
18-20 years	0	0
21-30 years	12.6	2.97
31-40 years	2.0	2.97
41-50 years	1.5	0.39
51-55 years	3.1	0.08
56 years and above	27.9	0.55
Total	7.6	6.95

Note: Excludes both outsourced and part-time staff

Occupational health and safety

SLT has established a safe and healthy working environment and works to maintain safety standards in the workplace. Awareness programmes for better health practices are carried out periodically and the Suwatha health screening programme is conducted annually for all employees above age 30 across the island. Furthermore, the SLT medical assistance programme and Agrahara health insurance programme cover all staff.

Employee relations and engagement

Engaging with employees and having clear lines of communication with them are essential to improve and enhance their involvement and enthusiasm about their workplace. SLT has worked to improve the employee experience, such as changing old policies to keep up with the rapidly changing digital economy by introducing a "work from nearest office" pilot project and automating the performance management process at SLT through the Enterprise Resource Planning (ERP) system.

Employee turnover by gender and business segment

	Fixed ICT (%)	Mobile ICT (%)
Female	5.5	2.73
Male	8.4	4.22
Total	7.6	6.95

Note: Excludes both outsourced and part-time staff

Employee turnover by grade and business segment

Grade	2019		2018	
	Fixed ICT operations (%)	Mobile ICT operations (%)	Fixed ICT operations (%)	Mobile ICT operations (%)
Senior management	11.8	0.16	8.2	4.44
Middle management	6	2.03	5.3	5.86
Executives	11.6	4.77	10.9	5.94
Non-executive staff	6.9	—	10.7	—
Total	7.6	6.95	10.6	5.82

Note: Excludes both outsourced and part-time staff

Benefits and promotions

Employees of SLT enjoy a broad range of benefits and welfare initiatives, including:

- Attractive EPF/ETF contributions
- Attractive bonuses paid each year
- Leave bonus for unutilised leave
- Medical centre, and Agrahara Health Insurance Scheme
- Financial support for higher education, including MSc, MBA, and other postgraduate studies
- Training programmes
- Workmens' compensation for disabilities/accidents during work
- Allowances for risk, overnight, subsistence, transport, meals, foreign training, etc.
- Monthly and annual sales programmes
- Gratuity
- Death donations to family members
- Vehicle scheme
- Holiday bungalows
- Cafeteria facilities
- Loan facilities and reimbursement of housing loan interest
- Leave entitlements, overseas leave, and leave for Government elections
- Telephone subscriptions and mobile phone purchase reimbursement
- Fitness programmes including Zumba, yoga, karate, swimming, cycling, etc.
- Sports activities and associations for cricket, football, netball, athletics, volleyball, table tennis, badminton, etc.
- Religious activities such as Buddhist programmes, Christmas activities, etc.



SLT believes that satisfied employees who are looked after well contribute to an engaging work environment for everyone, which in turn reflects positively on the Group. SLT works to improve the work-life balance of its employees through initiatives like the Telecom Games, Provincial meets, and Regional

awareness programmes aimed at improving relationships among regional staff.

Opportunities for promotions are available to employees based on their professional qualifications, performance, and experience. Employees are eligible for promotions if they qualify for the criteria defined in the SLT Staff Recruitment and Promotion Scheme. Candidates are selected for promotions through written examinations and/or interviews.

SLT Human Capital Solutions

Superhuman Award Ceremony 2019

HCS sought to recognise employees for their exceptional performance with the "Superhuman Award Ceremony 2019" held at the Sri Lanka Foundation Institute in March 2019. The event was held to recognise HCS employees based on their performance appraisals, with employees awarded under categories such as Innovative/New Inventions, Educational/Professional Achievements, and Sports. Employees were also recognised for their loyalty, dedication, and hard work on behalf of the organisation.

Category	Number of awards
Performance (Technical)	106
Customer Care	30
Contact Centre	23
Sales	20
Innovative/ New inventions	3
Educational/Professional achievements	20
Sports	27
Total	229

Training and other activities

SLT considers the development of employees to be essential to the growth of SLT, in addition to being beneficial to employee retention and loyalty. Employee training and development

is conducted at an individual and departmental level. Employees are provided with a combination of formal training, on-the-job experience, and regular feedback from their managers through an appraisal system that helps them and SLT identify what areas require more focus. SLT employees completed a total of 109,066 hours of training during January – December 2019.



Mobitel

Executive Development Programme

Mobitel conducts the Executive Development Programme for the executive cadre with the objective of developing and grooming executives with potential by empowering them with essential leadership skills. The programme has been developed in line with the Mobitel Competency Framework. Key highlights of the programme include the self-learning phase, placement test for selection, 180-degree reviews of participants, residential workshops, and a grooming and etiquette session. Participants are required to complete an ROI-based project that results in tangible benefits to the organisation. The programme was initiated in 2017 and nearly 70 participants have completed it. Upon successful completion of the programme, participants get to attend a graduation ceremony at the Annual Learning and Development Awards.

Management Development Programme

The Mobitel Management Development Programme is a key component of the Leadership Development Framework at Mobitel. Launched in 2018 and developed in line with the Mobitel Competency Framework, the objective of the tailor-made programme is to enhance the managerial capacity of managers and aspiring managers to drive a future

focused strategy for the organisation. Key highlights of the programme include the assessment centres, workshops, grooming and etiquette sessions, persuasive presentation skills, and executive coaching. The programme includes a project phase to bring in tangible business results to the organisation.

Learning and Development Awards

Mobitel held its annual Learning and Development Awards which connects the learning fraternity at Mobitel. The event recognises staff who have successfully completed the key cross functional leadership development programmes and felicitates internal staff members who share their knowledge with staff via internal trainings and knowledge sharing sessions.

Great Place to Work initiative

Mobitel joined hands with the Great Place to Work Institute to roll out the Great Place to Work initiative at the organisation. The initiative aims to create a conducive work environment strengthened with trust which motivates staff members to go the extra mile and contribute to achieving organisational goals.

Collaborative learning initiatives

Along the journey of establishing a learning culture within the organisation, Mobitel formed its own internal trainer faculty which plays a key role in conducting internal trainings on timely topics for Mobitel staff. Staff members also benefit from quarterly knowledge sharing sessions, thus strengthening the

organisation's knowledge sharing culture. Mobitel also has an active Toastmasters Club whose members have made significant achievements at the area and district levels. Plans are in place to extend the Club to regional staff to develop their public speaking and leadership skills.

SLT VisionCom

SLT VisionCom (SLTVC) conducted several activities, events, and programmes during 2019 to develop its human resources. Activities ranged from providing local and international training opportunities for employees to recognising the exemplary performance of SLTVC employees at the SLT VisionCom Awards Night 2019. Employees who completed 5 and 10-year tenures with SLTVC were also recognised for their commendable service and contribution to the growth of SLTVC.

SLT Human Capital Solutions

The HCS Annual Leadership Training Programme was conducted for the Welfare Committee members, to improve their leadership, motivational, and teamwork skills, who were then appointed to represent HCS employees and ensure the fair distribution of welfare benefits to employees across the country.

SLT Digital Info Services

SLT Digital Info Services (SLTDS) has focused on the retention of its human resources and new acquisition initiatives to ensure that it has a competent and skilled workforce ready and available as and when required. SLTDS holds an Annual Achievers' Award Ceremony to recognise the contributions of its

employees. Utilising a unique evaluation framework to identify outstanding performance, employees are awarded in several categories, including Sales, Operations, IT, Finance, HR and Administration, as well as longstanding employees who have worked with SLTDS for many years.

The Management team of SLTDS also took forward its learning culture and knowledge sharing initiatives by participating in the AsiaComm 2019 International Annual Conference on Asian Local Search and Media Association, the leading conference for companies providing digital advertising, market, and commerce tools to small businesses across Asia.

Unions and grievance handling

SLT has maintained social dialogue with trade unions since its privatisation. An open-door policy with trade unions; any trade union can meet with the Chief Human Resources Officer (CHRO) at any time and positive solutions are approached together for all issues. At least one formal discussion is conducted with all trade unions every three months. 23 active trade unions are recognised by the Company and almost all employees belong to at least one trade union.

Furthermore, a Grievance Handling Committee has been established along with a systematic and comprehensive mechanism to handle any staff grievances and issues. A detailed whistle-blowing policy is in place to allow any employee to safely and anonymously report any acts of misconduct that they have been subject to or witnessed.

SOCIAL AND ENVIRONMENTAL CAPITAL



SLT contributes to the development of the country by building the digital infrastructure that will carry its economy and citizens into a bold, digitally enabled era. As a responsible corporate citizen, SLT is cognisant of the role it plays in upholding the country and the communities it is a part of. To this end, SLT and its subsidiaries work to improve the lives and convenience of Sri Lankan citizens, while being conscious of the environment and striving to ensure that future generations benefit from a connected, clean Sri Lanka.

Social initiatives

SLT's social initiatives are conducted as a corporate entity, through the SLT Customer Clubs, and through the organisation's employees who are encouraged to volunteer their services to the Company's many initiatives. The SLT Customer Club concept was introduced in 2016 with the aim of creating a network of SLT loyal customers and partnering with them to carry out social responsibility projects to support creating of better tomorrow for all Sri Lankans. There are currently, over 20 customer clubs across the island through which numerous community development programmes have been conducted throughout the country. The clubs are operated and handled independently by SLT customers.

These initiatives strive to address the goals laid out by the UN Sustainable Development Goals to address the challenges faced by our country. These challenges include providing quality education, clean drinking water, sanitation, promoting climate change, and building a more sustainable future.

Uplifting rural schools



Obtaining a quality education is the foundation to creating sustainable development. In addition to improving quality of life, access to inclusive education can help equip locals with the tools required to develop innovative solutions to the world's greatest problems.

SLT conducted several book donation programmes to school libraries across the country and conducted awareness programmes about conserving water in line with the 2019 SLT calendar theme of "Splendours of Water". SLT also has commenced a similar initiative with its 2020 calendar theme, "Narration of Art".

Through these CSR programmes, SLT aims to build and maintain a strong relationship with the education sector and the community while also helping to raise the bar for the standard of education in the country, which plays a critical role in shaping future generations into responsible citizens equipped with knowledge, character, and integrity. SLT plans to continue these programmes and make further enhancements to them.

Uplifting ICT education in schools

SLT is committed to uplifting the standards of ICT education in the nation. To fulfil this, SLT has implemented ICT infrastructure in schools across the island to empower the next generations of students with access to modern technology and global education. SLT donates computers to underprivileged schools, provides broadband connections with 12 months of free rental, and conducts ICT awareness lectures as part of its drive to uplift ICT education. Other than these SLT conducted several ICT awareness sessions for teachers of rural schools.

Enriching coding skills for school students

SLT successfully inaugurated the "CoderDojo @ SLT" coding and digital-making clubs in 2019. SLT collaborated with the STEMUP Educational Foundation in Sri Lanka, a non-profit volunteer-based organisation with a sound base of young professionals, to conduct the CoderDojo skill development programmes. The

programme was conducted free of charge for schoolchildren of ages 10 to 17 and is just one of many initiatives by SLT to uplift the ICT landscape of Sri Lanka and transform the country to a Smart Sri Lanka.

"Sound of Salience" road safety programme

SLT Customer Club, Avissawella, the Avissawella Regional Telecom Office, and the Avissawella Police Station worked together to conduct the "Sound of Salience" road safety programme in Avissawella. The programme aimed to raise awareness about road safety to vehicle drivers. Banners were fixed around the town and stickers with positive messages about road safety pasted on vehicles. An awareness seminar was also conducted by Traffic Police HQ, Colombo, and a demonstration on road safety to school children in the local schools.

SLT e-Senior Programme

We recognise that the older generation is not as technology savvy as the millennials and aim to bridge the generation gap through the "SLT e-Senior Programme". The workshop was designed to help older citizens overcome technology barrier and was conducted with the participation of a significant number of senior citizens. Retired persons were also included. Participants were educated on the fundamentals of using the internet and the e-services available in Sri Lanka that could help enhance their well-being and independence. The programme is an example of how SLT strives to bridge the digital divide in the country by bringing access and affordability of ICT technologies and services to every citizen of Sri Lanka.

Cultural celebrations and contributions



Poverty has many dimensions, but its causes include unemployment, social exclusion, and high vulnerability of certain populations to disasters, diseases and other phenomena which prevent them from being productive. Growing inequality is detrimental to economic growth and undermines social cohesion, increasing political and social tensions and, in some circumstances, driving instability and conflicts.

Manudam Paramitha Poya Day programme

SLT initiated the Manudam Paramitha initiative in 2016 wherein the Company conducts special programmes every Poya Day at Buddhist temples across the country to support the community, empower rural schools, and strengthen the education sector in Sri Lanka.

SLT went on to donate 28 sacred Bo-trees to Buddhist temples every month, to be planted on the temple premises.

SLT also distributed bags of traditional Sri Lankan rice to elders in the areas, while Mobitel distributed nutrition packs to pregnant mothers.

Thai Pongal celebration in Vavuniya



A special Thai Pongal celebration was organised by SLT at the Teplikulm Community Centre in Vellikulum Village, Vavuniya with the participation of religious leaders, Vavuniya Police, school children, principals, volunteers from the community centre, and families living in the area. Dry ration packs were

distributed to underprivileged families together with school bags and stationery to students. English book packs were also donated to school libraries in the area.



Environmental initiatives



Climate change is a global challenge that does not respect national borders. It is an issue that requires solutions that need to be coordinated at the international level to help developing countries move toward a low-carbon economy.

SLT recently became a certified Carbon neutral organisation. Through an initiative under the theme of "Earth is calling, are you listening?", it assesses SLT's carbon emissions across its range of operations. The SLT Group believes that these are challenges that need to be addressed by responsible corporate citizens for the benefit of not only the local community but the entire planet.

Climate change, desertification, ocean acidification, carbon fertilisation, extreme weather conditions, and increasing food scarcity are just a few of the impacts of carbon emissions. Neutralising the environmental impacts of business operations has become a hot topic in today's business environment and has become one of the key factors in determining the sustainability of companies worldwide.



Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all. Its implementation helps to achieve overall development plans, reduce future economic, environmental and social costs, strengthen economic competitiveness and reduce poverty.

Forests cover 30.7 per cent of the Earth's surface and, in addition to providing food security and shelter, they are key to combating climate change, protecting biodiversity and the homes of the indigenous population. By protecting forests, we will also be able to strengthen natural resource management and increase land productivity.

Carbon Footprint Certification

SLT is the first Sri Lankan telecom operator to attain ISO 14064-1:2018 certification. It has been successful in carrying out greenhouse gas (GHG) emissions assessment and recently became a carbon neutral certified organisation.

A direct and indirect Greenhouse Gas (GHG) verification assessment for SLT was conducted by SLSI on stipulated emission sources and activities, confirming that the Organisational Carbon Footprint (direct and indirect) of Sri Lanka Telecom PLC for the financial year 2018 was 63,841 tons of Carbon Dioxide Equivalents (tCO₂e). Direct emissions included stationery, mobile and fugitive emissions while indirect emissions encompassed imported energy, mobile combustion, waste disposal and municipal water. The calculations were carried out by ClimateSI in accordance with ISO 14064-1:2018 Standard developed by the International Organisation for Standardisation.

ISO 14064 is a series of international standards developed by the International Standards Organisation (ISO) to address the quantification and reporting of GHG emissions for organisations. The certification offers assurance to the Company's stakeholders that it complies with internationally recognised GHG emission reporting standards in evaluating its carbon footprint and is a confirmation of the Company's commitment to upholding its responsibility to the society and the environment.

PV Solar Site Name	Plant Capacity (kWp)	Annual generation (MWh)	Annual capex saving (LKR Mn.)	Equivalent Carbon Footprint (metric tones)
Kuliyapitiya	15	19.8	0.43	14
Mattakkuliya	15	19.8	0.43	14
Mount Lavania	45	59.4	1.29	42
Wattala	50	66.0	1.44	47
Welisara	131	172.9	3.77	123
Kaduwela	25	33.0	0.72	23
Ja-Ela	35	46.2	1.01	33
Moratuwa TCC	50	66.0	1.44	47
Kelaniya	25	33.0	0.72	23
Ratmalana	90	118.8	2.59	84
Maradana	90	118.8	2.59	84
Chillaw	40	52.8	1.15	37
Gampaha	30	39.6	0.86	28
Kotugoda	60	79.2	1.73	56
Hambantota	30	39.6	0.86	28
Anuradhapura	100	132.0	2.88	94
Kurunegala	55	72.6	1.58	52
Havelock Town	10	13.2	0.29	9
Nugegoda	8	10.6	0.23	7
Total	904	1,193.3	26.01	847

Beach clean-up for environmental conservation



The world's oceans – their temperature, chemistry, currents and life – drive global systems that make the Earth habitable for humankind. Our rainwater, drinking water, weather, climate, coastlines, much of our food, and even the oxygen in the air we breathe, are all ultimately provided and regulated by the sea. Careful management of this essential global resource is a key feature of a sustainable future.



SLT extends its full support to environmental conservation programmes across the country. In 2019, the staff of the Ampara and Kalmunai regional offices joined staff from local hotels and volunteers with the support of MEPA, tri forces, and the local community to clean up the Arugam Bay coastline. SLT conducted an awareness campaign around environmental conservation through social media and billboards in the Arugam Bay area to highlight the importance of environmental pollution prevention and the obligations of the general public towards preserving the beauty of the country.

Planting for Water – Knuckles Reforestation project



A “Planting for Water” reforestation project in the Knuckles forest area was conducted by the SLT Customer Club, Kandy together with staff of Kandy Regional Office. Half an acre of land was allocated in the Knuckles high forest.



Environment cleaning programme

The SLT staff again joined hands with the SLT Customer Club, Kandy to conduct an environment cleaning programme at Thelgamuwa Oya. SLT displayed messages on the importance of protecting the environment in the surrounding areas to raise awareness amongst the community.

Baddegama Primary School water project



The SLT Customer Club, Kandy took another initiative with the Kandy Regional Telecom Office to repair the water supply system of the Baddegama Primary School in Thawalanthenna. Two new water tanks were provided and the supply was extended to two buildings. Another water line was also installed for public use on the school premises. A career guidance programme was conducted for students by SLT.

Initiatives by subsidiaries

Mobitel

Mobitel gifts 40,000 free spectacles to customers



As part of its commitment to enhancing the quality of lives of customers across the island, Mobitel regularly engages in unique CSR projects that have a positive impact on its customer base. In its most powerful CSR initiative yet, Mobitel gifted over 40,000 spectacles to customers between 2016 and 2018.

Mobitel's Eye Clinics are held monthly at its Cash Bonanza event, and the past three years have seen the events held in 36 locations with thousands of eligible Mobitel customers in those areas able to access the Eye Clinics and receive the free spectacles. Free eye check-ups and consultation by optometrists were also provided to customers at the Eye Clinics.

Bus shelters in rural areas

Mobitel launched the “Shelter in Our Hands” project to install bus shelters in remote rural areas via upcycling. With many routes having inadequate bus shelters, Mobitel conceptualised the project to benefit both the community and the environment, helping travellers to have a stress-free experience.

Air pollution research

To better understand the impact of air pollution in congested cities, Mobitel joined hands with the University of Peradeniya to study air pollution in Kandy. Mobitel will act as the connectivity partner to facilitate data transmission from air pollution monitoring sensors.

e-Waste initiative

Electronic waste is an increasing issue due to the increasingly disposable nature of modern electronic devices. Mobitel initiated the e-Waste Collection Project to collect e-Waste through Mobitel branches and monthly Cash Bonanza Regional Carnivals and will hand over the waste to a Central Environmental Authority-authorised e-waste supplier for proper recycling.

SLT Human Capital Solutions

Sisu Diriya Scholarship

HCS works to ensure that the children of employees have a successful future and was proud to commemorate for the 9th consecutive year the annual *Sisu Diriya* Scholarship and School Books Donation Programme at Leisure World, Hanwella. Over 1,600 employees and their children participated, with 22 scholarships awarded to students who had passed their Grade 5 scholarship examinations, O-Level and A-Level examinations, as well as those selected to enter local universities.

Diriya Piyasa

HCS annually builds a house for a needy employee as part of the “*Diriya Piyasa*” initiative, and in 2019, a committee decided to build a house for the family of a late HCS employee. The objective behind this initiative is simply to initiate the mutual relationship and unity between employees, while lending a helping hand towards the welfare of employees through financial aid and participation.

Blood donation programme

HCS also conducted a blood donation programme in Minnana, Getahetta.

SLT Services

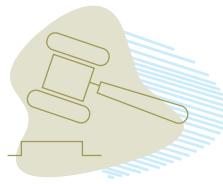
The SLTS Head Office in Welikada donated one day's worth of salary from all staff members to the Apeksha Hospital, Maharagama in February 2019. In May 2019, a blood donation campaign was organised, which had the involvement of many donors. In December 2019, SLTS donated books and stationery items to 180 students at Siyabalewa School in Galenbindunuwewa, Anuradhapura.

- SLTC continues to work with schools across the island to support A-Level students with additional academic support and motivational programmes. SLTC also contributes towards providing opportunities for A-Level Technology stream students to obtain hands-on experience in conducting subject-based practicals.
- The University works together with the All Island Professional Lecturers' Association (AIPLA) to sponsor their special projects with the objective of raising awareness about higher education and building a knowledge-centred economy in Sri Lanka.
- SLTC also hosts Teacher Training Programmes at the SLTC Padukka Campus premises, which senior staff members actively contribute to on a continuous basis.
- SLTC works closely with the Sri Lanka Maths Olympiad to raise awareness about their activities across the island and supported the students who participated at the International Maths Olympiad 2019.

SLT Campus

- The University held a tree planting and environmental conservation event in collaboration with the Ministry of Telecommunication, Foreign Employment and Sports in April 2019.
- Tourism and Hospitality Management students of SLTC Business School carried out a special project to prepare a guide on the Kandy Esala Perahera and distributed it to tourists in the city who had come to witness the pageant. A survey was also carried out to understand the requirements of tourists and determine what measures could be taken to improve their experience.
- The SLTC Green Army carried out a beach clean-up project at the Modara Crow Island to celebrate World Ocean Day. A plant was gifted to members of the community who helped the project.

REGULATORY CAPITAL



The telecommunication industry in Sri Lanka is governed through various regulations and policies by the authorities in key aspects including but not limited to the Telecommunication system license regime, Service Provider license regime, spectrum license regime, media and broadcasting license regime, Interconnection regime, International telecommunications regulatory regime, Tariff and Economic regulations, equipment importations, consumer rights, copyright, data protection, cyber security, the wholesale connectivity service provisioning to service providers, competition & compliances, quality of services, specific taxes and levies enacted by various Acts and regulations. The respective authorities set directives from time to time to protect consumers and the industry, retain healthy industry competition, servicing unserved and underserved communities and maintain technical standards to ensure compatibility between different operators and devices and also aligning and abiding with the global standards declared by International Regulatory authorities.

Telecommunications Regulatory Commission of Sri Lanka (TRCSL) is vested with telecommunication regulatory powers by Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Act No. 27 of 1996. There are a few other government institutions which construe direct influential regulatory authorisation in the Telecommunication industry namely the Board of Investments, Ministry of Digital Infrastructure and Information Technology, Ministry of Mass Media, Ministry of Finance, Right to Information Commission, Consumer Affairs Authority, Central Environmental Authority, Department of Public Enterprises, Customs of Sri Lanka and the Central Bank of Sri Lanka.

The telecommunication industry is heavily dependent on major investment deployments in Sri Lanka in providing affordable and quality access to

broadband services to all citizens and promoting country's digitalisation plans in line with sustainability goals of the country.

Regulatory licensing

TRCSL has granted the required telecommunication license to SLT Group where Mobitel is the mobile arm of the group to provide services island wide which comprise system licenses to operate mobile, fixed wired, fixed wireless, international, satellite, internet services, data services, Carrier Grade WiFi including spectrum to operate 2G, 3G, 4G LTE networks, point to point, microwave and other radio networks. More importantly, SLT has been granted National Backbone Network (NBN) license as per the Cabinet Approved Policy for the NBN, an island-wide fibre backbone network infrastructure in Sri Lanka to cater national requirement

of the country including international capacities and fibre access networks. TRCSL grants the license for a period of 10 years and license renewal process at the end of its validity. License amendments and modification process is also available. SLT is the pioneer IPTV license holder in Sri Lanka, Licensed by Ministry of Mass media for establishing the IPTV operation. Further SLT has been granted Direct To Home satellite license for PayTv operations island-wide using Satellite technology. Vendor license is also issued to SLT for telecommunication related equipment dealings.

Mobitel (Pvt) Ltd. is the fully owned subsidiary of SLT that operates licenses issued for Mobile operations island-wide which includes an authorisation to provide indoor WiFi, a Fixed Services license to provide outdoor WiFi, and several licenses related to spectrum for 3G and 4G technologies. Mobitel also holds an External Gateway

Operator license and a Vendor license. Apart from several of these licenses, Mobitel carries a license from the Central Bank of Sri Lanka for mobile money operations.

Key roles in Regulatory Affairs arm aimed to ensure

- Necessary license instruments for business operations from the regulatory authorities as enacted by law to continue its Business Operations with growth momentum.
- Necessary spectrum allocations for the deployment of mobile and wireless technologies including 4G operation, 4.5G and 5G operations.
- Active presence in processes where revisiting, making and amending policies, directives, regulations and Acts related to the telecommunication industry rights of organisation against anti-competitive practices or unlawful activities in industry by making regulatory and judiciary complaints of such unlawful acts.
- Necessary approvals for business operations and investment protections
- Regulatory and legal compliances including but not limited to consumer rights, data protections, intellectual rights, Quality of services, National security obligations

Regulatory assets of SLT

In lieu with regulatory permissions, SLT group has built extensive networks rightfully up to the premises of its customers which are subjected to operate and safeguard with no disturbances and interruptions

- Island-wide fibre optic high speed backbone network with more than 50,000 km in cable lengths
- Island-wide copper and FTTX access network with high speed access network capability
- Island-wide 2G, 3G, 4G LTE, WiFi networks in both fixed wireless and mobile space with radio spectrum for frequencies.
- Five International submarine Cable systems connecting with state of the art technologies and lowest latencies with many parts of the world
- IPTV content broadcasting/multicasting/unicasting infrastructure and content rights and library
- Modern Technologies and platforms of IP and digital capabilities with enhanced security firewalls including but not limited to data centres, multi cloud platforms and monitoring and operating centres
- Extensive island wide Passive Telecommunications infrastructure including but not limited to telecommunications towers, poles, and ducts of both Fixed and Mobile Operations.
- Brand names and goodwill as a public enterprise in Sri Lanka by owning majority government shares.

STEWARDSHIP AND GOVERNANCE

BOARD OF DIRECTORS



Mr Rohan Fernando
Chairman/Director

Mr Lalith Seneviratne
Executive Director/
Group Chief Executive Officer

Mr Lawrence Paratz
Director

Mr Chan Chee Beng
Director



Ms Lai Choon Foong
Director

Mr Mohan Weerakoon, PC
Director

Mr A K Seneviratne
Director

Mr Ranjith Rubasinghe
Director

Mr Mahesh Athukorale
Company Secretary

Mr Rohan Fernando

Chairman/Director

Mr Rohan Fernando was appointed as Director/Chairman of the Company on 23 January 2020. He also serves as Director/Chairman of Mobitel (Pvt) Ltd., eChannelling PLC, SLT Digital Info Services (Pvt) Ltd., SLT VisionCom (Pvt) Ltd., SLT Human Capital Solutions (Pvt) Ltd., Sky Network (Pvt) Ltd., SLT Property Management (Pvt) Ltd., Sri Lanka Telecom (Services) Limited, SLT Campus (Pvt) Ltd., and Director of Galle Submarine Cable Depot (Pvt) Ltd. He is also a member of the Remuneration and Nomination Committee.

Mr Fernando has over 40 years of experience in the tea industry and has been successful in innovation, promoting, and marketing the traditional beverage of tea in many variants. He is the creator of the global tea brand HELADIV registered in 40 countries. He began his career as a Tea Taster at Carson Cumberbatch & Co., Ltd. In 1975, Mr Fernando joined Brooke Bond Ceylon Limited and served as a Manager in the Tea Department from 1979 to 1989 with a secondment of one year as a Tea Trader, at its headquarters in the United Kingdom in 1982.

In 1990, he established HVA Lanka Exports as a joint venture with the Dutch agricultural conglomerate HVA Holdings bv and expanded the organisation to include several subsidiary companies, HVA Foods PLC., HVA Beverages and HVA Holdings. He is also the Chairman and CEO of the HVA Group and Chairman of HVA Farms (Pvt) Ltd., an organic agro-resort in the NWP. He served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016.

Mr Fernando functioned as the President of the National Chamber of Exporters in 2008 and 2009. He served as the elected Chairman of the Tea Exporters Association of Sri Lanka from 2014 to 2016. He is a National award winner since 1997 at the NCE Exports Awards and was selected "Exporter of the Year" winning Gold awards in four categories, in 1999. He was also awarded "Sri Lankan Entrepreneur of the year 2015," winning the National Gold award and "Sri Lankan Entrepreneur of the year 2015," with a Provincial Gold award.

He is a multidisciplined sportsman at school and represented and captained Sri Lanka at Rowing. He currently heads the Sri Lanka Amateur Rowing Association and is also a senior member of the National Olympic Committee.

In the period 2006 to 2009, Mr Seneviratne was a member of the Board of Directors of Lanka Transformers Ltd. and its Chairman during the latter part. He was a member of the inaugural governing Board of the Sri Lanka Sustainable Energy Authority.

Mr Lalith Seneviratne

Executive Director/
Group Chief Executive Officer

Mr Lalith Seneviratne, was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. Thereafter, he was appointed as an Executive Director/Group Chief Executive Officer on 1 May 2020. He is also a member of the Technology Subcommittee. He serves in the Boards of eChanneling PLC, Mobitel (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd., SLT Digital Info Services (Pvt) Ltd. and SLT VisionCom (Pvt) Ltd.

He is an engineer by training. He has over thirty-five year's experience in the corporate field, primarily with Motorola Corporation.

Mr Seneviratne obtained a Bachelor's degree in Electronics from the University of Kent, UK and a Master's degree in Electrical Engineering from the University of Calgary, Canada. He pursued a career in telecommunications starting in 1982 at the then Sri Lanka Telecommunications Department (present day SLT). In 1988, he became the head of engineering of Celltel, setting up South Asia's first mobile telephone network.

In 1990 Mr Seneviratne accepted a position with Motorola Corporation and moved to Singapore on a regional role. During this period he developed Motorola's relationship with SLT that enabled SLT to provide telephone service to remote areas including restoring telephone service to Jaffna in 1996.

Since leaving Motorola, Mr Seneviratne has carried out several professional consulting assignments in telecommunications and renewable energy, while engaging in rural electrification activities during his spare time. He was part of a team that set up four grid connected mini hydropower systems. He implemented Sri Lanka's first off-grid village solar electrification system in 2001 and Sri Lanka's first off-grid village biomass electrification system in 2004.

Currently Mr Seneviratne is a member of the Board of Directors of four mini hydropower companies – Messrs Escas Owala (Pvt) Ltd, Escas Ankanda (Pvt) Ltd, Escas Diggala (Pvt) Ltd, and Escas Kiula (Pvt) Ltd.

Mr Seneviratne is the recipient of the Year 1999 Motorola CEO Award for Volunteerism. For his voluntary services to the Department of Wildlife Conservation he was made an Honorary Director in the Department. For his innovation he was elected a Lemelson Fellow and for his sustainable development activities he was elected an Ashoka Fellow. On the 20th Anniversary of the Internet Society of Sri Lanka, he was recognised as one of twenty-five people having contributed to the early development of the Internet in Sri Lanka.

Mr Seneviratne is a Chartered Engineer and a Member of the Institution of Engineering & Technology, UK.

Mr Lawrence Paratz

Director

Mr Lawrence Paratz was appointed to the Board of Sri Lanka Telecom PLC as an Independent Non-Executive Director with effect from 26 May 2010. He is the Chairman of the Technology Subcommittee and a member of the Senior Tender Board and Remuneration and Nomination Committee. He serves on the Boards of eChannelling PLC, Mobitel (Pvt) Ltd, Sky Network (Pvt) Ltd., SLT Property Management (Pvt) Ltd., SLT Campus (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd, SLT VisionCom (Pvt) Ltd, and SLT Digital Info Services (Pvt) Ltd.

Mr Lawrence Paratz holds an MSc (Telecommunication Systems) with Distinction, and was awarded the Philips Prize from Essex University, and an MEng Sc from the University of Queensland.

He is a Fellow of Engineers Australia (FIEAust) and an alumnus of the Stanford University Executive Development Programme. He also holds a Bachelor's degrees in Science and Engineering (Honours). In 2011, he was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE).

Mr Paratz has more than 40 years experience in all facets of the telecommunication including mobile, fixed, broadband, satellite, and international networks both domestic and international. This includes capital and infrastructure development, operations, sales, customer service and regulatory issues. As a Director and Chief Executive of Acacia Australia Pty Ltd, he was responsible for development of an integrated proposal for delivery of national broadband communication for Australia.

He has served as a Director of Maxis Communication Berhad, Chairman of the Technology Committee of the Board, as a Director of Vernet Pty Ltd, a company providing ultra high speed Broadband to Universities and Research Establishments in Australia, and a former senior executive of Telstra Corporation. He also serves on the Board of Real Thing Entertainment Pty Ltd, an Australian high technology company and Razorback Pty Ltd, a company incorporated in Victoria, Australia.

Mr Paratz has had executive responsibility for multibillion dollar programmes and integrations including network transformations and deployments across multiple technologies, with extensive experience in international, metropolitan and regional and rural communications. He previously served as a member of the Board of the Australian Government's Internet Assistance Programme. He has been an invited speaker at the Australian Health Informatics Conference, and the Australian Academy of Technological Sciences and Engineering.

He was formerly Chairman of the On-Trac@ Peter Mac Adolescent and Young Adult Cancer Programme, and has been involved in a number of initiatives in e-health.

Mr Chan Chee Beng

Director



Mr Chan Chee Beng was appointed to the Board as a Non-Executive Director on 5 June 2008 and subsequently to the Board of Mobitel (Pvt) Ltd., SLT Property Management (Pvt) Ltd., SLT Campus (Pvt) Ltd. SLT Digital Info Services (Pvt) Ltd. and SLT VisionCom (Pvt) Ltd. He also serves as the Chairman of Remuneration and Nomination Committee.

He counts over 40 years of experience in investment banking, general and financial management and accounting. He worked at Ernst & Young and Morgan, Grenfell & Co. Ltd. prior to joining the Usaha Tegas Sdn Bhd ("UTSB") Group in 1992 as head of corporate finance. He serves on the Boards of several companies including Bumi Armada Berhad, Binariang GSM Sdn Bhd, Maxis Communications Berhad of Malaysia and Yu Cai Foundation.

Mr Chan holds an honours degree in Economics and Accounting from the University of Newcastle-upon-Tyne, United Kingdom and is a Fellow of the Institute of Chartered Accountants of England and Wales.

Mr Mohan Weerakoon, PC

Director



Mr Mohan Weerakoon, was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. He is the Chairman of the Related Party Transactions Review Committee, a member of the Senior Tender Board and the Audit Committee. He also serves in the Board of SLT Human Capital Solutions (Pvt) Ltd., SLT Campus (Pvt) Ltd. and SLT Property Management (Pvt) Ltd.

Mr Weerakoon is a senior legal practitioner who counts more than 36 years of experience as a civil and criminal counsel. He was appointed a Presidents Counsel in 2017.

He has served as a Director of Sinhaputra Finance PLC and Deputy Mayor and Councilor of the Municipal Council of Matale and Central Provincial Councilor. He is also the Senior Legal Counsel of Sinhaputra Finance PLC .

Ms Lai Choon Foong

Director



Ms Lai was appointed to the Board of SLT as a Non-Executive Director on 9 May 2014. She also serves on the Boards of Mobitel (Pvt) Ltd. SLT Human Capital Solutions (Pvt) Ltd and Galle Submarine Cable Depot (Pvt) Ltd. She is the Chairperson of the Senior Tender Board and a member of the Audit Committee and Related Party Transactions Review Committee.

She has over 35 years of experience in finance, procurement and audit areas in telecommunications, banking and government sectors. She was previously with Maxis Berhad and is currently the Finance Head of Maxis Communications Berhad. She is also a Non-Executive Director of a few subsidiaries of Maxis Communication Berhad.

Ms Lai holds a Bachelor of Commerce Degree from Melbourne University, Australia and is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practicing Accountant of CPA Australia.

Mr A K Seneviratne

Director



Mr Ananda Kithsiri Seneviratne, was appointed to the Board as a Non-Executive Director on 23 January 2020. He is the Chairman of the Audit Committee, a member of the Senior Tender Board and the Related Party Transactions Review Committee. He also serves in the Board of SLT Human Capital Solutions (Pvt) Ltd.

He is a special grade officer of the Sri Lanka Administrative Service (SLAS).

Mr Seneviratne holds an Honours Bachelor's Degree specialising in Chemistry from University of Kelaniya. He has obtained a Postgraduate Diploma in Business and Financial Administration from The Institute of Chartered Accountants of Sri Lanka and Master's in Business Administration from University of Colombo.

He joined the Sri Lanka Administrative Service in 1995. Upon completion of his in-service training year, he was appointed as an Assistant Director to the Department of Fiscal Policy of the Ministry of Finance in 1996. In 2006 he was assigned to the Department of National Budget of the same Ministry as a Director. In 2015, he was appointed as the Director General of the Department of Fiscal Policy. Since January 2018 Mr Seneviratne has been working as the Director General of the Department of National Budget until he was appointed as a Deputy Secretary of the Treasury in February 2018.

Mr Seneviratne has held several Directorships representing the Treasury on several Boards coming under the purview of Secretary to the Treasury, Ministry of Finance.

Mr Ranjith Rubasinghe

Director



Founder President, Chief Executive Officer, SLT Campus (Pvt) Ltd., Eng. Ranjith G Rubasinghe is a sitting Board Member of Sri Lanka Telecom (SLT) from 23 January 2020. He is a Council Member of the Open University of Sri Lanka (OUSL), and is the incumbent Chairperson of TRACE and also sits in the Board of Directors of Centre for Research and Innovation Services (CRIS). He was previously a Council Member of the University of Colombo, and he also has served as the Vice-President of the Institution of Engineers Sri Lanka (IESL). He joined Mobitel (Pvt) Ltd. in 2014 as the Chief Executive Officer and has held several leadership positions prior to that in leading corporates including, Sri Lankan AirLines Ltd. and Sri Lanka Rupavahini Corporation. Mr Rubasinghe has been with Sri Lanka Telecom PLC for over 19 years and he held the positions of CEO/SLT Human Capital Solutions (Pvt) Ltd. and Head of SLT RAINBOW PAGES as well. Being a multidisciplinary professional with over 25 years of corporate sector experience, his exposure and expertise acquired over two decades, spans across countless professional, technical, functional domains, including Organisational Development, Telecommunication and IT, Human Resources and Marketing.

Possessing a Master's Degree in Business Administration (MBA) from the University of Colombo, a Postgraduate Diploma in Electronics and Telecommunications Engineering and a Bachelors of Science (BSc) Engineering Degree in Electrical and Electronics, Mr Rubasinghe is a Chartered Engineer and a Fellow of the Institution of Engineers Sri Lanka (IESL), a Fellow Member of Chartered Professional Managers of Sri Lanka (CPM), Certified Member of the Sri Lanka Institute of Marketing (SLIM) and an Associate Member of the Chartered Institute of Personnel Management (CIPM).

Under his stewardship, SLT Campus (SLTC) won "Most Emerging Education Institute of the Year" award at the South Asian Business Excellence Awards 2019 and was also recognised at the "National Business Excellence Awards 2019" in Sri Lanka. Starting as a University offering Engineering Degrees, under the visionary leadership of Mr Rubasinghe, within a short span of five years, SLTC has grown to be Sri Lanka's only fully-fledged non-state university of global standards and draws parallels with existing state universities in the country, giving its students a holistic university life experience, offering a wide spectrum of study pathways. Further Mr Rubasinghe has guided and lead SLTC to become one of Sri Lanka's premier research based universities of repute, focusing on research and innovation. In recognition of this success, and his visionary leadership, he was awarded the "The Education Leadership Award" at the Sri Lanka Education Leadership Awards 2019 and he was awarded with the Chartered Engineer of the Year 2011 award, at IESL's Engineering Excellence Awards.

Mr Mahesh Athukorale

Company Secretary



Mr Mahesh Athukorale is an Attorney-at-Law. He holds an MBA from the University of Colombo, and a Bachelor's Degree of Law from the Open University of Sri Lanka. He is an Associate member of The Chartered Governance Institute of UK.

In his career spanning over 25 years he has more than 15 years of experience in the SLT Group and over eight years in the mercantile and financial sector.

He also functions as Company Secretary for Board Subcommittees and subsidiaries of SLT Group.

EXECUTIVE MANAGEMENT

Mr Lalith Seneviratne

Group Chief Executive Officer



Please refer to page [78](#) for the profile



Mr K A Kiththi Perera

Chief Executive Officer



An in depth understanding of technology and its continuous immersion into the lives of people everywhere, this is what gives Mr Kiththi Perera an edge in this now predominantly digital world. He possesses a passion for understanding the evolutionary nature of businesses and how best to support them with the solutions they need to sustain themselves as they grow. Currently, he sits at the helm of Sri Lanka Telecom's decisive and pioneering shift into Fibre and draws from years of experience and expertise that has seen the Company grow year-on-year.

Mr Perera believes in the power of contribution through collaboration. He understands that high-level products need multiple partners bringing the best of their creative intellect to the table in order to be successful. This thinking is a result of years he himself has spent working with some of the finest minds in engineering – a road that leads all the way back to the Engineering Council and the Institution of Engineering and Technology in the UK, of which he is a Chartered Engineer. Being a Masters Graduate from the University of Moratuwa in Electronics and Telecommunications Engineering only solidifies the foundation of his career, which now spans a quarter of a century.

Having been instrumental in the growing of several business segments from Government to Enterprise and SME, Mr Kiththi Perera now brings his attention to Consumer Businesses and Fibre connectivity, which he believes require the most amount of focus at this time. He is aware that the process requires as much an internal transformation as it does the external preparations. Creating meaningful and effective new products in the digital space for customers across all business segments is a priority, and the plan to go global is a firm eventuality on his watch.



Mr M B P Fernandez

Chief Operating Officer



Mr Priyantha Fernandez joined SLT in 1991 following multiple roles in various multinational telecommunications organisations. He holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka and an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Chartered Engineer and Fellow of the Institution of Engineers Sri Lanka. His 32-year career as a professional in telecommunication industry, includes attending to technological updates in the forum of overseas training and seminars, organised by international training institutions, telco operators, and equipment vendors. He has recorded over 700 such days of exposure during his tenure. He has held a string of senior positions within SLT, culminating in his current position as the Chief Operating Officer. In this role he oversees the entire planning, operation,

maintenance and projects in Planning, Network, Regional, IT, Procurement, Projects and Innovation, Quality and Security groups within Sri Lanka Telecom. In addition, he has had overseen operation of SLT's Call Centre in line with improving customer experience. He has played a leading role in planning and deploying very large scale programmes for SLT network transformation. Some of the flagship projects in which he made a significant contribution are New Generation Network (NGN), Sri Lanka Backbone Network (SLBN), Fiber-To-The-Home (FTTH), LTE (4G), National Broadband Programme (i-Sri Lanka), National Data Centre, Submarine Cable Systems, and establishment of Cable Depot in Galle. He was a member of the International Management Committee for the submarine cable consortium of SEA-ME-WE 3, 4 and 5, Dhiraagu Cable, and the Bharath Lanka Submarine Cable System. He additionally serves as a management committee member under the South-East Asia and Indian Ocean Cable Maintenance Agreement (SEAIOCMA). He is a permanent member of the Senior Tender Board of SLT. In addition to the above responsibilities his authority extends to planning, formulating and overseeing implementation of policies that promote profitability, company culture, and quality of operations. His role involves strategic decision-making for achieving agreed short-term, medium-term and long-term corporate objectives towards making SLT business viable and profitable. In the areas of responsibilities as the Chief Operating Officer, he is empowered to execute agreements for the procurement of goods and services, financial instruments, notarial documents, special category agreements and international agreements. His recent involvement in preparing national Digital Road map to achieve SMART SRI LANKA has paved the Next Generation transformation of SLT falling in line with global operators.

Mr Fernandez is a permanent member of the Technical Subcommittee of SLT since 2011. He also has been functioned as a Non-Executive Director of SLT Services Limited for over twelve years from 2007 to 2019.

**Mr Ajantha Seneviratne**

Group Chief Officer – Marketing



Mr Ajantha Seneviratne joined SLT in 1993. He holds a BSc in Electronics and Telecommunications from the University of Moratuwa and a Postgraduate Diploma in Industrial Engineering from the Open University of Sri Lanka (OUSL). In addition, he holds an MBA from the University of Sri Jayewardenepura. Mr Seneviratne is a Chartered Engineer and a member of The Institution of Engineers of Sri Lanka. He counts over 20 years of experience in Marketing. He currently serves as Chief Executive Officer of SLT VisionCom (Pvt) Ltd. and holds Group Chief Marketing Officer position.

**Mr Saman Perera**

Group Chief Officer - Information



Mr Saman Perera possess over 25 years experience in the IT industry as a thought-leader and innovative technology manager with a strong technical background. During his career, he has given leadership to large scale software development projects for business and at national-level including the Electronic Travel Authority for the Department of Immigration and Emigration and mTicketing for Sri Lanka Railways. He has also given leadership in implementing complex large-scale projects in the telecommunication industry with multiple international suppliers. He has also served as the Senior Manager IT for Lanka Bell.

He holds an MBA in Management of Technology from University of Moratuwa, MSc in Computer Science, and BSc from University of Colombo. He serves as a resource person for the MBA in IT at University of Moratuwa, and served as a visiting lecturer for MBA in Information Systems, University of Colombo. He is currently serving as a Board member of the University of Colombo School of Computing (UCSC) representing the industry.

He is an active member of the Computer Society of Sri Lanka, and has served as a council member. He won the prestigious "CIO of the Year" award from the Computer Society of Sri Lanka.

**Mr Sanjeewa Samaranayake**

Group Chief Officer – Finance



Mr Sanjeewa Samaranayake is the Group Chief Financial Officer of Sri Lanka Telecom PLC and counts over 25 years of management experience, holding senior positions in reputed manufacturing, trading and service organisations in Sri Lanka and overseas. He has a Bachelor of Commerce Degree from the University of Colombo and is a Chartered Management Accountant with an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is also a Fellow of the Institute of Certified Management Accountants of Sri Lanka.

He joined Sri Lanka Telecom PLC as Group Chief Financial Officer in September 2018. Prior to joining SLT, he held various senior positions such as Managing Director, Director Finance, Group Chief Financial Officer, Chief Financial Officer and Group Financial Controller in many reputed companies in Sri Lanka

He held many senior positions of the Chamber of Pharmaceuticals Industry of Sri Lanka and last being the Senior Vice President position for two consecutive years. He was a committee member of the Ceylon Chamber of Commerce, Import Section for several years holding senior positions.

He was awarded the prestigious "Platinum Honours Award" by the Postgraduate Institute of Management Alumni in 2010 and the "Diamond Service Award" for the Most Outstanding Business Leader of the Year, organised jointly by the Ceylon Chamber of Commerce and the Postgraduate Institute of Management Alumni in 2016.



Mr Prabhath Ambegoda

Chief Officer – Corporate and Digital

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Mr Prabhath Ambegoda currently holds the position of Chief Corporate and Digital Officer of the Company. His current portfolio spans Corporate Strategy, Regulations, Tariff, Programme Management, Digitalisation, and Corporate Relations of the Company.

He joined Sri Lanka Telecom in 1991 as an Engineer, and counts over 29 years of multidisciplinary experience in the telecommunication industry, in the field of Engineering, Management, Customer Services, Human Resources, and Regulations. He has previously served in several managerial positions at Sri Lanka Telecom as Regional Telecommunication Engineer, Project Engineer, Operations Engineer, Deputy General Manager in Human Resources, Deputy General Manager in Corporate Strategy, General Manager in New Business Development, General Manager in Regulatory Affairs, General Manager in Tariff and Interconnections, and General Manager in Corporate Strategy. He counts 19 years of experience in Corporate Management within the telecommunication industry.

During his career, he has gained extensive industry related knowledge and training from National University of Singapore, University College Dublin, Ireland, Korea Telecom Training Centre, South Korea, NTT Training Centre, Japan, and Telecom Training institutes in Sweden, UK, India and Malaysia. Further, he has undergone several certificate courses in other disciplines such as Management Accounting, Marketing, Secretariat Services, and General Management. He is also a trainer of Commonwealth Telecommunications Organisation (CTO) programmers.

Mr Ambegoda is a Chartered Engineer by profession, holds a BSc (Eng) Honours degree from University of Peradeniya, specialising in the field of Electrical and Electronics Engineering. He is a Fellow member of The Institution of Engineers in Sri Lanka (IESL) and holds a Master of Business Administration degree from Anglia Ruskin University, UK.



Mr Prabhath Dahanayake

Chief Officer – Marketing

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With a career spanning over 25 years at Sri Lanka Telecom, Mr Prabhath Dahanayake's multidisciplinary exposure in the fields of Engineering, Project Management, Business and Marketing position him as an invaluable resource in this dynamic time in the Organisation's journey.

During his quarter-century tenure at SLT, he has held an illustrious variety of Senior Management positions at the telecom giant, including but not limited to over a decade's worth of marketing experience, as well as Head of Province and General Manager – Product Development and Management.

A Chartered Engineer with a BSc Degree in Engineering in Electronics and Telecommunications from the University of Moratuwa, he completed a Master's Degree in Business Administration with core studies at the University of Ruhuna.

Mr Prabhath Dahanayake has been instrumental in driving the Company's broadband-led new services development, as well as the crucial repositioning of SLT's flagship products and services. His new role as Chief Marketing Officer stations him on an ideal platform to revolutionise Sri Lanka Telecom's strategy and marketing vision. During his carrier, he has gained extensive industry related knowledge and trainings from NTT training centre – Japan, Training institute in Netherland, Nokia of Finland, Spain, and UK.



Mr Janaka R Abeysinghe

Chief Officer – Enterprise and Wholesale

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Mr Abeysinghe joined SLT in 1991. He holds a BSc degree in Electronics and Telecommunications Engineering with First Class Honours from the University of Moratuwa, Sri Lanka and a Master's Degree in Electrical and Computer Engineering from the University of Kansas, USA. He is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka, and a member of the Computer Society of Sri Lanka. He is a Fulbright Scholar.

In his present role, he leads the Enterprise and Wholesale business of SLT that provides integrated voice and data solutions to Enterprises, Government Institutions, domestic Telco operators and global wholesale carriers. In his career at SLT spanning 28 years, he has held a number of senior positions, including General Manager Enterprise and International Sales and has extensive experience in the areas of Domestic and International Switching, Data Communications, Business Development, Enterprise Communications Solutions and International Voice and Data Business.

Mr Abeysinghe served on the Board of the Sri Lanka Institute of Nanotechnology (SLINTEC) as a Non-Executive Director from 2014 to 2018. He was a member of the Taskforce on Formulating a National ICT Plan 2011-2016. Before joining SLT he was an Assistant Lecturer at the University of Moratuwa, Sri Lanka, and at present serves as a Visiting Lecturer.

**Ms Indrani Hissalle**

Chief Officer-Innovation and Culture



Ms. Hissalle is a Fellow Chartered Engineer having BSc and a MSc with 27 years of service gained extensive experience in regional operations, administration and human resources.

She was the Gold Award winner of HRM at the 7th Professional and Career Women's awards in 2017 organised by "WIM in collaboration with International Finance Corporation/World Bank". She was also awarded the Women Leadership Excellence citation and the Asian HR Leadership Award in 2018 and 50 Top Global HR TECH MINDS Award and Pioneering Woman Leader award at the 6th World Women Leadership Congress and Awards 2019 held in Mumbai, India consecutively by World HRD Congress. She has won the award "101 Most Fabulous Global HR Tech Leaders" also by World HRD Congress.

She is the Assistant Secretary of the Association of Human Resource Professionals, Fellow Member of the IESL, a Member of IEEE (USA) and the Treasurer of the MTT Society. She is a visiting lecturer of the University of Peradeniya since year 2006 up to date. She is a member of Industry Advisory Board of Faculty of Engineering, UOP and the Head of Academic Board of Edexcel BTEC in SLT as well as Sponsor of Franchise Degree awarding program of University of Hertfordshire, UK.

She is awarded Executive diploma on Employment Relationships with the Employers Federation of Ceylon with collaboration of International Training Centre of the International Labour Organisation.

**Ms Maneesha Jinadasa**

Chief Officer – Supply Chain Management



Ms Maneesha Jinadasa has over 35 years of experience at SLT, of which she served as a Deputy Chief Officer for 17 years. She has served in the capacity of Deputy Chief Human Resource Officer, Deputy Chief Quality Assurance Officer, Deputy Chief Officer/Corporate Programmes where she headed Quality Assurance, Transformation and Project Management Office, and Deputy Chief Network Officer, before being promoted to Chief Logistics Officer in April 2018. Ms Jinadasa holds a BSc Engineering Degree in Electronics and Telecommunications from the University of Moratuwa, a Master's Degree in Electrical and Electronics Engineering from Netherlands, and a Master's Degree in Business Administration from the University of Colombo. She is also a Corporate Member of the Institute of Engineers Sri Lanka (IESL).

**Mr Imantha Wijekoon**

Chief Officer – Sales & Region I



Mr Imantha Wijekoon is a Chartered Engineer with a Degree in Electronics and Telecommunications Engineering from the University of Moratuwa. In addition, he holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

In his career at SLT spanning over 25 years he has gained extensive exposure in the fields of Regional Operations, Project Management, and Consumer and SME sales operations. He has undergone telecommunication operation and business-related trainings in several foreign countries. Swedish International Development Cooperation Agency (Sida) of Sweden, LG Cables and Machinery Ltd. of South Korea, Korea Telecom of South Korea, and AOTS of Japan are few such institutes to mention. He has also participated in many international and local conferences and workshops. Next Generation Networks, Fixed Mobile Convergence, CRM Change Management, Telecommunication Business Simulation, Value Driven Marketing, Total Telecom Congress and World Mobile Congress are several such events.

Mr Wijekoon counts for over 10 years of experience in the consumer sales segment. In his professional carrier at SLT he has held the senior positions of Head of Province, Deputy Head of Regions, General Manager Customer Service, Regional General Manager and Chief Sales Officer. Since November 2019 he serves as a Non-Executive Director of SLT Services.



Mr B Lionel Imbulana

Chief Officer – Sales & Region II



Mr Lionel Imbulana joined SLT in 1984. He was appointed as Head of Division – New Connections in 1998 and thereafter promoted to Chief Sales and Regional Officer in November 2018. He is a Chartered Engineer of the Institute of Electronics and Radio Engineers (IERE) in UK and a member of the Institute of Engineering Technology (IET) of UK. He holds a Master's Degree in Business Administration (MBA) from the University of Kelaniya. He has wide experience in Electronics Switching Projects implementation development and manages Operations and Maintenance of the Outside Plant Network and Customer Service Assurance. He has made an immense contribution to design and development of Workforce Management (WFM) system, which automates customer faults management systems with improved customer satisfaction. The system is in use by field operational staff.

Currently he is in charge of Sales and Operational activities of the 17 districts of the country including three (3) Regional General Manager offices, ten (10) Provincial Deputy General Manager offices, twenty-four (24) Regional Telecom Officers and twenty-three (23) Regional Operational and Maintenance Centres.



Mr P Roshan Kaluarachchi

Chief Customer Officer



Mr Kaluarachchi joined SLT in 2010 as Chief Marketing Officer. He is a Chartered Marketer, holding a Postgraduate Diploma in Marketing – CIM, a Fellow of Chartered Institute of Marketing (FCIM), and a Fellow of The Sri Lanka Institute of Marketing (FSLIM). He is a Fellow of Chartered Professional Managers (FCPM). He holds a Master's in Business Studies from the University of Colombo. He is a member of the Advisory Board of CMO Council, Asia Pacific Region. He is a Board Director of the Chartered Institute of Marketing Sri Lanka Region and had been a judge at the SLIM Brand Excellence Awards. Currently, he is reading for PhD in Management and Business Studies at the University of Colombo.

He is a veteran in the field of Marketing and Business Management with over 24 years of practice in the entire spectrum of Marketing, Sales Management, and Strategic Business Management in both multinational and blue-chip companies in Sri Lanka. He has cross-industry experience covering FMCG, Consumer Durables, and over 12 years in telecommunications, both Fixed and Mobile categories in Sri Lanka. He is the Former Chief Marketing Officer at SLT from November 2010 to March 2015. He is also the Chief Executive Officer of SLT Human Capital Solutions (Pvt) Ltd.



Mr R M P S Samarajeewa

Chief Officer – Network



Mr Mangala Samarajeewa joined SLT in 1997 and holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka. He is a Chartered Engineer and corporate member of the Institution of Engineers, Sri Lanka. With 23 years of work experience in various capacities, he has strong managerial and technical skills to provide leadership to SLT's Network Group.

As a professional in the telecommunication industry, he has participated in many overseas trainings, seminars, and various forums organised by international training institutions, top ranking telecommunication service providers, and reputed telecommunication equipment vendors. In this role he oversees the entire network operation of SLT including Transport and Access, Network Services, Data Centre and Cloud Services, Application Services, Power and AC, Service Operations, and Projects.

In the path to his current position as Chief Network Officer, he has proven excellence in management of technology and programme management as a senior manager. His major achievements are leading the implementation of National Broadband Network (i-Sri Lanka Programme), Lanka Government Network (LGN) and the SEA-ME-WE-5, 6 Submarine Cable System. He has overseen the operations of the Field Services Projects Unit in SLT for fast deployment of the network in the Northern and Eastern Provinces of Sri Lanka and also held a range of positions in operations and maintenance of the SLT network at regional level. He is also working as the sponsor for the National Fiberisation Program.

He is a member of the International Management Committees for the submarine cable consortiums of SEA-ME-WE-3, 4, 5 and 6, Dhiraagu – SLT, and Bharath Lanka Submarine Cable Systems.

Mr Samarajeewa is the present Vice-President of the Japan-Sri Lanka Technical and Cultural Association (JASTECA) and was the Past Secretary General of the South Asia Federation of AOTS Alumni Societies (SAFAAS).

**Mr Tilak Gamalath**

Chief Officer – Information



Mr Gamalath joined SLT in 1992. He holds a BSc (Eng.) Honours Degree in Electronics and Electrical Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer of the Institution of Engineers of Sri Lanka and is a member of IET (UK). He has over 27 years' experience in IT and Telecommunication. His experience counts 8 years in International Switching, and 19 years in IT. He has held the positions of DGM/System Administration, GM/Systems, GM/System Development and Network, and GM/IT Infrastructure during his career in IT. He has pioneered introduction of IT Disaster Recovery, IT data centre construction, Infrastructure Consolidation and Virtualisation, and Data Analytics, and has contributed to the introduction of multiple IT applications in SLT. He has vast experience in IT project management delivering successful projects.

**Mr K T P Fernando**

Chief Officer – Planning



Mr Terrance Fernando joined SLT in 1984. He holds a Bachelor of Technology (Honours) Degree in Computer Engineering, a Postgraduate Diploma in Industrial Engineering and an MBA. A Chartered Engineer, he also obtained Graduate Membership of the Institution of Radio and Electronic Engineers, Corporate Membership of Institution of Electrical Engineers and the Corporate Membership of the Institution of Engineering and Technology.

He served as Chairman of the Next Generation Network Implementation Team and led a range of initiatives to transform legacy switching systems to Soft Switches and IP Multimedia Subsystem (IMS) enabling the path for digitalisation. He was instrumental in planning, designing, commissioning, and operating Satellite Earth Stations, International Transmission Maintenance Centre, International Switching Centres, and Submarine Cable Systems at SLT. He was the Project Manager of the Telecommunication Network Expansion Project (TNEP) funded by the Japanese Bank for International Corporation (JBIC), under which all main nodes in SLT's network were linked through optical fibre ring networks and introduced Fibre to Curb (FTC) concept in Sri Lanka. He undertook responsibility for operation of IP Networks, ISP Network, Data Centres, and IP TV Network in the capacity of General Manager.

Mr Fernando has gained 35 years of extensive experience in the field of Telecommunications including Fixed & Wireless Communication, Process Management, Operation & Maintenance, planning & Designing and Project Management.

**Ms Sonali Wijekoon**

Chief Officer – Legal



By profession Ms Sonali Wijekoon is an Attorney-at-Law, who holds a Master's Degree from the University of Colombo.

She is currently holding the position of Chief Legal Officer of the Company. She heads the Legal Department which handles variety of Litigation matters for the Company, in addition to the wide range of international and local contracts, Intellectual property matters, conveyancing and other legal matters. Further, she provides a very vital legal input for the formalisation process of Company's land titles.

Her experience in the field of Law counts over 31 years with 27 years of experience in Sri Lanka Telecom Legal Division, previous experience in the banking sector and a short stint in the Private Bar.



Mr Saman Abeysekara

Chief Officer – Asset, Property and Security Management



Mr Saman Abeysekara joined SLT in 1998 following various roles in recognised organisations. He holds a BSc (Eng.) in Electrical and Electronics Engineering from the University of Peradeniya, Sri Lanka. He is a Chartered Engineer and Fellow of the Institute of Engineers Sri Lanka.

He has 25 years of vast experience as a professional in telecommunication industry. During his career he has served as a Greater Colombo Telecommunication Improvement Project Engineer for an international Company, Supply Credit Project Engineer for Sri Lanka Telecom Services, Assistant Director Interoperability for Telecommunication Regulatory Commission Sri Lanka. He has served for SLT in the capacity of Project Manager of the Rural Telecommunication Development Project, Regional Telecommunication Manager, Provincial Deputy General Manager, Regional General Manager and Deputy Chief Regional Operating Officer, before been promoted to the Chief Asset, Property and Security Management Officer of SLT. He has wide experience in areas such as Project Management, Regional Operation and Maintenance, Customer Service, Consumer and SME Sales Operation, Property Development and Security Management.



Mr Lalith Waragoda

Group Chief Officer – Internal Audit



Mr Lalith Waragoda joined SLT in November 2019 as the Group Chief Internal Auditor. Prior to this appointment he held the responsibility of Asia Regional Auditor of a Multi-National Corporation (MNC), a global logistics solutions provider. Also, he has worked as a Director/Chief Financial Officer at few leading private business enterprises in Sri Lanka. He counts over 33 years of professional experience in Audit/Assurance, Shipping/Logistics, Trading and Manufacturing industries.

He is a Fellow of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and an MBA from the Postgraduate Institute of Management, affiliated to the University of Sri Jayewardenepura. Also, he is a holder of Diploma in Taxation (CA Sri Lanka).

SUBSIDIARY CHIEF OFFICERS



Mr Nalin Perera

Chief Executive Officer,
Mobitel (Pvt) Ltd.



A dynamic catalyst in Sri Lanka's Mobile Telecommunications space, Mr Nalin Perera has strongly influenced the industry, strengthening his credentials as an industry veteran and front liner. With over 30 years of experience, his professional growth in the Mobile industry is synonymous with the industry's growth to prominence.

He played a vital role in introducing Celltel mobile telephony to Sri Lanka in 1989. The launch of Mobile Pre-paid model in Sri Lanka can be directly attributed to his unique brand leadership which brought innovative Value Added Services and Enterprise Business Solutions.

He functions as the Chief Executive Officer at Mobitel, powering the company to be profitable amidst high competition.

Mr Perera's leadership skills along with strong insights into brand management, channel development and human resource management has enabled Mobitel to meet customer expectations and win a host of local and international honors. He was featured on LMD's Top 100 which showcased well-versed industry professionals from Sri Lanka's corporate industry who continue to drive the nation's engine of growth.

He holds a Postgraduate Diploma in Marketing (UK) and is a Chartered Marketer (UK). He earned a Master of Business Studies from University of Colombo.

Mr P Roshan Kaluarachchi

Chief Executive Officer,
SLT Human Capital Solutions (Pvt) Ltd.



Please refer to page [85](#) for the profile



Mr Prabath Gunathunge

Chief Executive Officer,
Sri Lanka Telecom (Services) Ltd.,
SLT Property Management (Pvt) Ltd.



Mr Prabath Gunathunge is a Civil Engineer graduated from University of Moratuwa in 1993. He has obtained an MBA from the Postgraduate Institute of Management in 2000.

Throughout his inspiring management career, he has served for both public and private sector companies over 25 years. As the key attainments in his professional expedition, he initiated his management career as a Business Development Manager at a reputed company in the country and subsequently, he held senior positions such as a General Manager and Director Sales & Marketing, in reputed companies in Sri Lanka. With his unwavering efforts to expand the exposure and persuade individuals, he became the CEO of Business Learning Centre and then the Country Director/Technical Representative of USAEP – Sri Lanka Office, funded by USAID Colombo.

Presently, Mr Gunathunge functions as the Chief Executive Officer of Sri Lanka Telecom (Services) Ltd. and has steered the company to derive and generate profits to SLT, as well as adding values to the Group synergy.

Mr Ajantha Seneviratne

Chief Executive Officer,
SLT VisionCom (Pvt) Ltd.



Please refer to page [82](#) for the profile



He is a dynamic personality with managerial, marketing, and entrepreneurial skills which have helped Rainbow Pages to reach the highest echelons and become the only directory publisher recognised by the Government of Sri Lanka. Owing to his expertise and experience in the local search and media space, and his networking in South Asia, he has been appointed as a Member of the Board of Trustees of the Asian Local Search and Media Association.

Mr Malraj Balapitiya

Chief Executive Officer,
SLT Digital Info Services (Pvt) Ltd.



Mr Malraj Balapitiya is a Chartered Engineer and a Fellow of the Institution of Engineers Sri Lanka. He counts over 36 years of work experience at various strata of SLT's administration. He has swiftly climbed the corporate ladder from Technical Officer to Regional Telecom Engineer, Head of the Province, and to General Manager prior to his appointment as CEO of SLT Publications (Pvt) Ltd. Later he transformed SLT Publications (Pvt) Ltd. to SLT Digital Info Services (Pvt) Ltd. by re-vamping the entire product portfolio also introducing "SLT muve" ride-sharing platform, truly diversified product to SLT group with a much greater vision.

At present, he holds the position of CEO at SLT Digital Info Services (Pvt) Ltd. During his time as CEO, the Company has undergone a series of transformational steps to focus on business transition and digital transformation to provide a range of digital services to SMEs and Micro businesses and also business diversification. Under his leadership, in 2018 onward he drives group's diversified business of smart transport service, "SLT muve" to commercialise and provide efficient ride-sharing service in Sri Lanka.

In 2011, in addition to his present position, he was appointed as CEO of SLT VisionCom (Pvt) Ltd. (2011-2016), a company focused on delivering services through IPTV technology under the SLT PEO TV brand name.

Mr Ranjith Rubasinghe

Chief Executive Officer,
SLT Campus (Pvt) Ltd.



Please refer to page [80](#) for the profile

CORPORATE GOVERNANCE

Strong corporate governance facilitates effective management and monitoring of operations of an organisation and helps to ensure that Directors fulfil their responsibilities towards their stakeholders – including shareholders, customers, employees, and the community. The Board of Directors of SLT has adopted guidelines that define fiduciary duties and expected standard of conduct. The Board has also adopted corporate governance guidelines that reflect the Board's current

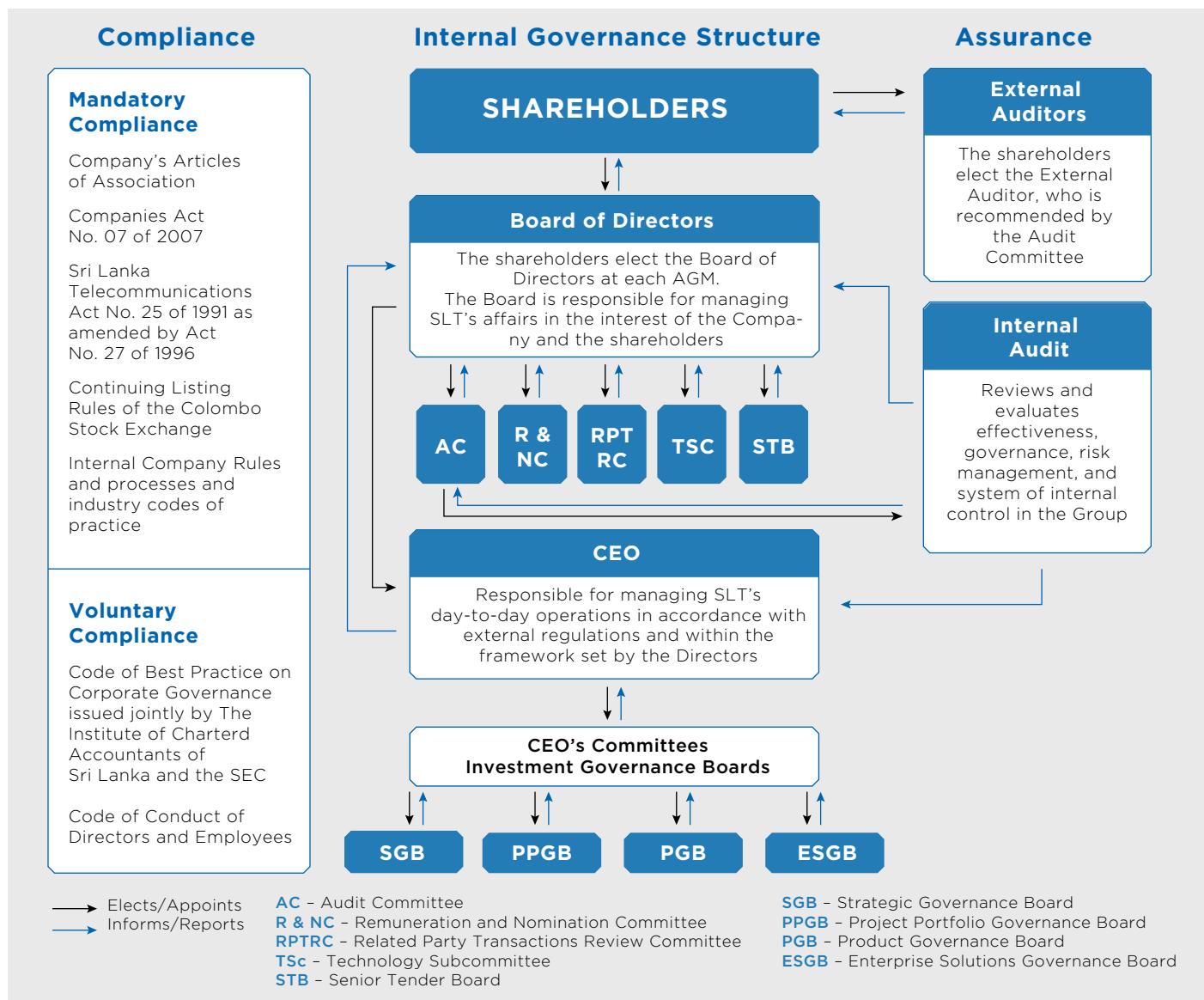
governance practices and the Board's commitment to ensuring its effectiveness.

SLT is in full compliance with the following frameworks of legislation, codes and voluntary practices as part of its corporate governance guidelines adopted by the Board of Directors;

- Internal Company rules and processes and industry codes of practice and corporate ethics

- Articles of Association ("AoA") of the Company
- Legislation, particularly the Companies Act No. 07 of 2007 and the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by Act No. 27 of 1996
- Listing Rules of the Colombo Stock Exchange
- Code of Ethics for Directors and employees

The illustration below shows the formal corporate governance structure.



The Board of Directors

Composition of the Board

The Board of Directors during the year 2019 comprised eight Non-Executive Directors; a majority of whom are independent as the Board deems appropriate to function efficiently as a body, subject to the Company's Articles of Association.

Their biographies on pages [78](#) and [80](#) of the annual report demonstrate a breadth of experience, understanding of business and sufficient calibre to provide independent judgement on issues of strategy, performance, resources, and standards of conduct which is vital to the Group.

Selection of Directors

In terms of the Articles of Association of SLT, the Board of Directors has the authority to fill vacancies in the Board and appoint additional Directors subject to their re-election at the next Annual General Meeting and to nominate candidates for election by the shareholders. Accordingly, two major shareholders, namely the Government of Sri Lanka acting through the Secretary to the Treasury, and Global Telecommunication Holdings N.V. recommend five and four Directors to the Board respectively. The Board appoints them to the Board, filling casual vacancies as provided by the AoA after deliberation of their experience, understanding of business and financial issues, ability to

exercise sound judgement, diversity, leadership, and achievements and experience in matters affecting business and industry.

The role of the Board

Providing strategic leadership

The Board is the highest decision-making body of the Company who provides strategic leadership to the Management. The Company's business is managed under the direction of the Board of Directors. The Board delegates the Chief Executive Officer (CEO) of the Company, and through that individual to other Senior Management, the authority and responsibility for managing the Company's business. The Board's role is to oversee the management and governance of the Company and to monitor Senior Management's performance.

The Board is accountable to shareholders for ensuring that SLT is appropriately managed and achieves the strategic objectives it sets.

Among the Board's core responsibilities are to:

- Select, monitor, evaluate and compensate Senior Management.
- Assure that management succession planning is adequate.
- Review and approve significant corporate actions.
- Review and monitor implementation of Management's strategic plans.

- Review and approve the Company's annual business plan, budgets and operating plan
- Monitor corporate performance and evaluate results compared to the strategic plans and other long-range goals.
- Review Company's financial controls and reporting systems.
- Review and approve the Company's financial statements and financial reporting.
- Review the Company's legal compliance programmes and procedures
- Oversee the Company's management of enterprise risk.

The following processes are in place in order to provide timely and accurate information to Directors to perform their responsibilities;

- All Directors receive accurate, relevant, timely, clear and balanced information.
- The Company Secretary act as the point of contact for the flow of information between Committees, the Board of Directors, and other key managers
- The CEO along with the respective Chief Officers and the Heads of Divisions presents their submissions to the Board and provides the necessary clarifications requested by the Board.
- In addition, all Board Papers are made available in electronic format, in line with the Group's sustainability initiatives.

The attendance of individual Directors at Board meetings and Committee meetings during the year is set out in the table below.

Board member	Status	Board	Audit Committee	Remuneration and Nomination Committee	Technology Subcommittee	Senior Tender Board	Related Party Transactions Review Committee
Mr Sirisena Kumarasinghe – Chairman (Resigned w.e.f. 6 January 2020)	INED	7/7	–	6/6	–	–	–
Mr Chan Chee Beng	NED	7/7	–	6/6	–	–	–
Mr Lawrence Michael Paratz	INED	7/7	–	6/6	7/7	7/7	–
Ms Lai Choon Foong	NED	7/7	5/5	–	–	7/7	4/4
Ms Nilanthi Pieris (Resigned w.e.f. 3 December 2019)	INED	7/7	5/5	–	–	6/6	4/4
Mr W K H Wegapitiya (Resigned w.e.f. 17 November 2019)	INED	4/4	–	–	–	–	–
Mr Pradeep Kumara (Resigned w.e.f. 17 January 2020)		4/7	–				
Mr Kanishka Senanayake (Resigned w.e.f. 6 January 2020)	INED	3/7	3/5				2/4

Delegation to Board Subcommittees

SLT has in place a number of mandatory and voluntary Board Subcommittees to fulfil regulatory requirements and for better governance of its activities. These Committees comprise Directors who can bring their expertise and experience to the assigned committees, and the duties are set out in formal Terms of Reference.

The Committees meet regularly to consider and discuss matters falling within their authority and accountability specified in the Terms of Reference. Their observations and recommendations are regularly reported to the Board.

Other specific responsibilities are delegated to Board committees which operate within clearly defined terms of reference. The Subcommittee Chairmen and members meet the Corporate Executive Team members as and when required to discuss and develop proposals collectively in relation to the Group's strategy and key operational issues. Details of the responsibilities and operations of the subcommittees are given on pages [92](#) and [93](#).

Committee	Composition and role	Meeting frequency
Audit Committee	<p>The Audit Committee ("AC") comprise Non-Executive Directors, majority of whom are independent. Ms Lai Choon Foong, is a member of recognized accounting bodies.</p> <p>The members of the Committee are; Mr Ananda Seneviratne, Chairman (Appointed w.e.f. 7 February 2020) Ms Lai Choon Foong Mr Mohan Weerakoon, PC (Appointed w.e.f. 7 February 2020)</p> <p>Mr Kanishka Senanayake, former Chairman, and Ms Nilanthi Pieris ceased to be members of the AC. w.e.f. 6 January 2020 and 3 December 2019 respectively</p> <p>The Chief Executive Officer ("CEO"), the Group Chief Financial Officer ("GCFO") and the Group Chief Internal Auditor ("GCIA") attend the meetings by invitation. The GCIA is a direct report to the AC.</p> <p>The AC assists the Board in its oversight and monitoring of financial reporting, Group's risks management, revenue assurance functions, and internal controls. The AC report on pages 98 to 101 of the annual report sets out in more detail the Committee's policies, practices, and areas of focus.</p>	A minimum of four meetings per annum and at such other times as the Chairman of the Committee shall require.
Remuneration and Nomination Committee	<p>The Remuneration and Nomination Committee ("R&NC") comprises Non-Executive Directors, majority of whom are independent.</p> <p>The members of the Committee are; Mr Chan Chee Beng – Chairman Mr Lawrence Paratz Mr Rohan Fernando (Appointed w.e.f. 7 February 2020)</p> <p>Mr Kumarasinghe Sirisena ceased to be a member of the AC w.e.f. 6 January 2020.</p> <p>The activities of the R&NC include nomination, selection, and appointment of Non-Executive Directors, CEO and key senior officers, succession planning for the CEO and Senior Management, and review of Board composition, particularly in relation to the diversity of background, skills, and experience.</p> <p>It also provides support and guidance with regard to the Group's policy for determining the fees for Non-Executive Directors and remuneration of CEO, CEOs of subsidiary companies, and Senior Management.</p> <p>The CEO attends meetings by invitation, as and when required by the Committee.</p>	Once a year and at such other times as the Chairman of the Committee shall require

Committee	Composition and role	Meeting frequency
Related Party Transactions Review Committee	<p>The Related Party Transactions Review Committee (“RPT – RC”) comprises Non-Executive Directors of whom two Directors are independent. The Chairman of the Committee is an Independent Director.</p> <p>The members of the Committee are;</p> <ul style="list-style-type: none"> Mr Mohan Weerakoon, PC – Chairman (Appointed w.e.f. 7 February 2020) Ms Lai Choon Foong Mr Ananda Seneviratne (Appointed w.e.f. 7 February 2020) <p>Ms Nilanthi Pieris, former Chairperson and Mr Kanishka Senanayake, ceased to be members of the Committee with effect from 3 December 2019 and 6 January 2020 respectively.</p> <p>The objective of the subcommittee is to ensure that the interest of shareholders are taken into account when entering into related party transactions and to enhance corporate transparency and promote fair transactions between SLT, its subsidiaries, and other related parties.</p> <p>The related party relationship with its subsidiaries is disclosed in the Notes to the Financial Statements. However, the Board believes that those transactions are exempted in accordance with the exceptions specified in the Code of Best Practices on Related Party Transactions issued by the CSE.</p>	A minimum of four meetings per year.
Technology Subcommittee	<p>The Technology subcommittee (“TSC”) comprises the following Directors.</p> <ul style="list-style-type: none"> Mr Lawrence Paratz – Chairman Mr Lalith Seneviratne (Appointed w.e.f. 7 February 2020) <p>Mr W K H Wegapitiya ceased to be a member w.e.f. 17 November 2019</p> <p>The TSC comprises Directors with technical expertise who are assigned the task of studying available technology and providing a platform for engaging in intense technical discussions and looking at roadmaps with a long-term perspective. CEO and Senior Management members of SLT and Mobitel attend meetings of the TSC as permanent members in order to maintain Group synergies when major decisions are made. If required, CEOs of subsidiary companies are also invited to attend meetings.</p> <p>Therefore, TSC primarily focuses on best strategies to increase organisational efficiencies; support the advancement of professional staff capabilities, and develop a flexible delivery system to effectively respond to new technological advances and information. It is also the responsibility of the Committee to review the existence and appropriateness of plans and processes, planned and achieved network performance and methods of assessment, and the Company's technology, people and skill plans and their implementation.</p>	As and when required
Senior Tender Board	<p>The Senior Tender Board (“STB”) comprises Non-Executive Directors and Executive Directors.</p> <p>The members of the Committee are;</p> <ul style="list-style-type: none"> Ms Lai Choon Foong – Chairperson Mr Lawrence Paratz Mr Lalith Seneviratne (Appointed w.e.f. 7 February 2020) Mr Mohan Weerakoon, PC (Appointed w.e.f. 7 February 2020) <p>Mr W K H Wegapitiya and Ms Nilanthi Pieris ceased to be members of the STB with effect from 17 November 2019 and 3 December 2019 respectively.</p> <p>The CEO and the GCFO are appointed to the Committee by the Board to review the Group's procurement needs.</p> <p>The procurement function involves a standard procurement process approved by the Board where, all common procurement processes are consolidated at the Group level for SLT and its subsidiaries. Therefore in order to increase efficiencies and reduce risk, the Board has delegated the approval limits for procurement as follows:</p> <ul style="list-style-type: none"> Board of Directors – Value exceeding LKR 75 Mn. Senior Tender Board – Value between LKR 25 Mn. and LKR 50 Mn. Junior Tender Board – value less than LKR 25 Mn. 	Prior to every Board meeting

Indemnities to Directors

In accordance with the AoA of the Company, Directors are granted an indemnity from the Company to the extent permitted by law in respect to liabilities incurred as a result of the performance of their duties in their capacity as Directors to the Company. The indemnity would not provide any coverage to the extent the Director is proven to have acted fraudulently or dishonestly. The Company has maintained Directors' and Officers' Liability insurance cover throughout the year.

Role of the Chairman and Chief Executive Officer

Distinction between strategic and operational matters is clearly established in terms of division of responsibility of the Chairman and the Chief Executive. The Chairman of the Board of SLT is a non-executive appointment and focusses on strategic issues and monitoring the business and executive team. He ensures Board procedures are followed and all Board members effectively participate during meetings.

The CEO is responsible for day-to-day management of the business and leadership of the executive team, and execution of the Group's strategic and operating plans. The Chairman meets the CEO regularly to discuss any issues pertaining to the Company's performance, operational matters, and human resources.

CEO Performance Evaluation

At the beginning of each year, the CEO presents his performance objectives for the upcoming year to the Board of Directors for their approval. At the end of the year, the Board meet to discuss the CEO's performance for the current year against his performance objectives. The Board of Directors and the CEO then meet to review the CEO's performance evaluation and compensation.

The Company Secretary

The Company Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures.

The Company Secretary supports the Chairman in delivery of the agenda, in particular the planning of the annual cycle

of Board and Board committee meetings, and ensures that information is made available to Board members in a timely fashion. He also advises the Directors on Board procedures and corporate governance matters.

He is Secretary to all the Board subcommittees as well. The Company Secretary is an Attorney-at-Law and an Associate member of The Chartered Governance Institute, United Kingdom.

The appointment or removal of the Company Secretary is a matter for the Board as a whole.

Internal control and risk management

Internal control framework currently in place is set by the risk management framework, financial control, internal audit and supporting policies. The aim of SLT's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable complete and timely financial reporting and management information. The framework endorses ethical values, good corporate governance and risk management practices.

SLT uses systematic risk management to develop the efficiency and control of business operations as well as their profitability and continuity.

Strategic Governance Boards ("SGB")

Strategic Governance Board comprising the CEO and the Chief Officers of each functional area are given the responsibility of studying the requirements of cross functional areas and introducing solutions in a transparent manner.

The six cross functional governance boards previously introduced have reduced to four in an attempt to improve capital investment decisions, enhance supply chain management and better utilisation of Group resources.

Corporate Ethics

SLT has adopted a Code of Ethics for Directors and a more detailed Code of Conduct for the employees, which extended to third parties who deal with the Company. The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SLT, its competitors, customers, suppliers, and the community. Processes and standards in the Code are intended to enhance investor confidence and rapport, and to ensure that decision-making is properly carried out in the best interests of the Group. The Code covers areas such as equal opportunity employment practices, workplace health and safety, conduct in the workplace, business conduct, protection of SLT's assets, proprietary information and intellectual property, data protection, security, resilience, conflict of interest, and non-solicitation of customers and employees. The Code is posted on SLT's internal website. Policies and standards are clearly stipulated to guide employees in carrying out their daily tasks.

Material Contracts

There are no material contracts entered into by SLT or any of its subsidiaries that involve the interests of the CEO, any Director, or the controlling shareholders, Secretary to the Treasury and the Global Telecommunications Holdings, N.V.

Remuneration of Non-Executive Directors

The R & NC reviews and proposes the Non-Executive Directors' fees based on experience and skills of the Directors and the complexity of the Group's business and operations, for the approval of the Board.

The fees for Non-Executive Directors other than the Chairman comprised a fee for attendance at Board and Board's subcommittee meetings. The cost of travelling and accommodation incurred by the overseas Directors who were required to travel out of their country to attend Board and subcommittee meetings is reimbursed.

The aggregate Directors' fees paid to Non-Executive Directors for the financial year ended 31 December 2019 was LKR 18.0 Mn.

Mr W K H Wegapitiya, who was appointed to the Board in December 2015 has declined to accept a Director fee and offered his monthly Director fee to a charitable organisation.

Remuneration of Senior Management

The remuneration framework and policy is designed to support implementation of the Group's strategy and enhance shareholder value.

The following are the principles for remuneration to Senior Management:

- Set and link appropriate corporate and individual performance metrics based on the medium and long-term targets to the remuneration for evaluation of performance to support business strategies
- Offer competitive packages to attract and retain highly experienced and talented individuals

SLT's CEO is the head of management and is, therefore, remunerated as part of Senior Management. The R & NC recommends the salary package of the CEO to be commensurate with his qualifications and experience for the approval of the Board. The CEO's performance is assessed against the key performance indicators agreed upon at the beginning of each year and is compensated accordingly.

Constructive use of the Annual General Meeting

The Board seeks to use the Annual General Meeting to communicate with investors, and all shareholders are encouraged to participate. Chairpersons of subcommittees will be available at the AGM to answer any questions from shareholders.

Major transactions

The Board of Directors, as required by the Companies Act, discloses to shareholders all proposed corporate transactions detailing all facts associated with such transactions that are of material value to SLT. There were no major transactions entered into by SLT for the year 2019.

Related party transactions

The Board of Directors has applied rules issued by the CSE on related party transactions throughout its decision-making process to avoid any conflicts of interest that may occur. The Board has recognised the importance of a Related Party Transactions Review Committee under the Board of Directors to enhance corporate transparency and promote fair transactions between SLT and its subsidiaries. Accordingly, a RPT- RC was

formed comprising three Non-Executive Directors with the objective of ensuring that the interests of shareholders are taken into account when entering into RPTs.

The Company has a related party relationship with its subsidiaries as disclosed in Note 32 of the Notes to the Financial Statements. However, the Board believes those transactions are exempted in accordance with exceptions specified in the Code of Best Practices on Related Party Transactions issued by the SEC. All these are recurrent transactions and are in the ordinary course of business of the Company.

Statement of Compliance

SLT is fully compliant with the requirements stipulated in Section 7.10 on "Corporate Governance" of the Continuing Listing Requirements of the Colombo Stock Exchange issued in 2010 and subsequent amendments/guidelines thereto. See the tables on pages [95](#) to [99](#) for the rules on "Corporate Governance Principles" and the degree of compliance to the said rules.

In addition, the Board of Directors to the best of their knowledge and belief is satisfied that all statutory payments due to the Government, other regulatory bodies and those payments related to employees of SLT, have been made in a timely manner.

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
7.10. a,b,c	Compliance	✓	SLT is in compliance with the Corporate Governance Rules
	Compliance with Corporate Governance Rules		
7.10.1	Non-Executive Directors ("NED")	✓	As at 31 December 2019, all Directors are Non-Executive Directors
(a), (b), (c)	Two members or 1/3 of the Board, whichever is higher, should be NEDs.	✓	During the year 2019, 5 out of the 8 NEDs are Independent
7.10.2	Independent Directors ("ID")		
(a)	Two or 1/3 of NEDs, whichever is higher, should be independent	✓	During the year 2019, 5 out of the 8 NEDs are Independent

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
(b)	Each NED should submit a declaration annually of his/her independence or non-independence	✓	All NEDs have submitted signed declaration confirming their independence/non-independence
7.10.3	Disclosures relating to Directors		
(a) (b)	The Board shall annually determine the independence or otherwise of the NEDs, Names of the IDs should be disclosed in the Annual Report	✓	The Board annually determines as to the independence or non-independence of each NED based on the declaration submitted by them and the names of the independent directors are set out in the Annual Report.
(c)	A brief résumé of each Director should be included in the Annual Report including the Director's experience	✓	A brief description of each Director is given in the Board of Directors section of the Annual Report
(d)	Provide a brief résumé of newly appointed Directors to CSE	✓	Detailed résumés of any Director appointed during the year are submitted to the CSE.
7.10.4	Determination of Independence		
(a-h)	Requirements for meeting the criteria to be an Independent Director	✓	The Independence of the Board of Directors has been determined in accordance with the requirements of the CSE Listing Rules. Accordingly, 5 NEDs are considered Independent during 2019. Mr Chan Chee Beng, Director of Global Telecommunications Holdings N.V. ("GTH") which holds 44.98% stake, Ms Lai Choon Foong, who is an employee of a related company of GTH and Mr Pradeep Kumara, employee of the Ministry of Finance which holds 49.5% stake in SLT through the Secretary to the Treasury are considered non-independent NED's.
7.10.5	Remuneration Committee ("RC") Composition		Mr Lawrence Paratz has served on the Board continually from 2010. The Board believes that the independence of Mr Paratz is not compromised by him serving on the Board continually for a period exceeding nine years from his first appointment.
(a)	The Committee shall comprise a minimum of two IDs or of NEDs, a majority of whom shall be independent One NEDs shall be appointed as Chairman of the Committee by the Board of Directors	✓	RC comprises three NEDs out of whom two are Independent. Chairman of the Committee is a NED.
(b)	Functions	✓	The Board determines the recommendation made by the RC in determining the remuneration of the CEO. Fees for non-executive Directors other than the Chairman comprised a fee for attendance at Board and Board's subcommittee meetings. The Chairman was paid with a monthly fee.
(c)	Disclosure in the Annual Report Names of Directors comprising the RC	✓	Refer Board Subcommittees under Corporate Governance

CSE Rule No.	CSE Rule	Compliance Status	SLT Action
	Statement of Remuneration Policy	✓	Refer Board Subcommittees under Corporate Governance
	Aggregated remuneration paid to EDs and NEDs	✓	Refer Board Subcommittees under Corporate Governance and Note 7 to the Financial Statements
7.10.6	Audit Committee ("AC")		
(a)	Composition		
	The Committee shall comprise a minimum of two IDs or of NEDs, a majority of whom shall be independent	✓	During 2019, the AC comprised three NEDs out of whom two NEDs are considered independent
	One NED shall be appointed as the Chairman of the Committee	✓	The Chairman of the Committee was an Independent Director.
	CEO and Chief Financial Officer (CFO) should attend AC meetings	✓	The CEO, GCFO, GCIA and the External Auditors attended the Meetings by invitation
	Chairman of the AC or one member should be a member of a professional accounting body	✓	Ms Lai Choon Foong, a member of the AC is a member of professional accounting bodies
(b)	Functions		
	Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	✓	The AC assists the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company and the Group
	Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	✓	The AC has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies
	Overseeing of the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	✓	The AC assesses the effectiveness of internal control and risk management
	Assessment of the independence and performance of the External Auditors	✓	The AC assesses the External Auditors' performance, qualifications and independence
	Make recommendations to the Board pertaining to appointment, reappointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	✓	The Committee is responsible for appointment, reappointment and removal of External Auditors and also the approval of the remuneration and terms of engagement
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the AC	✓	Refer Board Subcommittees under Corporate Governance
	The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	✓	Refer the Report of the AC in the Annual Report
	Aggregated remuneration paid to EDs and NEDs	✓	Refer Board Subcommittees under Corporate Governance and Note 7 in the Financial Statements

AUDIT COMMITTEE REPORT

The principle purpose of the Audit Committee ("AC") is to assist the Board in discharging its responsibilities mainly in the following three key areas;

- Ensure the integrity of the Group's financial and statutory reporting
- Oversee the adequacy and effectiveness of the Group's systems of internal control, compliance processes and risk management
- Evaluate the Group's revenue assurance capabilities and fraud management

The AC functions as the Group Audit Committee overseeing the Company and its subsidiaries except Mobitel (Pvt) Ltd., which has its own AC.

Role and Responsibilities

- Monitors the integrity of SLT's financial and statutory reporting on the Group's and Company's financial performance before submission to the Board for approval
- Provides recommendations to the Board concerning any proposed new or amended accounting policies
- Meets with the External Auditors on a one-to-one basis on any key issues arising from the audit
- Recommends the reappointment of auditors and their audit fee to the Board
- Review the policy on the provision of non-audit services by the External Auditors

- Considers and recommends to the Board on the appointment of the Group Chief Internal Auditor and adequacy of appropriate resources for the internal audit function
- Reviews the internal audit programme and its effectiveness
- Reviews the systems of internal control, compliance processes, risk management, revenue assurance and fraud management
- Review the internal audit reports and adequacy of management action on audit findings

The Committee has conducted its affairs in compliance with its Terms of Reference.

Membership

The Committee during the financial year comprised three NEDs, of whom two were independent Directors.

- Mr Kanishka Senanayake (Chairman)
- Ms Lai Choon Foong
- Ms Nilanthi Pieris

Ms Lai Choon Foong is a member of international and Malaysian professional accounting bodies. The Committee members have a good mix of skills, expertise and experience in commercial, telecommunications, financial and audit matters in their current or previous senior positions in other organisations.

Mr Ananda Seneviratne was nominated as a member and Chairman of the Committee with effect from 7 February 2020 in place of Mr Kanishka Senanayake who ceased to become a Committee member upon his resignation from the Board.

Mr Mohan Weerakoon, PC was also nominated to the Committee as a member effective from 7 February 2020.

The following officers attend, by invitation, all meetings of the Committee:

- Chief Executive Officer
- Group Chief Financial Officer
- Group Chief Internal Auditor
- External Auditors

Other members of Senior Management are also invited to attend as appropriate, to present reports and provide response to audit issues presented to the Committee.

The Company Secretary functions as the Secretary of the Committee.

Meeting of Committee

The Committee met five times during the year 2019. The attendance of the Directors at the Committee meetings is given on page [91](#) of the Annual Report.

Activities during 2019

Month of Meeting	Key Activities
27 March 2019	<p>Reviewed internal audit findings, recommendations and management action with Group Chief Internal Auditor and management</p> <p>Reviewed revenue assurance and fraud management findings</p> <p>Reviewed key enterprise risks and mitigating action</p> <p>Reviewed delegation of financial authority policy</p> <p>Discussed key audit concerns with External Auditors</p>
14 May 2019	<p>Reviewed and recommended financial results for 1st quarter 2019 to the Board for approval</p> <p>Reviewed internal audit findings and recommendations as well as management action</p> <p>Reviewed revenue assurance and fraud management findings</p> <p>Reviewed changes and updates in key enterprise risks</p>
17 July 2019	<p>Reviewed update on revenue assurance and enterprise risk management</p> <p>Reviewed Management responses and corrective action taken on external and internal audit findings and recommendations</p> <p>Reviewed and recommended the external audit fees for the Group and subsidiaries to the Board for approval</p> <p>Reviewed and recommended various accounting policies to the Board for approval</p>
7 August 2019	<p>Reviewed and recommended the financial results for 2nd quarter 2019 to the Board for approval</p> <p>Reviewed revenue assurance findings and updated on enterprise risk management</p>
23 September 2019	<p>Reviewed revenue assurance findings and updates to enterprise risk management</p> <p>Reviewed and recommended revised accounting policies and approval or signing authorities to the Board for approval</p> <p>Reviewed the progress of internal audits against the internal audit plan</p>

Group's Financial Reporting

The purpose of reviewing financial reporting is to ensure the adequacy of the interim and annual Financial Statements and reports as well as compliance to regulatory requirements.

To fulfil these duties, the Committee reviewed:

- monthly, quarterly and annual management and financial performance reports against budgets and forecasts;
- External Auditors' management letters and AC reports;

- internal audit reports on key audit findings and recommendations followed by corrective action taken by Management;
- revenue assurance and risk management reports;
- fraud and investigation reports;
- cybersecurity and whistle-blowing cases; and
- post implementation reports on key projects and systems.

External Audit

The Committee ensures that the external audit process is effective on a continuing basis and is focused on:

- Ensuring timely, constructive and transparent communications with the external auditors including on the areas of improvement
- Reviewing the adequacy of external audit plan, findings and recommendations as well as value added services to the Group

Auditor's Independence

The Committee reviews the policies and procedures on the use of the external auditor for non-audit services in accordance with professional and regulatory requirements.

It ensures that fees incurred or to be incurred for non-audit services do not exceed the external audit fees and is in compliance to the relevant ethical guidance for external auditors.

External Auditor's Fees

The fees paid to the external auditor during the financial year 2019 are disclosed in Note No. 7 to the Financial Statements.

Group's Systems of Internal Control and Compliance

Group Internal Audit

SLT's Group Internal Audit function covers the key risks areas in both the business and operations of the Company and its subsidiaries.

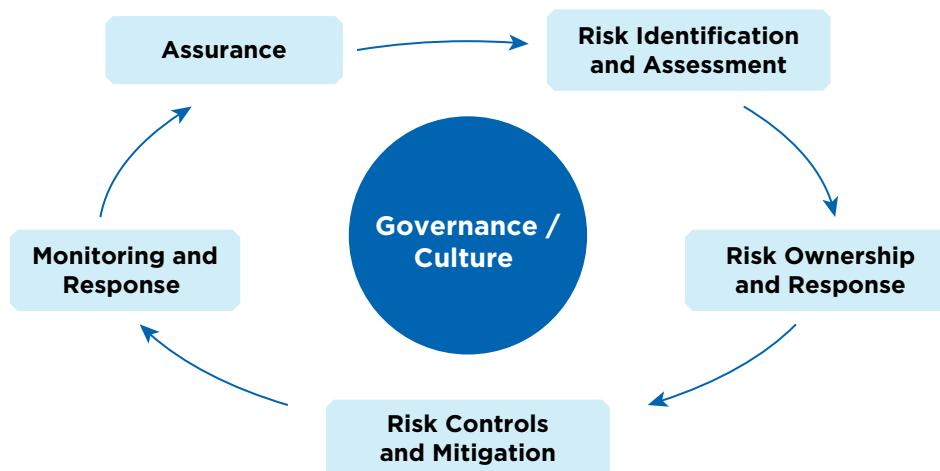
Group Internal Audit's activities are based on the annual internal plan approved by the Committee and are focused on assessing the adequacy and effectiveness of the systems of internal controls in key risk areas of the businesses and operations. It also covers investigation of fraud and misappropriation cases.

To fulfil its duties, the Committee reviewed:

- Internal Audit's reporting line and access to the Committee and Board;
- Internal Audit's organisation and resources
- Internal Audit's plan and achievement of the plan; and
- Internal Audit's key findings and recommendations, and adequacy of management's response and corrective action;

Risk Management

The Group's risk management framework involves the following key processes:



- Strategic
- Operational
- Compliance
- Financial

The Committee reviews the adequacy of management's identification and assessment of critical enterprise risks, risk ownership and action taken to mitigate these risks.

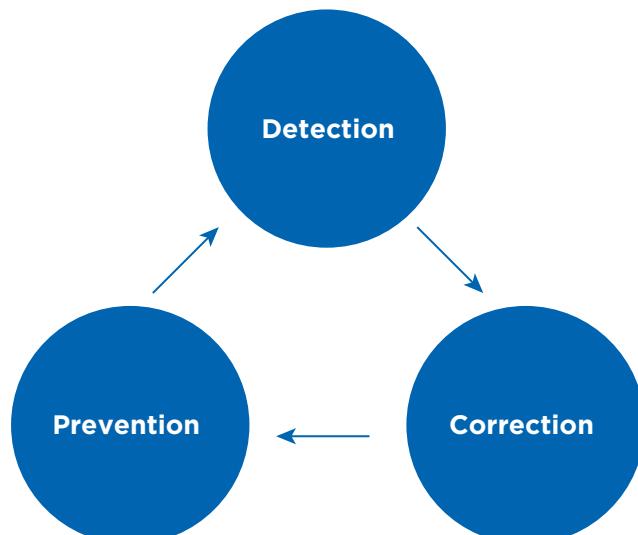
The risk management approach is embedded in the areas of corporate governance covering the business, financial, legal, security and human resource aspects.

Revenue Assurance and Fraud Management

Revenue Assurance

Revenue Assurance function is focused on minimising revenue, cost and margin leakages, and fraud management.

The Committee addresses Revenue Assurance from three main perspectives:



Detection

The Revenue Assurance function monitors the existing systems to detect various leakage, frauds and abuses, and ensures that prompt corrective actions are taken to minimise losses to the Company.

Correction

Correction is the process of minimising errors identified during the detection process and it could involve modification or enhancements of processes and systems.

Prevention

Prevention is the process of performing an activity in order to prevent anomalies that are detected in the processes.

Fraud Management

Fraud management focuses on the detection of illegal call termination and other abuses which results in the loss of revenue. A revenue assurance & fraud management system is being implemented to enhance the detection of leakages and fraud cases.

On behalf of the Group Audit Committee



Ananda Seneviratne

Chairman of the Audit Committee

3 June 2020

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Remuneration and Nomination Committee of the Board, whose membership is set out below, consists solely of Non-Executive Directors of whom majority are independent Directors;

- Mr Chan Chee Beng – Non-Executive Director (Chairman)
- Mr Lawrence Paratz – Independent Non-Executive Director
- Mr Rohan Fernando – Independent Non-Executive Director

Mr P G Kumarasinghe Sirisena, member of the Audit Committee ceased to be a member of the Company on 23 January 2020 subsequent to his resignation from the Board of SLT.

The Company Secretary functions as the Secretary of the Committee.

The Committee invites the Chief Executive Officer, Group Chief Financial Officer, Chief Human Resource Officer and external advisers to attend for all or any part of the meeting as required.

Role and responsibilities

The principle tasks of the Committee include;

- Recommend to the Board on formulation of proposals in respect of the remuneration policy of Non-Executive Directors, Chief Executive Officer of SLT and its subsidiaries and Executive Management of SLT.
- Nominate for Board's approval suitable candidates to fill casual vacancies as the need arises.
- Review the career and development plans for the Company's most senior members of management with a view to ensuring that there is an adequate talent pool.
- Review and recommend annual bonus payments and annual salary increments for all employees of SLT group.

The Chairman and Chief Executive Officer are fully consulted on remuneration proposals.

The Committee operates within agreed terms of reference and is committed to ensuring that remuneration arrangements align reward with performance.

Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of shareholder value.

The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy. The Committee makes every endeavour to maintain remuneration levels that are sufficient to attract and retain Executive Directors and the members of the Senior Management team.

All Non-Executive Directors receive a fee for serving on the Board and serving on Board committees. They do not receive any performance related incentive payments.

The Company does not have an employee share scheme for members of the Board, who are considered as Key Management Personnel (KMP).

CEO and the Senior Management's remuneration

The main elements of the remuneration package for the CEO and Senior Management are basic salary, benefits, and performance related annual bonus. Payment of an annual bonus depends on achievement of operating profit targets and personal goals. The salary of the CEO and the Senior Management are reviewed annually in January having regard to the year-on-year inflation of the Country, the organisational performance and the individual performance.

Non-Executive Directors' remuneration

The Non-Executive Directors receive a fee for serving on the Board and serving on Board committees based on their attendance at meeting. They do not receive any performance related incentive payments.

Details of the overall Directors' remuneration charged to the Group Income Statement is shown in note 7 on page [148](#).

The Directors have no beneficial interests in any of the Group's subsidiary undertakings.

Activities carried out during 2019

The Committee met on six occasions during the year 2019 and the activities carried out are summarised below.

- Recommendation of promotions to the position of Senior Management
- Recommending extension of services of senior officers of permanent and fixed term of contract of employment
- Performance review of Senior Management
- Recommending payment of annual bonus and increments for employees of SLT and its subsidiaries.
- Making recommendation for reconstitution of Board subcommittees and the Boards of subsidiary companies.
- Performance Evaluation of the Chief Executive Officer and the Chief Operations Officer

On behalf of the
Remuneration and Nomination
Committee



Chan Chee Beng
Chairman

3 June 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Objective

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (“The Code”) and with the Listing Rules of the Colombo Stock Exchange (CSE).

Composition

The Committee comprise three NEDs of whom two are Independent Directors. The members of the Committee are as follows;

- Mr Mohan Weerakoon, PC (Chairman)
- Mr Ananda Seneviratne
- Ms Lai Choon Foong

Ms Nilanthi Pieris and Mr Kanishka Senanayake ceased to be members of the Committee subsequent to their resignation from the Board of SLT.

In compliance with the requirements of the Listing Rules of the CSE, the Chairman of the Committee is an Independent Director.

The Company Secretary functions as the Secretary of the Committee.

Meetings of Committee

The Committee met four meetings during the financial year 2019 and the attendance at these meetings is showed in the Corporate Governance Report on page [91](#). The Chief Executive Officer and Group Chief Financial Officer attended the meetings by invitation.

The activities and views of the Committee have been communicated to the Board of Directors, through verbal briefings, and by tabling the minutes of the Committee's meetings.

Policies and Procedures

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

Activities During 2019

During the year the Committee reviewed the Related Party Transactions during the financial year 2019 and have communicated their comments and observations to the Board.

Details of other related party transactions entered into by the Company during the above period is disclosed in Note 32 to the Financial Statements.

On behalf of the Related Party Transactions Review Committee



Mohan Weerakoon, PC
Chairman

3 June 2020

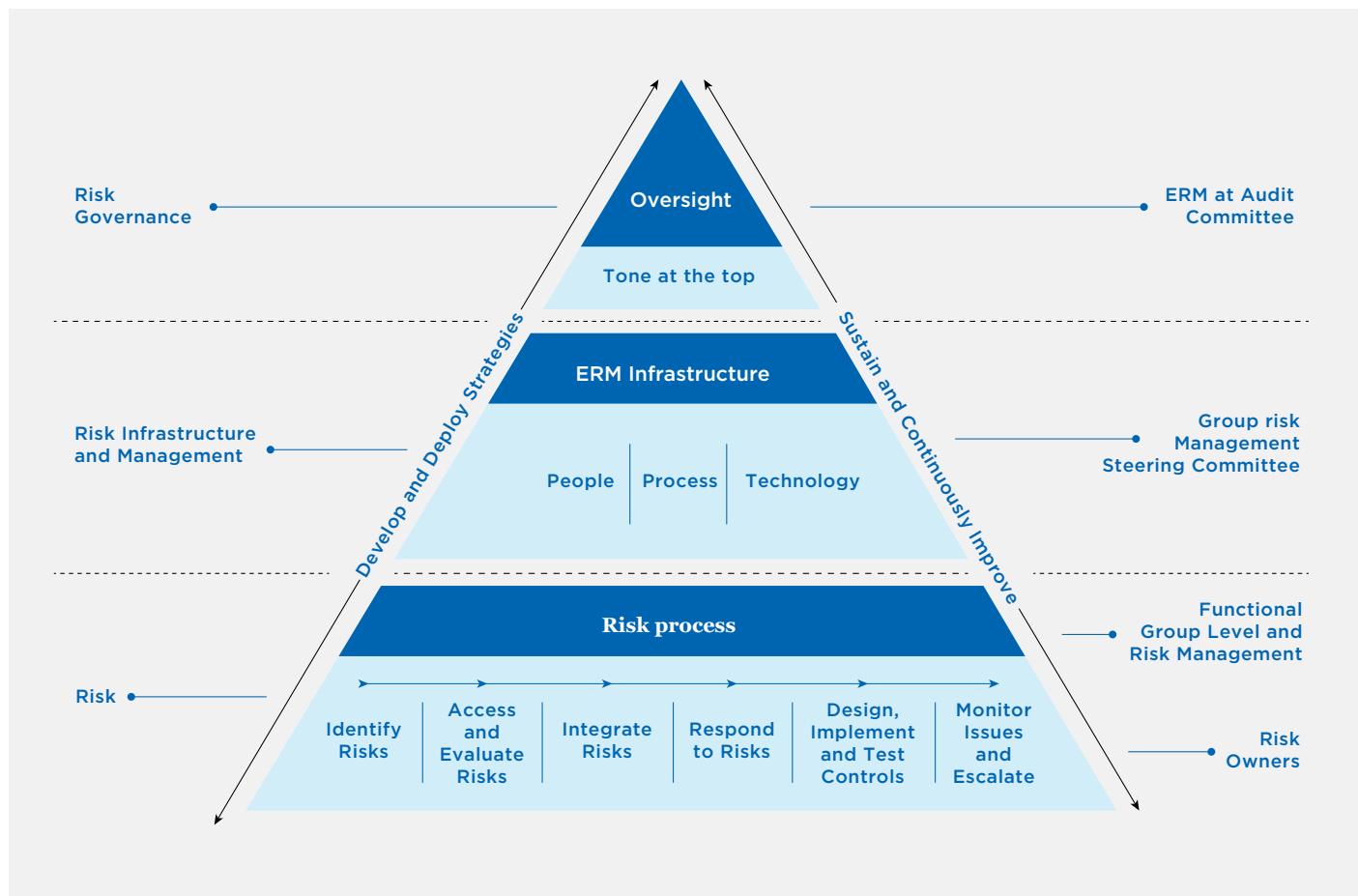
ENTERPRISE RISK MANAGEMENT (ERM)

Throughout this decade, global and domestic telecommunication market was subjected to changes due to volatile market conditions raised by entrants of OTT players disrupting traditional operations, fast-changing technologies especially in mobile operations and device market, further enhanced by economic uncertainties due to world politics among major economies, pandemic outbreaks. Domestic industry also changed accordingly with mergers between operators. Hence, it is vital for an organisation to foresee business-critical risks and manage them effectively. Having considered the importance, the

Board of Directors (BOD) has given directions to implement effective risk management processes across the organisation. Complying with the Board's direction, SLT developed the Enterprise Risk Management (ERM) process and the ERM framework. References have been made to the best practices of ERM such as ISO 31000 and COSO and due guidance has been obtained from Messrs Deloitte in this regard. SLT has started to identify and manage its functional risks in its day-to-day business activities with the implementation of ERM process. Therefore, a risk management culture is inculcated within the organisation.

A formal process for reporting risks to the Board was introduced with the aim of enhancing and driving the ERM process. In order to support this process, a Risk Management Steering Committee (RMSC) was formed. This was to aid analysing any escalated risks from functional groups and to identify any business-critical risks as such. Further, the ERM process has been extended to our subsidiaries including Mobitel and the Board reviews Group risks at the Audit Committee meeting. The figure below illustrates the organisation of the ERM and its responsibilities with the relevant groups.

Risk Management Framework



Given below is a summary of top business-critical risks; both industry-specific and company-specific with a brief description of each risk, their potential impact and the actions taken to mitigate them.

Financial Risks

Financial markets continue to be volatile and this may heighten execution risk for funding activities and credit risk premiums for market participants.

Exposure to foreign exchange fluctuations

Telecommunications operators in Sri Lanka collaborate with international vendors in obtaining services for telecommunication system implementation and maintenance, in addition to procuring hardware and software applications inclusive of telecommunication systems. Thus, a significant portion of our capital expenditure as well as operational expenditure is incurred in foreign currencies leading to foreign exchange translation losses.

Sri Lankan rupee continued to depreciate during the year which had a huge impact on the Company's business and in industry activities as well. We are consistently working on improving foreign currency inflows from our global arm, Xyntac. Through this we are establishing a natural hedge to minimise our exposure to foreign exchange fluctuations. Furthermore, we explore possibility of limiting non-business critical capital expenditure and other liabilities to control cash outflows in terms of foreign currencies.

Escalating operating costs exceeding revenue growth

Intense price competition among the competitors has compelled the operators to maintain low profit margins despite the increasing operational expenditure. Increase of consumers' power and low switching cost has pressurised the operators in investing on unique product features as well as offering discounts and promotions, further cutting down profits.

As the largest wire-line telecommunication operator in Sri Lanka, our operation and maintenance cost on services provided to domestic customers is significant. We thrive to provide the best after-sales service while keeping our operational cost low through continuous improvements ('kaizen') of business process, business process re-engineering and better utilisation of human resources.

Risk of negative cash flow

With the escalation of cost exceeding revenue growth, cash flow management is vital for smooth business operations. Revenue collection has been identified as an important factor for business operations. Experimenting with new collection channels to improve collection, prioritising investments considering their return and payback period and exploiting OPEX models for investments are few initiatives taken for cash management.

Economic Risks

Changes in domestic, regional and global economic conditions may have a material adverse effect on the demand for telecommunications, information technology (IT) and related services, digital services, and hence, on our operations and financial performance. Easter attacks had a significant effect on economic growth. Further, inflation continued to be high and exchange rates remained high which had impact on growth of industry and service sector performance.

Taxation

Government's taxation policy on telecommunication services adversely impacts the business of the Company. The newly appointed government revised the financial levies imposed on telecommunication services by removing the Nation Building Tax (NBT) from 2.4% to 0%, reducing Value Added Tax rate (VAT) from 15% to 8% and further reducing Telco Levy (TL) by 25%, from 15% to 11.25%. Therefore, effective tax rates for voice services is reduced from 37.7% to 22.6% and tax rate for data services is reduced from 19.74% to 10.2% effective from December 2019. This initiative is favourable for the telecommunication industry.

Further, tax policy revisions on Corporate tax etc. has positive impact on business and its related supply chains.

Regulatory and Legal Risks

We are exposed to the risk of regulatory or litigation action by the regulator and other parties. Our operations, aligned with Government's vision on good governance are subjected to regulatory conditions, various other laws and regulations such as those relating to customer data privacy and protection, anti-bribery and corruption, and workplace safety and health.

Regulatory risks on license conditions

Telecommunication businesses require licenses issued by the Sri Lanka Telecommunication Regulatory Commission under the Telecommunication Act. Failures to meet regulatory requirements are liable to fines or other sanctions including litigation. We closely work with our partners in the business to comply with the regulatory requirements. We closely monitor new developments in regulatory framework and regularly participate in discussions and consultations with the respective regulatory authorities and the industry to propose changes and provide feedback on regulatory reforms and developments in the telecommunications and media industry.

Legal risks

We are exposed to the risk of regulatory or litigation action by regulators and other parties. Examples of such litigation are disclosed in Notes to the Financial Statements under "Contingent Liabilities".

Our investment governance framework and other policies guide the project managers and management in managing contractual arrangements with vendors and customers. We are focused on maintaining high standards in operations with regard to governing laws since litigation actions may have a material effect on our financial condition and results of operations.

Information Security Risks

In this information society, Organisation's systems and data are crucial for the business continuity. Loss of sensitive information or any data breach may lead to loss of competitive advantage and loss of customer confidence. Unfortunately, such cybersecurity incidents are becoming more and more common and are increasing in frequency and intensity whilst need for enhanced level of sophistication of information security systems is emphasised.

Cybersecurity and information security

As our businesses and operations rely heavily on information technology, we have established an Information Security Management System (ISMS) within the Organisation. This ensures internal audits and activities such as vulnerability assessment of critical services, penetration testing, compromise assessment, security architecture review are conducted on a regular basis to ensure compliance with ISO 27001 standard. Remedial actions are taken for identified vulnerabilities.

Business Risks

As we move into new growth areas in ICT to create additional revenue streams through products and solutions such as OTT applications, managed services, cloud services, infrastructure services, cybersecurity, IOT services, data analytics and digital services, it alters the business model. SLT Muve is another diversification move from its traditional business.

New businesses place new demands on people, processes and systems. We respond by continually updating our Organisation structure, reviewing human resource recruitment, training and development plan, reviewing our policies and processes and by investing in new technologies to face digital transformation in the Organisation.

Human Resource Management and Transformation

Organisational cultural and mindset change will be a primary factor in transforming the incumbent telecommunication operator in Sri Lanka to adopt with digital transformation of the Organisation.

Golden handshake scheme continued in 2019 for further improving the productivity of the Organisation. Attracting and sustaining talent including new skills and capabilities is a challenge to us. Necessary trainings are offered to our employees to enhance their technical skills and to update themselves with the latest technologies which is in line with our HR strategic plan. We are consistently focused on making Sri Lanka Telecom a Great Place To Work.

Financial Reports

- [108](#) - Annual Report of the Board of Directors on the Affairs of the Company
- [113](#) - Statement of Directors in relation to their responsibility for the preparation of Financial Statements
- [114](#) - Independent Auditors' Report
- [118](#) - Statement of Profit or Loss and other Comprehensive Income
- [119](#) - Statement of Financial Position
- [120](#) - Statement of Changes in Equity – Group
- [121](#) - Statement of Changes in Equity – Company
- [122](#) - Cash Flow Statement
- [123](#) - Notes to the Financial Statements



Annual Report of the Board of Directors on the Affairs of the Company

The Directors are pleased to present their report and the Audited Financial Statements of the Company, Sri Lanka Telecom PLC and the Group for the financial year 2019.

Formation

Sri Lanka Telecom ("SLT") was formed by an Incorporation Order made under Section 2 of the State Industrial Corporations Act No. 49 of 1957 and published in the Extraordinary Gazette No. 596/11 of 6 February 1990. Subsequently, in terms of an order made by the Minister of Posts and Telecommunications ("the Minister") on 24 July 1991 under Section 23 of the Sri Lanka Telecommunications Act No. 25 of 1991 and published in the Gazette No. 675 of 9 August 1991 all properties, rights and liabilities (other than those excluded by the agreement entered into between the Minister and SLT as per subsection 2 of Section 23 of the Sri Lanka Telecommunication Act) to which the Department of Telecommunications ("DoT") was entitled or subject to immediately before the transfer date of 1 September 1991 were vested with SLT.

SLT was converted to a public limited company on 25 September 1996, under the Conversion of Public Corporations of Government Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987, via Extraordinary Gazette No. 942/7 dated 25 September 1996 and the shares were listed in the Colombo Stock Exchange ("CSE") in January 2003.

SLT was re-registered under the Companies Act No. 07 of 2007 as Sri Lanka Telecom PLC on 4 June 2007.

Principal group activities and review of the business

The Group provides a broad portfolio of telecommunication services across Sri Lanka, the main activity being domestic and international fixed and mobile telephone services. In addition, the range of services provided by the Group include, *inter alia*, internet services, IPTV, Wireless broadband, data services, domestic and international leased circuits, frame relay, satellite uplink and maritime transmission.

The Company's interest in subsidiaries/joint ventures and their business activities are as follows:

Name of the subsidiary/associate	Business activity
Mobitel (Pvt) Ltd.	Mobile telephone services
eChannelling PLC	Information infrastructure for the healthcare industry
Mobit Technologies (Pvt) Ltd.	Provider of software solutions
Sri Lanka Telecom (Services) Ltd.	Total network solutions
SLT Digital Info Services (Pvt) Ltd.	Directory information, event management and activation and digital services
SLT Human Capital Solutions (Pvt) Ltd.	Human resource solutions
Talentfort (Pvt) Limited	Human resource solutions
SLT VisionCom (Pvt) Ltd.	IPTV support services
Sky Network (Pvt) Ltd.	Wireless broadband operations
SLT Property Management (Pvt) Ltd.	Management of SLT's real estate resources
SLT Campus (Pvt) Ltd.	Higher Education
Galle Submarine Cable Depot (Pvt) Ltd.	Repair and maintenance of submarine telecommunication cable systems to third parties.

A detailed review of the Company's activities, the development of its businesses, and an indication of likely future developments are given under Management Discussion and Analysis.

Board of Directors

In terms of Section 168 (1) (h) of the Companies Act No. 07 of 2007, the names of persons who held the office as Directors of the Company as at 31 December 2019 are given below;

Name of Director	Position	Date of appointment	Date of re-election
Mr P G Kumarasinghe Sirisena (Resigned w.e.f. 06.01.2020)	Chairman/INED	23 January 2015	13 May 2015
Mr Chan Chee Beng	NED	05 June 2008	12 May 2016
Mr Lawrence Paratz	INED	26 May 2010	12 May 2016
Ms Lai Choon Foong	NED	09 May 2014	24 May 2017
Ms Nilanthi Pieris	INED	03 February 2015	09 May 2018
Mr W K H Wegapitiya (Resigned w.e.f. 03.12.2019)	INED	02 December 2015	28 March 2019
Mr Kanishka Senanayake (Resigned w.e.f. 06.01.2020)	INED	17 September 2018	28 March 2019
Mr Pradeep Kumara (Resigned w.e.f. 17.01.2020)	NED	26 March 2019	-

NED – Non-Executive Director

INED – Independent Non-Executive Director

Changes to the directorate subsequent to the financial year

Mr P G Kumarasinghe Sirisena and Mr Kanishka Senanayake tendered their resignation from the Board with effect from 6 January 2020. Mr Pradeep Kumara resigned from the Board with effect from 17 January 2020.

Mr Rohan Fernando was appointed as a Director and Chairman of the Company on 23 January 2020. Mr A K Seneviratne, Mr L M Seneviratne, Mr Mohan Weerakoon, PC and Mr Ranjith Rubasinghe were also appointed to the Directorate effective 23 January 2020.

Accordingly, the Directors of the Company as at date are as follows;

- Mr Rohan Fernando, Chairman
- Mr Lalith Seneviratne, GCEO
- Mr Chan Chee Beng,
- Mr Lawrence Paratz
- Ms Lai Choon Fong
- Mr Mohan Weerakoon
- Mr Ananda Seneviratne
- Mr Ranjith Rubasinghe

Brief profiles of the Directors are contained in the Board of Directors section in the Annual Report

Appointment and re-election of Directors

In terms of the Articles of Association of the Company, the Directors are authorised to appoint any person to be a Director either to fill a casual vacancy or as an additional Director

provided that the total number of Directors do not exceed the maximum number of Directors specified in the Articles of Association of the Company. The Directors appointed during the year will hold office only until the next Annual General Meeting (“AGM”) and will offer themselves for re-election.

In addition, one third of the Directors (or the number nearest to one third) retires by rotation at each AGM and offer themselves for reappointment by the shareholders.

Messrs Rohan Fernando, A K Seneviratne, L M Seneviratne, Mohan Weerakoon, PC and Ranjith Rubasinghe appointed to the Directorate on 23 January 2020 will offer themselves for reappointment in accordance with Article 97 of the Articles of Association of the Company.

Mr Lawrence Paratz, who has been longest in office since their last election, retire by rotation in terms of Articles 91 and 92 of the Articles of Association of the Company and being eligible offer himself for re-election.

Board subcommittees

In terms of Section 186 of the Companies Act, the Articles of Association of the Company, and the Listing Rules the following mandatory and voluntary subcommittees have been appointed by the Board to focus in detail on a particular issue.

- Audit Committee
- Remuneration and Nomination Committee
- Senior Tender Board
- Technology Subcommittee
- Related Party Transactions Review Committee

Information relating to subcommittees is given under “Corporate Governance” on pages [95](#) and [93](#).

Directors' indemnities and insurance

The Company maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors and officers.

Interest Register and Directors' interest in contracts with the Company

An Interest Register is maintained by the Company as per the requirement of the Companies Act No. 07 of 2007. The Directors have made necessary declarations as provided in Section 192 (2) of the aforesaid Companies Act. The interest Register is available for Inspection by shareholders or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.

The Company carries out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Company is the Chairman or Director of such entities or holds substantial interest in such entities.

The Directors have no direct or indirect interest in any contract or proposed contact with the Company for the year ended 31 December 2019 other than those disclosed in Note 32 to the Financial Statements.

The Directors have declared all material interest in contacts involving the Company and have refrained from voting on matters in which they have a material interest.

Related party transactions

Transactions if any that could be classified as Related Party Transactions in terms of LKAS 24 "Related Party Disclosures" are given in Note 32 to the Financial Statements.

The Company has complied with the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

The Related Party Transactions Review Committee ("RPT - RC") reviews transactions carried out between related entities except those set out in Rule 9.5 of the Listing Rules. The RPT - RC confirms that recurrent related party transactions carried out during the year does not exceed 10% of the equity or 5% of the total assets of the listed entity. In addition the aggregate value of the recurrent related party transactions does not exceed 10% of the gross revenue.

Directors and Chief Executive Officer's shareholding

The Directors did not hold shares in the Company or its subsidiaries during the financial year under review.

	Number of shares	
	1 January 2019	31 December 2019
Chief Executive Officer	1,563	1,563

Remuneration and other benefits of Directors

The remuneration and other benefits received by the Directors are given in Note 7 to the Financial Statements on page [148](#) as required by Section 168 (1) (f) of the Companies Act.

Stated capital

The stated capital of the Company as at 31st December 2019 was LKR 18,048,600,000 divided into 1,804,860,000 ordinary shares. There were no changes to the issued capital of the Company during the year under review.

Details of the Company's stated capital are set out in Note 28 to the Financial Statements.

Substantial shareholding

The following shareholders held more than 5% of the issued shares as at 31 December 2019.

Secretary to the Treasury (Government of Sri Lanka)	49.50%
Global Telecommunications Holdings N.V. of Netherlands	44.98%

Minimum public holding requirement

Private Placement

Given that the two controlling shareholders are considered "non-public", the public free float has reduced to 5.52% of the shareholding. In view of the current situation, SLT is proposing the issue of a maximum of 89,766,198 new ordinary voting shares representing 4.74% of the issued share capital post Private Placement in order to comply with the rules on minimum public float issued by the Colombo Stock Exchange. The funds expected to be raised through the Private Placement will be utilised to restructure the debt portfolio of SLT.

Voting rights

Ordinary shareholders are entitled to receive notice and to attend and speak at any General Meeting of the Company. A shareholder entitled to attend and vote at a General Meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

Every shareholder present in person or by proxy (or being a corporation present by a duly authorised representative) shall have one vote on a show of hands and one vote for every share held by him on a poll.

Financial Statements

The Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007.

The significant accounting policies adopted by the Group and Company in preparing the Financial Statements are set out on Note 3 to the Financial Statements. These policies, and applicable estimation techniques, have been reviewed by the Directors who have confirmed them to be appropriate for the preparation of the consolidated Financial Statements for 2019.

The aforementioned Financial Statements for the year ended 31 December 2019 certified by the Group Chief Financial Officer and signed by two Directors are given on page [119](#) of this Report.

A statement by the Directors of their responsibilities for preparing the Financial Statements is included in the Statement of Directors' Responsibilities on page [113](#) while the independent Auditors Report is set out on pages [114](#) to [117](#) of this report.

Financial results and appropriations

	2019		2018	
	Company LKR Mn.	Group LKR Mn.	Company LKR Mn.	Group LKR Mn.
Revenue	50,007	85,948	47,389	81,445
Profit	3,780	6,322	1,906	4,948
Reserves	60,173	78,069	58,140	73,624

Results of the Company and of the Group are given in the Statement of Profit and Loss on page [118](#).

The movement of the reserves are given in the Statement of Changes in Equity on page [120](#) of the Annual Report.

Dividends

The Directors recommend the payment of a first and final dividend of LKR 1.06 per share (2018 – LKR 1.06 per share) for the financial year ended 31 December 2019 payable on 6 August 2020 to the shareholders registered as at 15 July 2020, subject to the approval of the shareholders.

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Directors have signed a certificate stating that in their opinion the Company based on the information available satisfies the Solvency Test immediately after the dividend distribution is made and have obtained a Certificate from the Auditors in terms of Section 57 of the Companies Act.

Property, plant and equipment

The movements in property, plant and equipment during the year are set out in Note 14 to the Financial Statements. Current status of value of properties is disclosed on page [154](#).

Auditors

Ernst & Young, (EY) Chartered Accountants served as the External Auditors of the Company during the year under review. The Audit fees payable and fees payable for non-audit services rendered are as follows:

	2019 LKR Mn.	2018 LKR Mn.
Audit fees	12	12
Fees for non-audit services	2	3

SLT Group Audit Committee having considered EY's performance and their independence recommend to the shareholders the reappointment of EY as the Auditors of the Company for the ensuing year.

Based on the written representation made by the Auditors the Directors are satisfied that the Auditors have had no interest or relationship with the Company or its subsidiaries other than that of external Auditors.

EY have expressed their willingness to continue in office. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Statutory payments and compliance with laws and regulations

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and 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 in the Financial Statements.

The Company has also ensured that it complied with the applicable laws and regulations including the Listing Rules of the Colombo Stock Exchange.

Environmental protection

After making adequate enquiries from Management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Group operates.

Donations

The Directors have approved donations amounting to LKR 2.0 for charitable purposes for the year 2019. (2018 - LKR 2.0 Mn).

Employment policies

The employment policies of SLT cover issues such as diversity, employee well-being and equal opportunities. The Company takes its responsibility towards the physically disabled seriously and does not discriminate any employee or prospective employee based on physical disability. Employees who become disabled during their service at SLT will be retained in employment wherever possible and will be given rehabilitation and training.

The Group companies operate within a framework of Human Resource policies, practices and regulations appropriate to their market sector. Policies and procedures for recruitment, training, career development and the Code of Ethics for Employees promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop fully according to their individual abilities and the needs of the Group.

The number of persons employed by SLT and Group is given in Note 7 on page [149](#).

Sustainability reporting

SLT is conscious of the direct and indirect impact on the environment due to its business activities. The Group endeavours to minimise the adverse effects on the environment and to ensure sustainable continuity of our natural resources. The activities undertaken by the Group in recognition of its responsibility as a corporate citizen are disclosed more fully on pages [69](#) to [73](#) of this Report.

Post balance sheet events

Except for matters disclosed in Note 35 to the Financial Statements, there are no material events as at the date of the Auditors Report which require adjustments to or disclosure in the Financial Statements.

Going concern

The Directors have reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future to justify adopting the going concern basis in preparing the Financial Statements.

Annual General Meeting (AGM)

The AGM will be held at 10.00am. on 15 July 2020 at the Main Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07. Details of the Meeting and the resolutions to be proposed are set out in a separate Notice of Meeting which accompanies this Annual Report.

By order of the Board of
Sri Lanka Telecom PLC

Rohan Fernando

Chairman

Lalith Seneviratne

Director

Mahesh Athukorale

Company Secretary

3 June 2020
Colombo

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 from pages [114](#) to [117](#).

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 provided 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 31 to the Financial Statements covering contingent liabilities.

By Order of the Board
Sri Lanka Telecom PLC



Mahesh Athukorale
Company Secretary

3 June 2020
Colombo

Independent Auditors' Report



Ernst & Young
Chartered Accountants
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To the Shareholders of Sri Lanka Telecom PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Sri Lanka Telecom PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

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Key audit matter**Revenue recognition**

The Group recognised revenue of LKR 85,948 Mn. from the provision of telecommunications services (mobile and fixed-line) for the year ended 31 December 2019.

Significant effort was spent auditing the revenue recognised by the Group because systems related to revenue recognition are complex, involves frequent changes in rate structures and comprises a large volume of transactions which arise from a combination of different hardware or services sold which is recognised in accordance with Sri Lanka Accounting Standard – SLFRS 15 Revenue from contracts.

How our audit addressed the key audit matter

- How our audit addressed the key audit matter
- We involved our internal Information Technology specialists to assist us with testing the IT general controls and application controls of IT systems connected with revenue recognition.
 - In relation to the timing of revenue recognition and allocation of the transaction price in bundled products and services, we independently selected major revenue streams, assessed revenue recognition of key contracts within each stream based on their respective contractual terms and conditions.
 - We tested the end-to-end reconciliations from data records extracted from source systems to the billing systems and to the general ledger including testing the key controls related to the revenue assurance process.
 - We performed substantive tests on a sample of customer contracts by independently reviewing usage and rates applied on underlying invoices.
 - We also assessed the adequacy of related disclosures reflected in Note 3 (k) and Note 6 of the financial statements.
-

Estimating useful lives of network equipment

As at 31 December 2019, the Group's network equipment accounted for 38% of the consolidated total assets. Depreciation on these assets amount to LKR 14,662 Mn. for the year ended 31 December 2019. The company policy is to depreciate the cost of the asset over its useful economic life on a straight-line basis.

Estimating the useful lives of the network equipment requires judgement by the company and is a key focus for our audit. It involves the Group's collective assessment of the industry practice, internal technical evaluation and experience with the similar assets in concluding the useful economic life of the network assets.

The Group's disclosures on property and equipment are included in Notes 3 (d) and 14 to the financial statements.

How our audit addressed the key audit matter

- We obtained an understanding of the Group's process in estimating the useful lives of network equipment.
 - We inquired with the Group's network operations and information technology engineers on its technological road map to evaluate the relevance of current technology and its utilisation for future periods.
 - We tested management assessment on the estimated useful lives of the network equipment against industry data and practice, market outlook and other relevant external data.
 - We also assessed the adequacy of related disclosures made in the financial statements.
-

Other information included in the 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

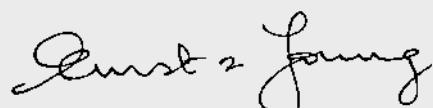
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1420.



15 June 2020
Colombo

Statement of Profit or Loss and other Comprehensive Income

(All amounts in Sri Lanka rupees million)

	Notes	Group		Company	
		2019	2018	2019	2018
For the year ended 31 December					
Revenue	6	85,948	81,445	50,007	47,389
Direct costs	7	(48,223)	(44,803)	(28,711)	(28,263)
Gross profit		37,725	36,642	21,296	19,126
Sales and marketing cost	7	(9,472)	(9,366)	(3,553)	(4,109)
Administrative cost	7	(19,714)	(19,663)	(14,393)	(13,176)
Operating profit		8,539	7,613	3,350	1,841
Other income		845	947	1,166	1,551
Dividend income		–	–	449	628
Interest expense and finance costs	9	(2,067)	(239)	(690)	(93)
Foreign exchange (loss)/gain	9. (a)	(443)	(1,809)	(314)	(1,200)
Interest income	10	1,288	685	739	443
Share of profit/(loss) from associate company	16.2	54	(28)	54	(28)
Profit before tax		8,216	7,169	4,754	3,142
Income tax expenses	11	(1,894)	(2,221)	(974)	(1,236)
Profit for the year		6,322	4,948	3,780	1,906
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent period					
Net movement on cash flow hedges	12	201	(672)	201	(672)
Other comprehensive income that will not be reclassified to profit or loss in subsequent period					
Defined benefit plan actuarial (losses)/gains	26	(214)	125	(49)	85
Tax charge/(reverse) on other comprehensive income	11	49	(13)	14	(23)
Other comprehensive income for the year net of tax		36	(560)	166	(610)
Total comprehensive income for the year		6,358	4,388	3,946	1,296
Profit attributable to:					
Owners of the Company		6,320	4,944	3,780	1,906
Non-controlling interest		2	4	–	–
		6,322	4,948	3,780	1,906
Total comprehensive income attributable to:					
Owners of the Company		6,356	4,384	3,946	1,296
Non-controlling interest		2	4	–	–
		6,358	4,388	3,946	1,296
Earnings per share					
– Basic (LKR)	13	3.50	2.74	2.09	1.06

The Notes on pages [123](#) to [182](#) form an integral part of these Financial Statements.

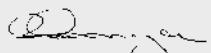
Statement of Financial Position

(All amounts in Sri Lanka rupees million)

As at 31 December	Notes	Group		Company		
		2019	2018	2019	2018	
Assets						
Non-current assets						
Property, plant and equipment	14	140,632	123,850	103,800	96,047	
Right-of-use asset	14. (a)	10,372	—	513	—	
Intangible assets and goodwill	15	7,416	7,652	1,151	1,124	
Investments in subsidiaries	16	—	—	14,821	14,366	
Investments in associates	16	54	—	54	—	
Deferred tax assets	23	223	148	—	—	
Contract assets	24. (a)	707	438	148	113	
Other receivables	18	2,897	2,970	2,868	2,938	
Total non-current assets		162,301	135,058	123,355	114,588	
Current assets						
Inventories	19	3,565	2,173	2,768	1,440	
Trade and other receivables	20	33,021	27,340	20,865	17,541	
Current tax receivable		852	613	852	613	
Contract assets	24. (a)	711	497	87	103	
Other investments	17	3,112	3,665	3,082	3,569	
Cash and cash equivalents	21	5,457	11,089	645	671	
Total current assets		46,718	45,377	28,299	23,937	
Total assets		209,019	180,435	151,654	138,525	
Equity						
Capital and reserves						
Stated capital	28	18,049	18,049	18,049	18,049	
Insurance reserve	27	917	791	917	791	
Hedging reserve	12	(471)	(672)	(471)	(672)	
Retained earnings		59,574	55,456	41,678	39,972	
Equity attributable to equity holders of the Company		78,069	73,624	60,173	58,140	
Non-controlling interest		98	96	—	—	
Total equity		78,167	73,720	60,173	58,140	
Liabilities						
Non-current liabilities						
Borrowings	22	49,178	38,886	42,820	30,928	
Lease liability	14. (a)	8,238	—	50	—	
Deferred income	24	2,076	2,186	2,057	2,155	
Contract liabilities	24. (b)	538	548	533	533	
Deferred tax liabilities	23	7,499	6,537	7,485	6,525	
Employee benefits	26	4,697	4,239	3,806	3,598	
Trade and other payables	25	1,677	1,941	346	456	
Total non-current liabilities		73,903	54,337	57,097	44,195	
Current liabilities						
Borrowings	22	12,498	16,949	9,650	15,104	
Deferred income	24	2,859	2,469	290	385	
Lease liability	14. (a)	2,511	—	494	—	
Contract liabilities	24. (b)	592	565	444	471	
Current tax liabilities		308	412	—	—	
Trade and other payables	25	38,181	31,983	23,506	20,230	
Total current liabilities		56,949	52,378	34,384	36,190	
Total liabilities		130,852	106,715	91,481	80,385	
Total equity and liabilities		209,019	180,435	151,654	138,525	

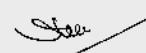
The Notes on pages 123 to 182 form an integral part of these Financial Statements.

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


Sanjeewa Samaranayake
Group Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. These Financial Statements were approved by the Board of Directors on 3 June 2020.

Signed for and behalf of the Board,


Rohan Fernando
Chairman
3 June 2020

Lalith Seneviratne
Director

Statement of Changes in Equity – Group

(All amounts in Sri Lanka rupees million)

	Notes	Attributable to owners of the Company						
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
Balance as at 1 January 2018		18,049	691	–	52,569	71,309	95	71,404
SLFRS - 15 Adjustment		–	–	–	(467)	(467)	–	(467)
Non-controlling interest		–	–	–	–	–	1	1
Total comprehensive income for the year								
Net profit for the year 2018		–	–	–	4,948	4,948	–	4,948
Other comprehensive income								
Net movement on cash flow hedges		–	–	(672)	–	(672)	–	(672)
Defined benefit plan actuarial (loss)/gain, net of tax		–	–	–	112	112	–	112
Total other comprehensive income		–	–	(672)	112	(560)	–	(560)
Total comprehensive income for the year		–	–	(672)	5,060	4,388	–	4,388
Transactions with owners, recorded directly in equity								
Contribution by and distribution to owners								
Dividends to equity shareholders		–	–	–	(1,606)	(1,606)	–	(1,606)
Insurance reserve								
Transfer to insurance reserve	27	–	100	–	(100)	–	–	–
Balance as at 31 December 2018		18,049	791	(672)	55,456	73,624	96	73,720

	Notes	Attributable to owners of the Company						
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
Balance as at 1 January 2019		18,049	791	(672)	55,456	73,624	96	73,720
Non-controlling interest		–	–	–	–	–	2	2
Total comprehensive income for the year								
Net profit for the year 2019		–	–	–	6,322	6,322	–	6,322
Other comprehensive income								
Net movement on cash flow hedges		–	–	201	–	201	–	201
Defined benefit plan actuarial (loss)/gain, net of tax		–	–	–	(165)	(165)	–	(165)
Total other comprehensive income		–	–	201	(165)	36	–	36
Total comprehensive income for the year		–	–	201	6,157	6,358	–	6,358
Transactions with owners, recorded directly in equity								
Contribution by and distribution to owners								
Dividends to equity shareholders		–	–	–	(1,913)	(1,913)	–	(1,913)
Insurance reserve								
Transfer to insurance reserve	27	–	126	–	(126)	–	–	–
Balance as at 31 December 2019		18,049	917	(471)	59,574	78,069	98	78,167

The Notes on pages [123](#) to [182](#) form an integral part of these Financial Statements.

Statement of Changes in Equity – Company

(All amounts in Sri Lanka rupees million)

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings
					Total equity
Balance as at 1 January 2018		18,049	691	–	40,480 59,220
SLFRS – 15 Adjustment		–	–	–	(770) (770)
Total comprehensive income for the year					
Net profit for the year 2018		–	–	–	1,906 1,906
Other comprehensive income					
Net movement on cash flow hedges		–	–	(672)	– (672)
Defined benefit plan actuarial (loss)/gain, net of tax		–	–	–	62 62
Total other comprehensive income		–	–	(672)	62 (610)
Total comprehensive income for the year		–	–	–	1,968 1,968
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Dividends to equity shareholders		–	–	–	(1,606) (1,606)
Insurance reserve					
Transfer to insurance reserve	27	–	100	–	(100) –
Balance as at 31 December 2018		18,049	791	(672)	39,972 58,140

	Notes	Attributable to owners of the Company			
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings
					Total equity
Balance as at 1 January 2019		18,049	791	(672)	39,972 58,140
Total comprehensive income for the year					
Net profit for the year 2019		–	–	–	3,780 3,780
Other comprehensive income					
Net movement on cash flow hedges		–	–	201	– 201
Defined benefit plan actuarial (loss)/gain, net of tax		–	–	–	(35) (35)
Total Other comprehensive income		–	–	201	(35) 166
Total comprehensive income for the year		–	–	201	3,745 3,946
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Dividends to equity shareholders		–	–	–	(1,913) (1,913)
Insurance reserve					
Transfer to insurance reserve	27	–	126	–	(126) –
Balance as at 31 December 2019		18,049	917	(471)	41,678 60,173

The Notes on pages [123](#) to [182](#) form an integral part of these Financial Statements.

Cash Flow Statement

(All amounts in Sri Lanka rupees million)

	Notes	Group		Company	
		2019	2018	2019	2018
For the year ended 31 December					
Cash flows from operating activities					
Cash generated from operations	29	29,307	24,052	15,476	14,903
Interest received		1,305	687	756	445
Interest paid		(8,321)	(3,145)	(5,721)	(3,190)
Tax paid		(1,334)	(1,284)	(239)	(257)
Gratuity paid	26	(547)	(654)	(461)	(561)
Net cash generated from operating activities		20,410	19,656	9,811	11,340
Cash flows from investing activities					
Acquisition of property, plant and equipment		(27,966)	(20,527)	(13,526)	(12,817)
Acquisition of intangible assets	15	(1,097)	(889)	(367)	(312)
Proceeds from disposal of property, plant and equipment		249	332	204	306
Proceeds/(Purchase) of short-term investments		536	(1,806)	477	(1,774)
Investments in subsidiary companies	16.1	–	–	(455)	(160)
Net cash (used) in investing activities		(28,278)	(22,890)	(13,667)	(14,757)
Cash flows from financing activities					
Proceeds from borrowings		47,475	32,142	46,350	23,050
Finance lease principal repayments		(29)	(77)	(2)	(68)
Cash payments for the principal portion of the lease liability		(1,541)	–	(483)	–
Repayment of borrowings		(39,035)	(13,550)	(37,749)	(11,316)
Dividends paid to the equity shareholders		(1,913)	(1,606)	(1,913)	(1,606)
Net cash generated from financing activities		4,957	16,909	6,203	10,060
(Decrease)/increase in cash and cash equivalents		(2,911)	13,675	2,347	6,643
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of the year		4,629	(9,046)	(4,967)	(11,610)
(Decrease)/increase in cash and cash equivalents		(2,911)	13,675	2,347	6,643
At the end of the year	21. (a)	1,718	4,629	(2,620)	(4,967)

The Notes on pages [123](#) to [182](#) form an integral part of these Financial Statements.

Notes to the Financial Statements

(All amounts in Sri Lanka rupees million)

1. 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 Separate Financial Statements relates to Sri Lanka Telecom PLC. The Consolidated Financial Statements of the Company as at and for the year ended December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Financial Statements of all companies within the Group are prepared for a common financial year which ends on 31 December 2019.

The Group primarily is 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, directory publishing and provision of manpower. The Company is a quoted public company which is listed on the Colombo Stock Exchange.

2. Basis of preparation

(a) Statement of compliance

The Financial Statements of the Group and the Company which comprises the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

(b) The Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 3 June 2020.

(c) Basis of measurement

The Financial Statements have been prepared on the historical cost basis applied consistently with no adjustments being made for inflationary factors affecting the financial statements except for the following item:

The liability for defined benefit obligation recognised is actuarially valued and recognised at the present value of the defined benefit obligation. The Financial Statements have been prepared on a going concern basis.

(d) Functional and presentation currency

These Financial Statements are presented in Sri Lanka rupees, which is the Company's functional currency and the Group's presentation currency. All financial information presented in rupees has been rounded to the nearest million, unless otherwise indicated.

(e) Use of estimates and judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

- Note 14 – Property, plant and equipment
- Note 15 – Intangible assets
- Note 14 (a) – Lease assets and Liabilities
- Note 20 – Trade and other receivable
- Note 23 – Deferred tax
- Note 24 – Deferred income
- Note 26 – Employee benefits
- Note 24 (a) – Contracts assets
- Note 24 (b) – Contract liabilities

(f) Current versus non-current classification

- The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be released or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification
- The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in financial statements, and have been applied consistently by the Group entities, except new accounting standards effective from 1 January 2019 as described in Note 3 (v).

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in Statement of Profit or Loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in Statement of Profit or Loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ii) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

(ii-a) Critical judgements in applying the entity's accounting policies

The directors have concluded that the Group controls all subsidiaries as it has majority control and voting rights over its subsidiaries as depicted in Note (ii-b).

(ii-b) Interest in subsidiaries

Set out below are the Group's principal subsidiaries as at 31 December 2019.

Name of entity	Place of business/country of incorporation	Percentage of ownership	Principal activities
Mobitel (Pvt) Ltd.	Colombo/Sri Lanka	100%	Mobile service provider
eChannelling PLC	Colombo/Sri Lanka	87.59%	Providing information infrastructure for the healthcare industry
Mobit Technologies (Pvt) Ltd.	Colombo/Sri Lanka	100%	Providing software solutions
Sri Lanka Telecom (Services) Limited	Colombo/Sri Lanka	99.99%	Providing network solutions for corporate customers and small businesses
SLT VisionCom (Private) Limited	Colombo/Sri Lanka	100%	Providing IPTV support services
SLT Digital Info Services (Private) Limited	Colombo/Sri Lanka	100%	Directory information and publication services
SLT Human Capital Solutions (Private) Limited	Colombo/Sri Lanka	100%	Providing workforce solutions
Talentfort (Pvt) Ltd.	Colombo/Sri Lanka	100%	Providing workforce solutions
Sky Network (Private) Limited	Colombo/Sri Lanka	99.94%	Wireless broadband operations
SLT Property Management (Private) Limited	Colombo/Sri Lanka	100%	Managing SLT's real estate resources
SLT Campus (Private) Limited	Colombo/Sri Lanka	100%	Higher educational services of ICT and Business Management

(iii) Equity-accounted investees (Investment in associates and joint ventures)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable,

in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit or loss of equity accounted investees" in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

(iv) Non-controlling interest (NCI)

NCI are measured at their proportionate share of acquiree's identifiable net assets at the date of acquisition. Changes in the Group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(i) Financial assets

(i-i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant

financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note 3 (k) – Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(i-ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost include trade and other receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 – “Financial Instruments: Presentation” and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non-listed equity instruments that the Group elected to classify irrevocably.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(i-iii) Fair value measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

A fair value measurement requires an entity to determine all the following:

1. The particular asset or liability that is the subject of the measurement.
2. For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use).
3. The principal (or most advantageous) market for the asset or liability.
4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.
5. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- **Level 1** – Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** – Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

(i-iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(i-v) Impairment

Non-derivative financial assets.

Financial assets not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Investments in fixed deposits, Treasury Bills and Bonds are considered as low risk of default.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i-vi) Hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the "cash flow hedge reserve". The ineffective portion of the gains or losses on the hedge instrument is recognised immediately in the profit and loss.

When the hedge cash flow affects the Income Statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Income Statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains/losses existing in other comprehensive income at that time remains in other comprehensive income and is recognised in the Income Statement. When a forecast transaction is no longer expected to occur the cumulative gains/loss was reported in other comprehensive income is immediately transferred to the Income Statement.

(ii) Financial liabilities

(ii-i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities, contract liabilities and deferred income.

(ii-ii) Subsequent measurement

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method, after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised. EIR amortisation is included as finance costs in the statement of profit or loss.

(ii-iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. In the year of acquisition depreciation is computed on proportionate basis from the month the asset is put into use and no depreciation will be charged to the month in which the particular asset was disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives for the assets are as follows:

Freehold buildings	5-40 years
Submarine cables	19-25 years
Motor Vehicles	5 years
CDMA Handsets	3 years
PABX System	1-6 years
IT systems	5-10 years
Other Fixed Assets	4-10 years
Network equipment	
Ducts, cables and other outside plant	5-20 years
Telephone exchanges and transmission equipment	8-12.5 years
Towers	12.5-40 years

(iv) Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation.

Major spare parts and project related inventory qualify as Property, plant and equipment when the entity expects to use them during more than one year period and are used in connection with specific items of Property, plant and equipment.

(v) Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of Profit or Loss and Other Comprehensive Income.

When replacement costs are recognised in the carrying amount of an item of property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

(vi) Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3 (a) (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Licenses

Separately acquired licences are shown at historical cost. Expenditures on license fees that is deemed to benefit or relate to more than one financial year is classified as license fee and is being amortised over the License period on a straight line basis.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(f) Leased assets

Prior to 1 January 2019, leases in terms of which the Group assumes substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Prior to 1 January 2019, for operating leases, the leased assets were not recognised on the Group's statement of Financial Position.

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average cost principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

(h) Share capital

Ordinary Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) Government grants

Government grants are recognised initially at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the statement of Profit or Loss and Other Comprehensive Income as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the profit or loss on a systematic basis over the useful life of the asset.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Employees' Provident Fund

All employees of the Company are members of the Sri Lanka Telecom Provident Fund to which the Company contributes 15% of such employees' basic salary and allowances.

All employees of subsidiaries of the Group are members of Employees' Provident Fund (EPF), to which the respective subsidiaries contribute 12% of such employees' basic salary and allowances. Employees of Sri Lanka Telecom (Services) Limited are members of Employees' Provident Fund (EPF), where the company contribute 15% of such employees' basic salary and allowances.

Employees' Trust Fund

The Company and other subsidiaries contribute 3% of the salary of each employee to the Employees' Trust Fund.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield on Government Bonds at the reporting date that have maturity dates approximating to the terms of the Company's obligations.

The Group recognises actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan in other comprehensive income.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 "Employee Benefits". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or leave encashment plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Revenue from contracts with customers

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*, voice and broadband services, domestic and international leased circuits, broadband, satellite up-link, maritime transmission, IPTV service, directory publishing service and educational services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

(i) Performance obligations relevant to contracts

As a telecommunication service provider, the Group's performance obligation related to service contracts include the installation services and maintenance services provided and the uninterrupted telecommunication service which will be provided throughout the connection period.

The Group expects that above performance obligations would be satisfied throughout the connection period.

Domestic and international call revenue and rental income

Fixed line

Revenue for call time usage by customers is recognised as and when services are performed. Fixed monthly rental is recognised as revenue on a monthly basis in relation to the period of services rendered.

Mobile revenue

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Airtime, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service.

Revenue from other network operators and international settlements

The revenue received from other network operators, local and international, for the use of the Group's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/per second at rates stipulated in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals.

Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network and presented on gross basis. The relevant revenue accrued is recognised under income in the Income Statement and interconnection expenses recognised under operating costs in profit or loss.

Revenue from broadband

Revenue from data services and IPTV services is recognised on usage and the fixed rental on a monthly basis when it is earned net of taxes, rebates and discounts.

Revenue from other ICT services

The revenue from other telephone services are recognised on an accrual basis based on fixed rental contracts entered between the Group and subscribers.

Recognition of deferred income

The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over the contractual period. Revenue is recognised on an annual basis irrespective of the date of connection.

IRU revenue relating to leasing of SEA-ME-WE cable capacity are recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

Backhauling revenue which is leasing of SEA-ME-WE cable capacity is recognised on a straight-line basis over the period of contracts. Amounts received in advance for any services are recorded as deferred revenue.

Revenue from the sale of prepaid CDMA cards is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.

Sale of mobile recharge cards and reloads for prepaid subscribers are initially recognised as deferred revenue until such time as the subscribers use the services or credit period expires.

CDMA revenue

The connection fees relating to Code Divisional Multiple Access (CDMA) connections are recognised as revenue at the point the connection is activated.

(ii) New connection fees

The Group provides installation services relevant to the new connections of fixed and mobile telecommunication services including both voice and non-voice categories. These installation services are bundled together with providing of Customer Premises Equipment (CPE) to customers in fixed line

voice and some non-voice services. When the performance obligations relevant to such installation services are performed, CPEs provided to customers are considered as assets of the Group as long as the contracts with customers are valid. Accordingly, the Group allocates a bundled price for the equipment and installation services for such services.

(iii) Recognition of contract liability

The Group concluded that revenue from new connections in fixed and mobile telecommunication services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the installation of the service that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group identifies the revenue for installation services as a contract liability and recognises the revenue on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer since satisfaction for the installation services will be consumed by the customer over the contract period.

(iv) Costs incurred in securing customer contracts

The Group identifies the sales commission paid to sales team for each new connection contract and other such related costs in contract acquisition as costs incurred in securing customer contracts.

(v) Recognition of contract asset

Contract acquisition costs are recognised as a contract asset and subsequently recognised as an expense over the life of a contract on a systematic basis consistent with the pattern of the transfer of services to which the asset relates, that is; as and when the relevant performance obligation is fulfilled for a given month.

(l) Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year

(m) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Determining whether an arrangement contains a lease.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specific asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(n) Finance income and expenses

The Group's finance income and finance cost include:

- Interest income from repurchase agreements
- Interest income from fixed deposits
- Staff loan interest income
- Interest expense from borrowings
- Interest expense arising from Leases
- Foreign exchange gains or losses

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(o) Income tax

Current income tax assets and liabilities are measured at amounts to be recovered from or paid to the taxation authorities.

(i) Current taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised or profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Provisions for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto.

(ii) Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and taxable temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based

on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is not recognised for the undistributed profits of subsidiaries as the Parent Company has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit or loss, is recognised either in other comprehensive income or directly in Statement of Changes in Equity in line with the underlying transaction.

No deferred taxation is provided for Mobitel (Pvt) Ltd. due to the fact that the income taxes are computed and paid at 2% on revenue.

(iii) Economic Service Charge (ESC)

ESC is payable on the liable turnover at specified rates. As per the provision of the Economic Service Charge Act No. 13 of 2006 and subsequent amendments thereto, ESC is deductible from the income tax liability. Any unclaimed payment can be carried forward and set off against the income tax payable as per the relevant provision in the Act. With effect from 1 January 2020 the Act mentioned above was abolished.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sale tax, except: where sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable.

(p) Earnings per share

The Group presents basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Insurance reserve

The Company transfers annually from the retained earnings an amount equal to 0.25% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment. The insurance reserve is maintained to recover any losses arising from damage to property, plant and equipment, except for motor vehicles, that are not insured with a third party insurer.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Provision for final dividends is recognised at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders.

(s) Comparatives

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the Financial Statements are amended, comparative amounts are reclassified unless it is impracticable.

(t) Cash flow statement

The Cash Flow Statement has been prepared using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS 07) - "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The cash and cash equivalent include cash in hand, balances with banks, placements with banks, money at call and short notice.

(u) Critical accounting estimates, assumptions and judgements

In the preparation of these Financial Statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

(i) Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's Financial Statements when the change in estimate is determined.

(ii) Impairment of property, plant and equipment and intangible assets

The Company assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant under performance relative to expected historical or projected future operating results;
- d. significant changes in the use of its assets or the strategy for its overall business;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.

(iii) Revenue recognition

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties.

(iv) Valuation of receivables

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the ageing of customer accounts, customer credit-worthiness and the Company's historical write-off experience etc. Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

(v) Inventories

The Company assesses the inventory provision whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant changes in the use of its assets or the strategy for its overall business;

(vi) Current Tax and Deferred tax

Judgement was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist with respect to the interpretation of the applicability of tax law at the time of the preparation of these financial statements.

Certain uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(vii) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates as well.

(viii) Revenue recognition from contracts with customers

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. Certain contracts with customers are bundled packages that

may include sale of products and telecommunications services that comprise voice, data, and other telecommunications services. The Group accounts for individual products and services separately as separate performance obligations if they are distinct promised goods and services. The Group exercises judgements in determining whether a product is distinct, that is, if such product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it separately. This determination will affect the allocation of consideration specified in the contract and the revenue recognised for each performance obligation.

(v) New accounting standards

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for the financial periods beginning on or after 1 January 2019.

Changes in Accounting Policies and Disclosures

New and amended standards and interpretations

(a) SLFRS 16 Leases

The Group applied SLFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption, without restating comparative information. The impact on adoption of SLFRS 16 is reflected in Note 14. (a) to the Financial Statements. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Assets	Estimated useful lives
Land	2-3 years
Buildings	2-3 years
Towers	2-3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note (W) (ii) – Impairment of Assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's operating lease liabilities are included in Note 14. (a) to the Financial Statements.

Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases of some tower rentals that are considered to be low value. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Assets	Group	Company
Operating lease commitments as at 31 December 2018	18,240	1,162
Incremental borrowing rate as at 1 January 2019	11.7%-12.50%	12.50%
Discounted operating lease commitments at 1 January 2019	10,185	1,027
Commitments related to leases previously classified as finance leases	57	-
Lease Liabilities as at 1 January 2019	10,242	1,027

(b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

(c) Amendments to SLFRS 9:

Prepayment Features with Negative Compensation Under SLFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to SLFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

(d) Amendments to LKAS 19: Plan Amendment, Curtailment or Settlement

The amendments to LKAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used

to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

(e) Amendments to LKAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies SLFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in SLFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying SLFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying LKAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long term interests in its associate and joint venture.

(f) Annual Improvements 2015-2017 Cycle

SLFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no significant impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

SLFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in SLFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no significant impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

LKAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

LKAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

(w) Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(i) Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment

of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

(ii) Amendments to LKAS 1 and LKAS 8: Definition of Material

In October 2018, the IASB issued amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

4. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the group activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/guidelines and procedures, and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by internal reviews of risk management controls and procedures. The results of which are reported to the Audit Committee.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk, Liquidity risk and market risk

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further, quantitative disclosures are included throughout these financial statements.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

4.1.1 Trade receivables

The Group having a very well established credit policy for both International Interconnect customers and Domestic customers to minimise the credit risk. A separate committee has been established to evaluate the credit worthiness of the International Interconnect customer. Further, prepaid sales are used as a means of mitigating credit risk.

Domestic service is offered to a new customer only after scrutinising through an internal blacklisted data base. The Group has a well-established credit control policy and process to minimise the credit risk. Customers are categorised according to the segments and credit limit has been fixed as per their average monthly bill value. Customer usage and bill payments are monitored as per the credit limit. Credit limit is periodically revised as per the past monthly bill value. High risk voice customers are subjected to auto disconnection when they reach the threshold limit. Credit control and recovery actions are taken in respect of customers with overdue accounts to minimise the credit risk. High revenue generating customers including corporate customers are monitored individually.

As at 31 December 2019, the maximum exposure to credit risk for trade by geographic region was as follows:

	Group		Company	
	2019	2018	2019	2018
Sri Lanka	23,288	21,851	16,044	15,378
Middle East	337	188	294	117
Asia	1,174	1,480	869	726
Europe	1,615	1,354	1,047	1,176
Australia	222	249	214	222
Other	74	152	17	51
Total trade receivables	26,710	25,274	18,485	17,670

As at 31 December 2019, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Group		Company	
	2019	2018	2019	2018
Wholesale customers	3,978	3,905	3,918	3,816
Retail customers	18,884	18,257	13,820	13,393
Others	3,848	3,112	747	461
	26,710	25,274	18,485	17,670

As at 31 December the Group's most significant customer was Lanka Government Information Infrastructure (Private) Limited which accounted for LKR 1,204 Mn. of trade receivables (2018 - LKR 1,104 Mn.)

Impairment

The movement in the allowance for impairment in respect of trade receivables during the year is as follows :

	Group impairment	Company impairment
Balance as at 1 January 2018	9,321	6,483
- Impairment loss recognised	1,166	606
- Amounts written off	(697)	(697)
- Adjustments	(900)	(900)
Balance as at December 2018	8,890	5,492
- Impairment loss recognised	453	18
- Impairment gain recognised	(400)	(400)
- Adjustments	900	900
- Amounts written off	(611)	(608)
Balance as at 31 December 2019	9,232	5,402

4.1.2 Other investments

The Group limits its exposure to credit risk by investing only in Government Debt Securities, Repos and in short-term deposits with selected banks with Board approval.

4.1.3 Cash and cash equivalents

The Group held cash and cash equivalents of LKR 5,457 Mn. as at 31 December 2019 (2018 LKR 11,089 Mn.)

4.1.4 Employee loans

The Group limits its exposure to credit risk by ensuring the loan balance are recovered from the employees monthly salary, or if the employee leaves such amounts are recovered from the employees EPF balance.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of both short and long-term cash forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding adequacy for at least a 12-month period and the same is reviewed on an annual basis.

Short and medium-term requirements are regularly reviewed and managed by the Treasury Division.

Contractual undiscounted payments the Sri Lanka Telecom PLC would be called upon to make under the issued Corporate Guarantee Contracts on behalf of its subsidiaries are as follows,

	Carrying value	up to 1 year	up to 2 years	up to 5 years	Over 5 years
SLT Campus (Pvt) Ltd. - Seylan loan (a)	850	–	–	550	300
SLT Campus (Pvt) Ltd. - Bank overdraft	110	110	–	–	–
SLT (Services) Ltd. – Working capital requirement	10	10	–	–	–

(a) This term loan was granted by Seylan Bank to SLT Campus (Private) Limited in August 2019. The loan tenure is 120 months including a grace period of 24 months from the granted date.

Apart from the above, SLT PLC has provided a corporate guarantee of USD 39 million (2018 – USD 72 million) for Mobitel (Pvt) Ltd. for the GSM Rollout Stage 7 which will be paid fully by 2021.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	Notes	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group						
As at 31 December 2019						
Bank overdrafts		3,739	3,739	–	–	–
Bank borrowings and others		57,256	8,419	3,804	32,081	12,952
Vendor financing		615	320	139	156	–
Lease liabilities		66	20	34	–	12
Trade and other payables due within one year	4.2.1	38,181	38,181	–	–	–
Trade and other payables due after one year	4.2.2	1,677	1,096	433	12	136
		101,534	51,775	4,410	32,249	13,100
As at 31 December 2018						
Bank overdrafts		6,460	6,460	–	–	–
Bank borrowings and others		47,764	9,479	8,710	19,950	9,625
Vendor financing		1,528	982	245	301	–
Lease liabilities		83	28	43	12	–
Trade and other payables due within one year	4.2.3	31,983	31,983	–	–	–
Trade and other payables due after one year	4.2.4	1,941	1,247	542	10	142
		89,759	50,179	9,540	20,273	9,767

	Notes	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company						
As at 31 December 2019						
Bank overdrafts		3,265	3,265	–	–	–
Bank borrowings and others		49,205	6,385	1,965	28,130	12,725
Lease liabilities		–	–	–	–	–
Trade and other payables due with in one year	4.2.5	23,506	23,506	–	–	–
Trade and other payables due after one year	4.2.6	346	194	4	12	136
		76,322	33,350	1,969	28,142	12,861
As at 31 December 2018						
Bank overdrafts		5,638	5,638	–	–	–
Bank borrowings and others		40,392	9,464	5,018	16,285	9,625
Lease liabilities		2	2	–	–	–
Trade and other payables due with in one year	4.2.7	20,230	20,230	–	–	–
Trade and other payables due after one year	4.2.8	456	110	194	10	142
		66,718	35,444	5,212	16,295	9,767

4.2.1 Trade and other payables due within one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2019					
Domestic trade payables	5,145	5,145	–	–	–
Foreign trade payables	2,715	2,715	–	–	–
Capital expenditure payables	15,951	15,951	–	–	–
Social security and other taxes	682	682	–	–	–
Interest payable	202	202	–	–	–
Other payables	13,486	13,486	–	–	–
	38,181	38,181	–	–	–

4.2.2 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2019					
International direct dialling deposits	155	3	4	12	136
Prepayments on VOIP services	182	182	–	–	–
PSTN guarantee deposits	9	9	–	–	–
Domestic trade payables	858	429	429	–	–
Capital expenditure payables	473	473	–	–	–
	1,677	1,096	433	12	136

4.2.3 Trade and other payables due within one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2018					
Domestic trade payables	5,044	5,044	—	—	—
Foreign trade payables	2,093	2,093	—	—	—
Amount due to related companies	132	132	—	—	—
Capital expenditure payables	10,767	10,767	—	—	—
Social security and other taxes	1,079	1,079	—	—	—
Interest payable	222	222	—	—	—
Other payables	12,646	12,646	—	—	—
	31,983	31,983	—	—	—

4.2.4 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2018					
International direct dialling deposits	157	2	3	10	142
Prepayments on VOIP services	280	98	182	—	—
PSTN guarantee deposits	19	10	9	—	—
Domestic Trade Payables	695	347	348	—	—
Capital expenditure payables	790	790	—	—	—
	1,941	1,247	542	10	142

4.2.5 Trade and other payables due within one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2019					
Domestic trade payables	364	364	—	—	—
Foreign trade payables	1,544	1,544	—	—	—
Amount due to subsidiaries	3,108	3,108	—	—	—
Capital expenditure payables	7,185	7,185	—	—	—
Social security and other taxes	664	664	—	—	—
Other payables	10,641	10,641	—	—	—
	23,506	23,506	—	—	—

4.2.6 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2019					
International direct dialling deposits	155	3	4	12	136
Prepayments on VOIP services	182	182	–	–	–
PSTN guarantee deposits	9	9	–	–	–
	346	194	4	12	136

4.2.7 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2018					
Domestic trade payables	391	391	–	–	–
Foreign trade payables	1,237	1,237	–	–	–
Amount due to subsidiaries	1,065	1,065	–	–	–
Amount due to related companies	132	132	–	–	–
Capital expenditure payables	6,989	6,989	–	–	–
Social security and other taxes	903	903	–	–	–
Other payables	9,513	9,513	–	–	–
	20,230	20,230	–	–	–

4.2.8 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2018					
International direct dialling deposits	157	2	3	10	142
Prepayments on VOIP services	280	98	182	–	–
PSTN guarantee deposits	19	10	9	–	–
	456	110	194	10	142

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.3.1 Currency risk

The Group is exposed to currency risk on services provided, services received and borrowings that are denominated in a currency other than the Sri Lankan rupees (LKR).

The Group manages its currency risk by a natural hedging mechanism to a certain extent by matching currency outflows for repayments of foreign currency loans and services with currency inflows for services settled in foreign currencies.

The summary of quantitative data about the Group's exposure to foreign currency was as follows:

		USD Mn.
Group		
As at 31 December 2019		
Foreign trade receivables	20	
Secured bank loans	(44)	
Unsecured loans	(22)	
Trade payables	(15)	
Net statement of financial position exposure	(61)	
As at 31 December 2018		
Foreign trade receivables	18	
Secured bank loans	(48)	
Unsecured loans	(56)	
Trade payables	(10)	
Net statement of financial position exposure	(96)	

		USD Mn.
Company		
As at 31 December 2019		
Foreign trade receivables	15	
Secured bank loans	-	
Unsecured loans	(22)	
Trade payables	(8)	
Net statement of financial position exposure	(15)	
As at 31 December 2018		
Foreign trade receivables	14	
Secured bank loans	-	
Unsecured loans	(56)	
Trade payables	(7)	
Net statement of financial position exposure	(49)	

The following significant exchange rates have been applied during the year:

	Average rate		Year end spot rate	
			2019	2018
	2019	2018	2019	2018
USD	178.78	162.54	181.50	182.71
EUR	200.14	191.71	203.48	209.07

Sensitivity analysis

A reasonable possible strengthening (weakening) USD would have an impact on the Group's borrowings. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Balance sheet	
	Strengthening	Weakening	Strengthening	Weakening
Group				
2019 December USD (10%)	(1,829)	1,829	(1,829)	1,829
2018 December USD (10%)	(1,418)	1,418	(1,418)	1,418
Company				
2019 December USD (10%)	(394)	394	(394)	394
2018 December USD (10%)	1,027	(1,027)	1,027	(1,027)

4.3.2 Interest rate risk

Interest rate risk mainly arises as a result of the Group having interest sensitive assets and liabilities, which are directly, impacted by changes in the interest rates. The Group's borrowings and investments are maintained in a mix of fixed and variable interest rate instruments and periodical maturity gap analysis is carried out to take timely action and to mitigate possible adverse impact due to volatility of the interest rates.

Short-term interest rate management is delegated to the treasury operations while long-term interest rate management decisions require approval from the Board of Directors.

Interest rate sensitivity of the Company was computed within the floor interest rate (minimum) of 2.5% as stipulated in the loan agreement. The Group interest rate sensitivity was computed based on a 100 basis point increase or decrease. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. The sensitivity of interest rate movement is shown below;

	Profit or loss	
	Increase in interest rate	Decrease in interest rate
Group		
2019 December		
Variable rate instruments	(267)	267
2018 December		
Variable rate instruments	(274)	274
Company		
2019 December		
Variable rate instruments	(344)	344
2018 December		
Variable rate instruments	(182)	182

4.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital and recommend dividends to ordinary shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Debt/equity ratios at 31 December 2019 and 2018 were as follows:

	Group		Company	
	2019	2018	2019	2018
Total borrowings (including lease liabilities)	72,425	55,835	53,014	46,032
Total equity	78,069	73,624	60,173	58,140
Debt/Equity ratio	92.8%	75.8%	88.1%	79.2%

5. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the board of Directors, (the Chief Operating Decision Maker-CODM) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Fixed ICT operations includes supply of fixed telecommunication services.
- Mobile ICT operations includes supply of Mobile telecommunication services.
- Other segment operations includes Directory publication and support services. None of these segments meet the quantitative thresholds for determining reportable segments in 2019 or 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax. As included in the internal management reports that are reviewed by the Board of Directors (BOD). Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Fixed telephony operations		Mobile operations		Other segments operations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
External revenues	45,897	43,307	38,482	36,739	1,569	1,399	85,948	81,445
Inter-segment revenue	4,110	4,082	1,697	2,142	3,556	3,257	9,363	9,481
Reportable segment revenue	50,007	47,389	40,179	38,881	5,125	4,656	95,311	90,926
Reportable segment profit before tax	4,754	3,142	4,073	4,404	(143)	340	8,684	7,886
Interest revenue	739	443	510	200	39	42	1,288	685
Interest expenses	(690)	(93)	(1,540)	(106)	(35)	(40)	(2,265)	(239)
Depreciation and amortisation	(13,102)	(11,616)	(8,255)	(6,294)	(88)	(37)	(21,445)	(17,947)
Reportable segment assets	151,654	138,525	75,250	56,395	4,394	2,982	231,298	197,902
Capital expenditure	13,893	13,129	14,253	8,158	917	129	29,063	21,416
Reportable segment liabilities	91,481	80,385	43,757	27,524	3,226	2,235	138,464	110,144

	2019	2018
Revenues		
Total revenue for reportable segments	90,186	86,270
Revenue for other segments	5,125	4,656
Reportable segment revenue	95,311	90,926
Elimination of inter-segment revenue	(9,363)	(9,481)
Consolidated revenue	85,948	81,445
Profit or loss		
Total profit or loss for reportable segments	8,827	7,546
Profit or loss for other segments	(143)	340
Reportable segment Profit before tax	8,684	7,886
Elimination of inter-segment profits	(468)	(717)
Consolidated profit before tax	8,216	7,169

Information about reportable segments

	2019	2018
Assets		
Total assets for reportable segments	226,904	194,920
Assets for other segments	4,394	2,982
	231,298	197,902
Elimination of inter-segment assets	(22,279)	(17,467)
Consolidated total assets	209,019	180,435
Liabilities		
Total liabilities for reportable segments	135,238	107,909
Liabilities for other segments	3,226	2,235
	138,464	110,144
Elimination of inter-segment liabilities	(7,612)	(3,429)
Consolidated total liabilities	130,852	106,715

	Reportable segment totals	Adjustments	Consolidated totals
Other material items (2019)			
Interest revenue	1,288	–	1,288
Interest expense	(2,265)	198	(2,067)
Capital expenditure	29,063	–	29,063
Depreciation and amortisation	(21,445)	–	(21,445)
Other material items (2018)			
Interest revenue	685	–	685
Interest expense	(239)	–	(239)
Capital expenditure	21,416	–	21,416
Depreciation and amortisation	(17,947)	–	(17,947)

6. Revenue

The significant categories under which revenue is recognised are as follows:

	Group		Company	
	2019	2018	2019	2018
Release of deferred connection charges	355	392	355	392
Rental income	7,216	7,261	4,534	4,696
Domestic call revenue	22,025	22,826	3,447	4,048
Receipts from other network operators - Domestic	2,257	1,894	599	578
International call revenue	694	774	226	306
Receipts from other network operators - International	35	94	-	-
International settlements (in-payments)	9,213	8,183	6,669	5,842
CDMA revenue	160	531	160	531
Broadband revenue	21,926	19,572	11,017	10,206
Data and other services	22,067	19,918	23,000	20,790
	85,948	81,445	50,007	47,389

7. Operating costs

The following items have been included in arriving at operating profit :

	Notes	Group		Company	
		2019	2018	2019	2018
Staff costs	7.1	19,108	17,750	12,542	11,759
Directors' emoluments		43	41	18	16
Payments to international network operators		1,656	1,260	1,656	1,260
Payments to other network operators					
- International		1,565	1,439	1,185	1,166
- Domestic		2,640	2,314	651	735
International Telecommunication Operators Levy	8	1,907	2,054	891	1,055
Auditors' remuneration					
- Audit - Ernst & Young		19	18	12	12
- Other auditors		-	-	-	-
- Non-audit - Ernst & Young		2	2	2	3
- Other auditors		-	1	-	1
Repairs and maintenance expenditure		6,543	6,530	4,621	5,124
Provision/(write-off) of bad and doubtful debts	7	54	1,127	(383)	605
Impairments/(reversals) of inventory		154	(281)	154	(281)
Impairment of property, plant and equipment	14	-	40	-	29
Other operating expenditure		22,273	23,590	12,206	12,448
Depreciation on property, plant and equipment		17,670	16,850	12,248	11,361
Depreciation on right-of-use assets		2,442	-	514	-
Amortization		1,333	1,097	340	255
Total direct costs, sales and marketing costs, and administrative costs		77,409	73,832	46,657	45,548

7.1 Staff costs

	Notes	Group		Company	
		2019	2018	2019	2018
Salaries, wages, allowances, and other benefits		16,811	15,600	10,877	10,170
Staff prepaid cost		77	108	77	108
Post-employment benefits					
- Defined contribution plans		1,429	1,381	968	956
- Defined benefit obligations	26	791	661	620	525
		19,108	17,750	12,542	11,759
Average number of persons employed		10,423	10,242	5,620	5,403

8. Refunds on Telecommunication Development Charge (TDC)

In accordance with the Finance Act No. 11 of 2004, all Telecommunication Gateway Operators are required to pay a levy defined as the Telecommunication Development Charge (TDC) to the Government of Sri Lanka, based on international call minutes terminated in the country. This levy was made effective from 3 March, 2003 where initially the levy was defined in such a way that Operators were allowed to claim 2/3rd of the TDC against the costs of network development charges.

The TDC Refund received in 2014 corresponds to the period from April 2009 to July 2010 which was the last claim obtained under the respective regulation. As the said regulation was received with effect from July 2010 while eliminating the reimbursement process, the final claim requested from TRC applicable for the above period was received in year 2014.

First revision to this regulation was introduced with effect from 15 July 2010 with an International Telecommunication Operators Levy (ITOL) TDC rate change from USD cents 3.80 to USD cents 1.50. Through the same revision, the disbursement process of TDC was removed from the regulation. As stated above the revised ITOL rate prevailed until such time the rate was revised to USD cents 3.00 per minute with effect from January 2012, in accordance with the Budget Proposal for 2012 and ITOL rate was further revised again to USD cents 6.00 per minute with effect from January 2016 in accordance with the Budget Proposal for 2016.

Mobitel (Pvt) Ltd. recognises Telecommunications Development Charge (TDC) in Statement of profit or loss on a straight-line basis over 10 years, as disclosed in Note 33.

9. Interest expense and finance costs

	Group		Company	
	2019	2018	2019	2018
Rupee loans [See Note (a) below]	3,779	2,346	3,744	2,271
Foreign currency loans [See Note (a) below]	698	662	319	602
Debenture	892	628	892	628
Finance cost of the lease liabilities [Note 14. (a)]	1,160	-	96	-
Other charges [See Note (b) below]	469	638	464	627
Total Interest and finance cost	6,998	4,274	5,515	4,128
Interest Capitalised [See Note (c) below]	(4,931)	(4,035)	(4,825)	(4,035)
Net total Interest and finance cost	2,067	239	690	93

(a) Interest cost of the Company relates to the US dollar loans and rupee loans. Interest cost of the Group relates to rupee loans, US dollar loans and vendor financing.

(b) Other charges mainly include interest cost of overdraft facilities.

(c) Capitalisation rate used for 2019 is 13.12%.

9. (a) Foreign exchange (loss)/gain

	Group		Company	
	2019	2018	2019	2018
Net foreign exchange (loss)/gain	(443)	(1,809)	(314)	(1,200)

Foreign exchange (loss) or gain of the Group mainly includes –

- i. Exchange loss of LKR 112 Mn. (2018 – gain of LKR 333 Mn.) arising from revaluation of receivables, fixed deposits and bank balances maintained in US dollars.
- ii. Exchange loss of LKR 287 Mn. on payment to foreign suppliers (2018 – LKR 944 Mn.).
- iii. Exchange loss of LKR 44 Mn. (2018 – LKR 1,198 Mn.) arising from revaluation of US dollar syndicate loan and other term loans.

Foreign exchange (loss) or gain of the Company mainly includes –

- i. Exchange gain of LKR 85 Mn. (2018 – LKR 263 Mn.) arising from revaluation of receivables, fixed deposits and bank balances maintained in US dollars.
- ii. Exchange loss of LKR 355 Mn. on payment to foreign suppliers (2018 – LKR 265 Mn.).
- iii. Exchange loss of LKR 44 Mn. (2018 – LKR 1,198 Mn.) arising from revaluation of US dollar syndicate loan.

10. Interest income

	Group		Company	
	2019	2018	2019	2018
Interest income from:				
- Treasury bills	5	4	–	–
- Repurchase agreement – Repos	137	143	–	20
- Fixed deposits	589	225	183	111
- Staff loan Interest	557	307	556	306
- Debenture issue	–	6	–	6
	1,288	685	739	443

The interest income on Bank deposits reflect the prevailing rates on the date of respective investments.

- (a) The weighted average interest rates on restricted funds in bank deposits 11.48% (2018 – 12.08%) and USD was 4.51% (2018 – 3.34%). The weighted average interest rate on bank deposits in LKR was 11.5%.
- (b) The weighted average interest rates on investments in Government Securities were nil (2018 – 7.92%).
- (c) The weighted average interest on staff loans are between 12% and 15% (2018 – 12% and 15%) computed as per the provisions in the Sri Lanka Accounting Standards. The actual interest rates charged on the staff loans are between 6.24% and 7.20% (2018 – 5.24% and 7.20%)

11. Income tax expenses

Tax recognised in Statement of Profit or Loss

	Group		Company	
	2019	2018	2019	2018
Current tax expense				
Current year	916	960	–	24
Tax on dividends	73	102	–	–
	989	1,062	–	24
Deferred tax expense				
Origination and reversal of temporary differences (Note 23)	(187)	1,456	(182)	1,509
Tax losses	1,092	(297)	1,156	(297)
	905	1,159	974	1,212
Tax expense	1,894	2,221	974	1,236

Tax recognised in other comprehensive income – Group

	2019			2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial (loss)/gain	(214)	49	(165)	125	(13)	112
	(214)	49	(165)	125	(13)	112

Tax recognised in other comprehensive income – Company

	2019			2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial (loss)/gain	(49)	14	(35)	85	(23)	62
	(49)	14	(35)	85	(23)	62

Reconciliation between income tax expenses and accounting profit

	Group		Company	
	2019	2018	2019	2018
Accounting profit before tax	8,216	7,169	4,754	3,142
Non-taxable receipts/gains	–	–	(449)	(628)
Exempt profit				
Aggregate disallowable expenses	14,069	14,475	13,748	14,469
Aggregate allowable expenses	(14,068)	(17,322)	(13,926)	(17,210)
Utilisation of tax losses	(4,148)	(143)	(4,127)	(47)
Current year tax losses not utilised	256	649	–	620
Other adjustments	9	–	–	–
Taxable income	4,334	4,828	–	87
Other adjustments				
Standard rate of 28%	72	119	–	24
Concessionary rate of 14%	–	–	–	–
Concessionary rate of 10%	–	–	–	–
Other rates	844	841	–	–
Tax on dividend income	73	102	–	–
Tax on current year profits	989	1,062	–	24

Current income tax charge of the Group/Company is made up as follows:

	Group		Company	
	2019	2018	2019	2018
Sri Lanka Telecom PLC	–	24	–	24
Mobitel (Pvt) Ltd.	844	841	–	–
Sri Lanka Telecom (Services) Limited	–	–	–	–
SLT Human Capital Solutions (Private) Limited	20	3	–	–
SLT Digital Info Services (Private) Limited	–	62	–	–
SLT VisionCom (Private) Limited	52	30	–	–
Sky Network (Private) Limited	–	–	–	–
SLT Property Management (Private) Limited	–	–	–	–
SLT Campus (Private) Limited	–	–	–	–
	916	960	–	24

- (a) Pursuant to agreements dated 15 January 1993 and 26 February 2001 entered into with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Act No. 04 of 1978, 15 years tax exemption period granted to Mobitel (Pvt) Ltd. expired on 30 June 2009 and as per the agreement, Mobitel (Pvt) Ltd. opted for the turnover based tax option in which 2% was charged on the turnover for a further period of 15 years commencing from 1 July 2009.
- (b) As per the agreement with the Board of Investment of Sri Lanka (BOI) dated 19 November 2009 under Section 17 of BOI Act No. 04 of 1978 the Sky Network (Private) Limited is exempt from income tax for a period of six years. For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date on which the Company commences commercial operation, whichever is earlier as may be specified in a certificate issued by the Board. In view of the above the Company is not liable to income tax on business profit.

12. Net movement on cash flow hedges

Movement of cash flow hedge reserve is given below:

	Group	Company
Balance as at 1 January 2019	672	672
Net movement of cash flow hedges	(201)	(201)
Balance as at 31 December 2019	471	471

The composition of the cash flow hedge reserve is given below:

	Group	Company
Recognition of loan impact under other comprehensive income	1,331	1,331
Recognition of revenue impact under other comprehensive income	(860)	(860)
Balance as at 31 December 2019	471	471

Hedging activities

The Group is exposed to certain risks relating to its ongoing business operations. The Group uses foreign currency-denominated borrowings to manage some of its transaction exposures. The primary risks managed using hedging activities is the foreign currency risk.

The Group's risk management strategy and how it is applied to manage foreign currency risk are explained in Note 4.3.1.

There is an economic relationship between the hedged items and the hedging instruments as there is an opposite relationship between currency inflows for services settled in foreign currencies which are generated from day-to-day business operations and currency outflows for repayments of foreign currency loans which are on fixed terms.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

13. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2019	2018	2019	2018
Net profit attributable to equity holders (LKR Mn.)	6,320	4,944	3,780	1,906
Weighted average number of ordinary shares in issue (million)	1,805	1,805	1,805	1,805
Basic earnings per share (LKR)	3.50	2.74	2.09	1.06

Diluted EPS is the same as computed above as the Company does not have any instrument that will potentially dilute the share holdings.

14. Property, plant and equipment

Group

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2018	357	3,723	131,135	29,201	93,600	14,329	2,892	12,117	24,332	311,686
Additions at cost	–	4	748	–	1,303	249	23	670	20,728	23,725
Transfers from capital work-in-progress	–	112	3,116	184	2,518	1,574	–	24	(7,529)	–
Disposals	–	–	(249)	(18)	(597)	(52)	(21)	(80)	–	(1,017)
As at 31 December 2018	357	3,839	134,750	29,367	96,824	16,100	2,894	12,731	37,531	334,393
Accumulated depreciation										
As at 1 January 2018	–	(2,123)	(97,413)	(19,917)	(55,358)	(9,566)	(2,353)	(7,921)	–	(194,651)
Disposals	–	–	249	18	597	52	21	61	–	998
Impairment loss	–	(8)	–	–	–	–	(21)	(11)	–	(40)
Depreciation charge	–	(101)	(5,482)	(1,569)	(6,959)	(1,410)	(241)	(1,088)	–	(16,850)
As at 31 December 2018	–	(2,232)	(102,646)	(21,468)	(61,720)	(10,924)	(2,594)	(8,959)	–	(210,543)
Carrying value as at 31 December 2018	357	1,607	32,104	7,899	35,104	5,176	300	3,772	37,531	123,850

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2019	357	3,839	134,750	29,367	96,824	16,100	2,894	12,731	37,531	334,393
Additions at cost	–	534	1,555	26	2,393	973	–	1,981	27,008	34,470
Transfers from capital work-in-progress	10	511	8,059	–	5,992	712	–	79	(15,363)	–
Disposals	–	(15)	(581)	–	(1,459)	–	(36)	(200)	–	(2,291)
As at 31 December 2019	367	4,869	143,783	29,393	103,750	17,785	2,858	14,591	49,176	366,572
Accumulated depreciation										
As at 1 January 2019	–	(2,232)	(102,646)	(21,468)	(61,720)	(10,924)	(2,594)	(8,959)	–	(210,543)
Accumulated depreciation on disposals	–	4	581	–	1,458	–	36	194	–	2,273
Depreciation charge	–	(262)	(5,742)	(1,721)	(7,199)	(1,580)	(149)	(1,017)	–	(17,670)
As at 31 December 2019	–	(2,490)	(107,807)	(23,189)	(67,461)	(12,504)	(2,707)	(9,782)	–	(225,940)
Carrying value as at 31 December 2019	367	2,379	35,976	6,204	36,289	5,281	151	4,809	49,176	140,632

Company

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2018	357	3,696	131,135	29,201	35,881	14,316	2,527	7,902	22,888	247,903
Additions at cost	–	4	748	–	962	244	22	196	13,809	15,985
Transfers from capital work-in-progress	–	112	3,116	184	1,693	1,574	–	24	(6,703)	–
Disposals at cost	–	–	(249)	(18)	(13)	(52)	(20)	–	–	(352)
As at 31 December 2018	357	3,812	134,750	29,367	38,523	16,082	2,529	8,122	29,994	263,536
Accumulated depreciation										
As at 1 January 2018	–	(2,123)	(97,413)	(19,917)	(20,261)	(9,553)	(2,125)	(5,058)	–	(156,450)
Accumulated depreciation on disposals	–	–	249	18	13	52	20	–	–	352
Impairment loss	–	–	(8)	–	–	–	–	(21)	–	(29)
Depreciation charge	–	(101)	(5,482)	(1,569)	(2,092)	(1,410)	(195)	(513)	–	(11,361)
As at 31 December 2018	–	(2,224)	(102,654)	(21,468)	(22,340)	(10,911)	(2,300)	(5,592)	–	(167,489)
Carrying value as at 31 December 2018	357	1,588	32,096	7,899	16,183	5,171	229	2,530	29,994	96,047

	Freehold land	Freehold buildings	Ducts, cables and other outside plant	Telephone exchanges	Transmission equipment	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2019	357	3,812	134,750	29,367	38,523	16,082	2,529	8,122	29,994	263,536
Additions at cost	–	267	1,555	26	736	959	–	1,315	15,154	20,012
Transfers from capital work-in-progress	10	511	8,059	–	1,110	712	–	79	(10,481)	–
Disposals at cost	–	(15)	(581)	–	–	–	(36)	–	–	(632)
As at 31 December 2019	367	4,575	143,783	29,393	40,369	17,753	2,493	9,516	34,667	282,916
Accumulated depreciation										
As at 1 January 2019	–	(2,224)	(102,654)	(21,468)	(22,340)	(10,911)	(2,300)	(5,592)	–	(167,489)
Accumulated depreciation on disposals	–	4	581	–	–	–	36	–	–	621
Depreciation charge	–	(262)	(5,743)	(1,721)	(2,366)	(1,575)	(149)	(432)	–	(12,248)
As at 31 December 2019	–	(2,482)	(107,816)	(23,189)	(24,706)	(12,486)	(2,413)	(6,024)	–	(179,116)
Carrying value as at 31 December 2019	367	2,093	35,967	6,204	15,663	5,267	80	3,492	34,667	103,800

Property, Plant and Equipment

- (a) On 1 September 1991, the Department of Telecommunications (DoT) transferred its entire telecommunications business and related assets and liabilities to SLT. A valuation of the assets and liabilities transferred to SLT was performed by the Government of Sri Lanka. The net amount of those assets and liabilities represents SLT's Contributed Capital on incorporation and the value of property, plant and equipment as determined by the Government of Sri Lanka. Valuers were used to determine the opening cost of fixed assets on 1 September 1991 in the first statutory accounts of SLT. Further, SLT was converted into a public limited company, Sri Lanka Telecom Limited (SLTL), on 25 September 1996 and on that date, all business and the related assets and liabilities of SLT were transferred to SLTL as part of the privatisation process.
- (b) The cost of fully depreciated assets still in use in the Company as at 31 December 2019 was LKR 125,986 Mn. (2018 – LKR 74,396 Mn.). The cost of fully depreciated assets still in use in the Group as at 31 December 2019 was LKR 145,791 Mn. (2018 – LKR 88,189 Mn.).
- (c) No assets have been mortgaged or pledged as security for borrowings of the Group.
- (d) The number of buildings as at 31 December 2019, is 1,180 (2018 – 1,180).
- (e) All the motor vehicles have been insured. An insurance reserve has been created together with a sinking fund investment to meet any potential losses with regard to uninsured property, plant and equipment. At the reporting date, the insurance reserve amounted to LKR 917 Mn. (2018 – LKR 791 Mn.) (Note 27).
- (f) Impairment of assets mainly consists of the carrying value of Cable Network Beyond DP LKR Nil (2018 – LKR 15 Mn.) and Cable Network up to DP LKR Nil (2018 – LKR 7 Mn.) were impaired due to the flood. Impairment provision for pay phones LKR Nil (2018 – LKR 5 Mn.) and IPTV CPE LKR Nil (2018 – LKR 62 Mn.).
- (g) The Company capitalised borrowing costs amounting to LKR 4,825 Mn. during the year (2018 – Rs 4,035 Mn.). Borrowing cost capitalised from a Group perspective amounted to LKR 4,931 Mn. (2018 – LKR 4,035 Mn.)
- (h) Property, plant and equipment include submarine cables. The total cost and accumulated depreciation of all cables under this category in as follows;

	Group/Company	
	2019	2018
Cost	12,060	11,975
Accumulated depreciation at 1 January	(5,892)	(5,560)
Depreciation charge for the year	(219)	(332)
Carrying amount	5,949	6,083

14. (a) Lease

The Group has lease contracts for various items of land and buildings, E1 Links and towers used in its operations. Leases of land and buildings generally have lease terms between one to two years while leases of towers generally have lease terms between two to three years. The Group's obligations under its leases are secured by the lessor's title to the leases assets. Generally the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of towers or tower spaces with low value.

- (i) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	Group		
	Land and buildings	Towers	Total
As at 1 January 2019	706	9,536	10,242
Additions	1,811	761	2,572
Depreciation expense	(408)	(2,034)	(2,442)
As at 31 December 2019	2,109	8,263	10,372

	Company		
	Land and buildings	Towers	Total
As at 1 January 2019	105	922	1,027
Additions	-	-	-
Depreciation expense	(49)	(465)	(514)
As at 31 December 2019	56	457	513

(ii) Set out below are the carrying amounts of lease liabilities recognised and the movements during the year.

	Group	
	2019	2018
As at 1 January	10,242	-
Additions	2,333	-
Accretion of interest	1,160	-
Payments	(2,986)	-
As at 31 December	10,749	-
Non-current	8,238	-
Current	2,511	-
	10,749	-

	Company	
	2019	2018
As at 1 January	-	-
Additions	1,027	-
Accretion of interest	96	-
Payments	(579)	-
As at 31 December	544	-
Non current	50	-
Current	494	-
	544	-

(iii) Following are the amounts recognised in profit or loss;

	Group	
	2019	2018
Depreciation expense of right-of-use asset	2,442	-
Interest expense on lease liabilities	1,160	-
Leases of low value	48	-
Total amount recognised in profit or loss	3,650	-

	Company	
	2019	2018
Depreciation expense of right-of-use asset	514	-
Interest expense on lease liabilities	96	-
Leases of low value	48	-
Total amount recognised in profit or loss	658	-

Sensitivity analysis

	ROU Asset	Lease liability
Sensitivity to discount rate/incremental borrowing rate - Group		
Increase by 1%	(650)	(677)
Decrease by 1%	229	392
Sensitivity to discount rate/incremental borrowing rate - Company		
Increase by 1%	(5)	(3)
Decrease by 1%	5	3

15. Intangible assets

15.1 Intangible assets – Group

	Goodwill	Licences	Software	Others	Total
Cost					
Balance as at 1 January 2018	804	8,905	3,740	485	13,934
- Acquisitions	-	616	255	17	889
Balance as at 31 December 2018	804	9,521	3,995	502	14,822
Balance as at 1 January 2019	804	9,521	3,995	502	14,822
- Acquisitions	-	615	426	56	1,097
- Derecognition	-	-	(202)	-	(202)
Balance as at 31 December 2019	804	10,136	4,219	558	15,717
Accumulated amortisation					
Balance as at 1 January 2018	253	2,767	2,720	333	6,073
- Amortisation	-	851	246	-	1,097
Balance as at 31 December 2018	253	3,618	2,966	333	7,170
Balance as at 1 January 2019	253	3,618	2,966	333	7,170
- Amortisation	-	937	382	14	1,333
- Derecognition	-	-	(202)	-	(202)
Balance as at 31 December 2019	253	4,555	3,146	347	8,301
Carrying Amounts					
As at 31 December 2019	551	5,581	1,073	211	7,416
As at 31 December 2018	551	5,903	1,029	169	7,652

The goodwill in the Group consists of goodwill arising on acquisition of Mobitel (Pvt) Ltd. and eChannelling PLC.

Goodwill is allocated to the Group's cash-generating units (CGUs). A summary of the goodwill allocation is presented below:

	2019	2018
Mobitel (Pvt) Ltd.	141	141
eChannelling PLC	410	410
Total	551	551

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections, based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	2019 %	2018 %
Growth rate	5	2-7
Discount rate	12	12

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. No impairment charge has been recognised for the year ended 31 December 2019 for the above CGU (2018 - LKR Nil).

15.2 Intangible assets – Company

	Licences	Software	Others	Total
Cost				
Balance as at 1 January 2018	1,813	1,727	330	3,870
- Acquisitions	4	308	-	312
Balance as at 31 December 2018	1,817	2,035	330	4,182
Balance as at 1 January 2019	1,817	2,035	330	4,182
- Acquisitions	-	367	-	367
Balance as at 31 December 2019	1,817	2,402	330	4,549
Accumulated amortisation				
Balance as at 1 January 2018	798	1,675	330	2,803
- Amortisation	143	112	-	255
Balance as at 31 December 2018	941	1,787	330	3,058
Balance as at 1 January 2019	941	1,787	330	3,058
- Amortisation	143	197	-	340
Balance as at 31 December 2019	1,084	1,984	330	3,398
Carrying Amounts				
As at 31 December 2019	733	418	-	1,151
As at 31 December 2018	876	248	-	1,124

16. Investments in subsidiaries and associates

16.1 Investments in subsidiaries

	2019	2018
Balance as at 1 January 2019	14,366	14,206
Impairment of investment	-	-
Additions	455	160
Balance as at 31 December 2019	14,821	14,366

16.2 Investment in associates

Galle Submarine Cable Depot (Private) Limited (GSCDPL) engages in the business of providing services related to storage of spare submersible plant for the repair and maintenance of submarine telecommunication cable systems under South East Asia Indian Ocean Cable Maintenance Agreement. The Company's 40% interest in GSCDPL is accounted for using the equity method in the Company's financial statements. The Company commenced operations during the financial year.

	Group/Company	
	2019	2018
As at 1 January	–	28
Share of profit/(loss) from associate company	54	(28)
As at 31 December	54	–

Details of the subsidiary companies in which the Company had control as at 31 December are set out below:

Name of the Company	2019		2018	
	Investment LKR Mn.	Company holding %	Investment LKR Mn.	Company holding %
Mobitel (Pvt) Ltd. [See Note (b) below]	13,980	100	13,980	100
SLT VisionCom (Private) Limited [See Note (e) below]	100	100	100	100
SLT Digital Info Services (Private) Limited [See Note (c) below]	50	100	50	100
Sri Lanka Telecom (Services) Limited [See Note (a) below]	300	99.99	25	99.99
SLT Human Capital Solutions (Private) Limited [See Note (d) below]	1	100	1	100
Sky Network (Private) Limited (See Note (f) below)	–	99.94	–	99.94
SLT Property Management (Private) Limited (See Note (g) below)	–	100	–	100
SLT Campus (Private) Limited [See Note (h) below]	390	100	210	100
	14,821		14,366	
Subsubsidiaries				
eChannelling PLC [See Note (i) below]	642	87.59	642	87.59

The Directors believe that the fair value of each of the companies listed above do not differ significantly from their book values.

- (a) This investment in the subsidiary company consists of 30,000,000 shares representing 99.99 % of stated capital of Sri Lanka Telecom (Services) Limited. The Company invested LKR 275 Mn. on ordinary share capital during the year 2019.
- (b) The Company owns 1,320,013,240 shares representing 100% of the entire ordinary share capital of Mobitel (Pvt) Ltd.
- (c) This investment in the subsidiary company consists of 5,000,000 shares representing the entire stated capital of SLT Digital Info Services (Private) Limited.
- (d) This investment in the subsidiary company consists of 50,000 shares representing the entire stated capital of SLT Human Capital Solutions (Private) Limited.
- (e) This investment in the subsidiary company consists of 10,000,000 shares representing the entire stated capital of SLT VisionCom (Private) Limited.
- (f) This investment in subsidiary company consists of 42,071,251 shares representing a 99.94% holding of the issued stated capital and 6,000,000 12% cumulative and redeemable preference shares of Sky Network (Private) Limited. The investment is fully impaired.
- (g) This investment in the subsidiary company consists of 1,500,001 shares representing the entire stated capital of SLT Property Management (Private) Limited. This investment is fully impaired.
- (h) This investment in the subsidiary company consists of 39,000,001 shares representing the entire stated capital of SLT Campus (Private) Limited. The Company invested LKR 180 Mn. in preference share capital of SLT Campus (Private) Limited during the year 2019.
- (i) This investment in the subsubsidiary company consists of 106,974,618 shares representing the 87.59% holding of the issued share capital of eChannelling PLC.

17. Other investments

Current investments

	Group		Company	
	2019	2018	2019	2018
Fixed deposits/Repo	3,112	3,665	3,082	3,569
	3,112	3,665	3,082	3,569

Fixed deposits and Repo are classified as financial assets measured at amortised cost. Fixed deposits in foreign currency with a carrying value of LKR 2,181 Mn. (2018 – LKR 2,780 Mn.) and fixed deposits and Repo with a carrying value of LKR 898 Mn. (2018 – LKR 786 Mn.) are restricted at bank. Fixed deposits with a carrying value of LKR 3 Mn. (2018 – LKR 3 Mn.) is in local currency.

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Fixed deposits – Restricted at bank	11.48	12.08	11.48	12.08
Repurchase agreement – Restricted at bank	–	–	–	–
Fixed deposits – LKR	12.00	11.50	9.83 – 11.50	11.50
Fixed deposits – USD	4.51	3.34	4.51	3.34
Repurchase agreement – Repo	–	7.92	–	7.92

The Group's exposure to credit and market risk and fair value information related to other investment are disclosed in Note 4.

18. Other receivables

	Group		Company	
	2019	2018	2019	2018
Non-current	2,897	2,970	2,868	2,938
Current	678	680	676	679
	3,575	3,650	3,544	3,617
Employee Loans	3,419	3,229	3,388	3,196
Prepaid staff cost	156	421	156	421
	3,575	3,650	3,544	3,617
Prepaid staff cost 1 January	421	472	421	472
Additions	77	108	77	108
Amortisation	(342)	(159)	(342)	(159)
Prepaid staff cost at 31 December	156	421	156	421

The Group provides loans to employees at concessionary rates. These employee loans are fair valued at initial recognition using Level 2 inputs. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for similar loans.

The difference between the cost and fair value of employee loans is recognised as prepaid staff cost and the amount is recognised in the Statement of Profit or Loss for 2019 was LKR 342 Mn. (2018 – LKR 159 Mn.).

19. Inventories

	Group		Company	
	2019	2018	2019	2018
Customer premises equipment	2,612	1,188	2,612	1,188
Cable and networks	831	842	705	701
Other consumables	1,149	1,069	319	321
	4,592	3,099	3,636	2,210
Provision for change in carrying value of inventories	(1,027)	(926)	(868)	(770)
	3,565	2,173	2,768	1,440

(a) Inventories include telecommunication hardware, consumables and office stationery. Inventory is stated net of provisions for slow-moving and obsolete items.

20. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
Domestic trade receivables	23,277	21,846	16,033	15,373
Foreign trade receivables	3,433	3,428	2,452	2,297
	26,710	25,274	18,485	17,670
Less: Provision for bad and doubtful receivables	(9,232)	(8,890)	(5,402)	(5,492)
Trade receivables - Net	17,478	16,384	13,083	12,178
Amount due from subsidiaries [Note 32.1 (h)]	-	-	2,883	2,042
Amount due from related companies	21	148	-	147
Advances and prepayments [See Note (a) below]	13,312	8,561	3,884	2,360
Employee loans (Note 18)	678	680	676	679
Other receivables [See Note (b) below]	1,532	1,567	339	135
Amounts due within one year	33,021	27,340	20,865	17,541

- (a) Advances and prepayments of the Company mainly consist of advances on foreign and local suppliers LKR 2,589 Mn. (2018 – LKR 2,620 Mn.), payments for software maintenance of LKR 342 Mn. (2018 – LKR 70 Mn.) Advances and prepayments of the Group mainly consist of advances on foreign and local suppliers advances LKR 10,029 Mn. (2018 – LKR 5,911 Mn.), payments for software maintenance of LKR 342 Mn. (2018 – LKR 70 Mn.) advances on building and tower rent of LKR 109 Mn. (2018 – LKR 138 Mn.). Prepaid TRC Frequency LKR 740 Mn. (2018 – LKR 804 Mn.) and free phone offer LKR 321 Mn. (2018 – LKR 283 Mn.)
- (b) Other receivables of the Company consist of refundable deposits of LKR 144 Mn. (2018 – LKR 132 Mn.). Other receivables of the Group mainly consist of refundable deposits of LKR 144 Mn. (2018 – LKR 132 Mn.), receivables from sales agents LKR 113 Mn. (2018 – LKR 122 Mn.) and site rentals receivables from other operators LKR 725 Mn. (2018 – LKR 864 Mn.)

21. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
Cash at bank and in hand	3,454	3,163	645	671
Fixed deposits	2,003	5,791	–	–
Repurchase agreements – Repo	–	2,135	–	–
	5,457	11,089	645	671

21. (a) For cash flow purpose:

Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
Cash and cash equivalents	5,457	11,089	645	671
Bank overdrafts	(3,739)	(6,460)	(3,265)	(5,638)
	1,718	4,629	(2,620)	(4,967)

22. Borrowings

	Group		Company	
	2019	2018	2019	2018
Current (due within one year)				
Bank overdrafts	3,739	6,460	3,265	5,638
Bank borrowings and others [See Note 22 (e) below]	8,419	9,479	6,385	9,464
Vendor financing	320	982	–	–
Finance lease liabilities	20	28	–	2
	12,498	16,949	9,650	15,104
Non-current (due after one year)				
Bank borrowings and others [See Note 22 (e) below]	48,849	38,285	42,820	30,928
Vendor financing	295	546	–	–
Finance lease liabilities	34	55	–	–
	49,178	38,886	42,820	30,928
Total borrowings	61,676	55,835	52,470	46,032

(a) The interest rate exposure of the borrowings of the Group and the Company were as follows:

	Group		Company	
	2019	2018	2019	2018
- At fixed rates	11,110	17,633	10,582	17,355
- At floating rates	50,566	38,202	41,888	28,677
	61,676	55,835	52,470	46,032

The currency exposure of the borrowings of the Group and the Company as at the reporting date were as follows:

	Group		Company	
	2019	2018	2019	2018
Foreign currency	11,872	19,125	3,940	10,268
Local currency	49,804	36,710	48,530	35,764
	61,676	55,835	52,470	46,032

(b) Effective interest rates of the Group and the Company are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Average effective interest rates:				
- Bank overdrafts	10.00 - 12.00	10.00 - 14.40	11.39	11.71
- Bank borrowings - (USD loans)	5.04	4.74	5.04	4.74
- Bank borrowings	-	12.18-12.75	-	12.18
- Debenture	12.75	12.75	12.75	12.75
- Lease liabilities	8.00 -12.00	8.00 -16.00	8.00 - 10.00	8.00 - 10.00
- Vendor financing	LIBOR+3.8%	LIBOR+3.8%	-	-

(c) Maturity analysis of the Group and the Company is as follows:

	Group		Company	
	2019	2018	2019	2018
Maturity of non-current borrowings (excluding finance lease liabilities):				
- Between 1 and 2 years	4,482	8,956	1,965	5,018
- Between 3 and 5 years	31,937	20,250	28,130	16,285
- Over 5 years	12,725	9,625	12,725	9,625
	49,144	38,831	42,820	30,928

(d) Movement of the borrowings is given below – Group

	Borrowings	Bank overdraft	Finance lease liabilities	Total
Balance as at 1 January 2019	49,292	6,460	83	55,835
Additions during the year	47,537	47,753	1	95,291
Net repayment during the year	(38,946)	(50,474)	(30)	(89,450)
	57,883	3,739	54	61,676

Movement of the borrowings is given below – Company

	Borrowings	Bank overdraft	Finance lease liabilities	Total
Balance as at 1 January 2019	40,392	5,638	2	46,032
Additions during the year	46,350	47,644	–	93,994
Net repayment during the year	(37,537)	(50,017)	(2)	(87,556)
	49,205	3,265	–	52,470

- (e) During the year Company, drew down LKR 46.35 Bn. from the term loan and short-term loan facilities in Rupees.
- (f) The loan covenants include submission of audited financial statements to the lenders within a specified period from the financial year end, maintenance of covenant ratios and to maintain adequate accounting records in accordance with Sri Lanka Accounting Standards.
- (g) The Directors believe that the Company and the Group will have sufficient funds available to meet its present loan commitments.
- (h) Lease liabilities of the Company and the Group are effectively secured by the lessor against the rights to the title of the asset.
- (i) Bank borrowings and supplier credits of Mobitel (Pvt) Ltd. a subsidiary of the Company, are secured, *inter alia*, by corporate guarantees given by the Company.
- (j) Mobitel (Pvt) Ltd. has borrowed LKR 416 Mn. during the year for the purpose of Capital Expansion Projects.
- (k) Guarantee facilities amounting to USD 39 Mn. (2018 – USD 77 Mn.) were provided to Sri Lanka Mobitel (Pvt) Ltd. for GSM Rollout Stage 7.
- (l) Guarantee facilities amounting to LKR 10 Mn. (2018 – LKR 26 Mn.) were provided to Sri Lanka Telecom (Services) Limited to obtain facilities for working capital requirements.
- (m) Facilities amounting to LKR 960 Mn. (2018 – LKR – Nil) were provided to SLT Campus (Pvt) Limited for working capital requirement, hostel and academic building project.

23. Deferred tax liabilities and assets

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided under the liability method using a principal tax rate of 28% (for the year 2018 – 28%).

The movement in the deferred tax account is as follows:

	Group		Company	
	2019	2018	2019	2018
At the beginning of the year	6,389	5,872	6,525	5,945
Release to Statement of Comprehensive Income (Note 11)	905	1,159	974	1,212
Release to Statement of Other Comprehensive Income (Note 11)	(49)	13	(14)	23
(Over)/under provision of deferred tax relevant to previous years	31	(655)	–	(655)
At end of year	7,276	6,389	7,485	6,525

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The amounts shown in the Statement of Financial Position represents the following:

	Group		Company	
	2019	2018	2019	2018
Deferred tax liabilities	7,499	6,537	7,485	6,525
Deferred tax assets	(223)	(148)	–	–
	7,276	6,389	7,485	6,525

The taxable and deductible temporary differences mainly arise from property, plant and equipment, deferred income, provision for defined benefit obligations and other provisions.

Deferred tax assets and liabilities of the Group are attributable to the following:

Group	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment	–	–	12,465	12,759	12,465	12,759
Defined benefit obligations	(669)	(566)	–	–	(669)	(566)
Provisions	(2,322)	(2,434)	–	–	(2,322)	(2,434)
Deferred income	(668)	(712)	–	–	(668)	(712)
Tax losses	(1,561)	(2,658)	–	–	(1,561)	(2,658)
Other adjustment	31	–	–	–	31	–
Tax (assets)/liabilities before set-off	(5,189)	(6,370)	12,465	12,759	7,276	6,389
Set-off of tax	5,189	6,370	(5,189)	(6,370)	–	–
Net tax (assets)/liabilities	–	–	7,276	6,389	7,276	6,389

Movement in deferred tax balances during the year – Group

	Balance 1 January 2018	Recognised in comprehensive income	Recognised in other comprehensive income	Recognised directly in equity	Balance 31 December 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2019
Property, plant and equipment	11,536	1,223	–	–	12,759	(276)	–	12,483
Defined benefit obligations	(670)	91	13	–	(566)	(72)	(49)	(687)
Provisions	(2,552)	118	–	–	(2,434)	112	–	(2,322)
Deferred income	(736)	24	–	–	(712)	44	–	(668)
Tax losses	(1,706)	(297)	–	–	(2,003)	1,097	–	(906)
Adjustment to tax losses	–	–	–	–	(655)	–	–	(655)
Other adjustments	–	–	–	–	–	–	–	31
	5,872	1,159	13	–	6,389	905	(49)	7,276

Deferred tax assets and liabilities of the Company are attributable to the following:

Company	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment	–	–	12,483	12,757	12,483	12,757
Defined benefit obligations	(596)	(510)	–	–	(596)	(510)
Provisions	(2,232)	(2,351)	–	–	(2,232)	(2,351)
Deferred income	(668)	(713)	–	–	(668)	(713)
Tax losses	(1,502)	(2,658)	–	–	(1,502)	(2,658)
Tax (assets) liabilities before set-off	(4,998)	(6,232)	12,483	12,757	7,485	6,525
Set-off of tax	4,998	6,232	(4,998)	(6,232)	–	–
Net tax (assets) liabilities	–	–	7,485	6,525	7,485	6,525

Movement in deferred tax balances during the year – Company

	Balance 1 January 2018	Recognised in comprehensive income	Recognised in other comprehensive income	Recognised directly in equity	Balance 31 December 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2019
Property, plant and equipment	11,530	1,227	–	–	12,757	(274)	–	12,483
Defined benefit obligations	(663)	130	23	–	(510)	(72)	(14)	(596)
Provisions	(2,479)	128	–	–	(2,351)	119	–	(2,232)
Deferred income	(737)	24	–	–	(713)	45	–	(668)
Tax losses	(1,706)	(297)	–	–	(2,003)	1,156	–	(847)
Adjustment to tax losses	–	–	–	–	(655)	–	–	(655)
	5,945	1,212	23	–	6,525	974	(14)	7,485

Tax credits

The Company has tax credits of LKR 1,289 Mn. (2018 – LKR 1,289 Mn.) that are available indefinitely for offsetting against future taxable profits of the company. The Company will be able to recover this amount and recognise a deferred tax asset as and when the current unused tax losses are fully utilised and sufficient taxable profits are available to claim against this unused tax credit.

At the end of each reporting year, the Company reassesses its unrecognised deferred tax assets and recognises them only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

24. Deferred income

- The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognised on an annual basis irrespective of the date of connection.
- Revenue from the sale of prepaid credit and Internet is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.
- Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue.
- IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity is recognized on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

	Group		Company	
	2019	2018	2019	2018
At the end of the year				
Representing deferred income - Current	2,859	2,469	290	385
Representing deferred income - Non-current	2,076	2,186	2,057	2,155
	4,935	4,655	2,347	2,540

24. (a) Contract assets

The contract asset movements are provided below:

	Group		Company	
	2019	2018	2019	2018
Balance as at 1 January 2019			935	216
Additions			1,758	140
Amortisations			(1,275)	(121)
Balance as at 31 December 2019			1,418	235

	Group		Company	
	2019	2018	2019	2018
At the end of the year				
Representing contract assets - Current	711	497	87	103
Representing contract assets - Non-current	707	438	148	113
	1,418	935	235	216

24. (b) Contract liabilities

As per SLFRS 15 revenue is recognised when the individual performance obligations specified in a contract are satisfied. The total consideration received or receivable has been allocated between separate performance obligations based on the relative stand-alone selling price.

The figure shows the contract liabilities due to unsatisfied performance obligations as at 31 December 2019.

	Group	Company
Opening adjustment 1 January 2019	1,113	1,004
Additions	1,224	520
Amortisations	(1,207)	(547)
Balance as at 31 December 2019	1,130	977

	Group		Company	
	2019	2018	2019	2018
At the end of the year				
- Representing contract liabilities - Current	592	565	444	471
- Representing contract liabilities - Non-Current	538	548	533	533
	1,130	1,113	977	1,004

25. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
Amounts due within one year				
Domestic trade payables	5,145	5,044	364	391
Foreign trade payables	2,715	2,093	1,544	1,237
Amount due to subsidiaries [Note 32.1 (h)]	–	–	3,108	1,065
Amount due to related companies [Note 32.2 (b)]	–	132	–	132
Capital expenditure payables [See Note (a) below]	15,951	10,767	7,185	6,989
Social security and other taxes [See Note (b) below]	682	1,079	664	903
Interest payable	202	222	–	–
Other payables [See Note (c) below]	13,486	12,646	10,641	9,513
	38,181	31,983	23,506	20,230
Amounts due after one year				
International direct dialling deposits	155	157	155	157
Prepayments on VOIP services	182	280	182	280
PSTN guarantee deposits	9	19	9	19
Domestic trade payables	858	695	–	–
Capital expenditure payables	473	790	–	–
	1,677	1,941	346	456

- (a) Capital expenditure payables of the Company mainly consist of contractors' payables and retention of LKR 6,194 Mn. (2018 – LKR 6,083 Mn.) and advances on network restoration after road works of LKR 990 Mn. (2018 – LKR 906 Mn.). Capital expenditure payables of the Group mainly consist of contractors' payable and retention of LKR 14,960 Mn. (2018 – LKR 9,670 Mn.) and advances on network restoration after road works of LKR 990 Mn. (2018 – LKR 906 Mn.).
- (b) Social security and other taxes of the Company mainly consist of Telecommunication Levy (TL) of LKR 182 Mn. (2018 – LKR 190 Mn.), Cess LKR 81 Mn. (2018 – LKR 78 Mn.), VAT payable of LKR 26 Mn. (2018 – LKR 201 Mn.), EPF payable of LKR 109 Mn. (2018 – LKR 106 Mn.). Social security and other taxes of the Group mainly consist of Telecommunication Levy (TL) of LKR 257 Mn. (2018 – LKR 449 Mn.), Cess of LKR 184 Mn. (2018 – LKR 378 Mn.), VAT payable of LKR 26 Mn. (2018 – LKR 9 Mn.), EPF payable of LKR 109 Mn. (2018 – LKR 106 Mn.) and NBT payable LKR 21 Mn. (2018 – LKR 113 Mn.)
- (c) Other payables of the Company mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2018 – LKR 244 Mn.), payable for unpaid supplies of LKR 6,428 Mn. (2018 – LKR 7,623 Mn.), International Telecommunication Operators' Levy payable of LKR 129 Mn. (2018 – LKR 190 Mn.) and accrued expenses and other payables of LKR 747 Mn. (2018 – LKR 225 Mn.). Other payables of the Group mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2018 – LKR 244 Mn.), payable for unpaid supplies of LKR 6,428 Mn. (2018 – LKR 7,623 Mn.), International Telecommunication Operators' Levy payable of LKR 283 Mn. (2018 – LKR 190 Mn.), and accrued expenses and other payables of LKR 3,397 Mn. (2018 – LKR 3,275 Mn.).

26. Employee benefits

	Group		Company	
	2019	2018	2019	2018
Total employee benefit liability as at 1 January	4,239	4,355	3,598	3,719
Movement in present value of employee benefit liabilities				
Current service cost	522	445	438	375
Interest cost	269	216	182	150
Actuarial loss/(gain)	214	(125)	49	(85)
Benefit paid during the year	(547)	(652)	(461)	(561)
Balance as at 31 December	4,697	4,239	3,806	3,598
Expenses recognised in the Income Statement				
Current service cost	522	445	438	375
Interest cost	269	216	182	150
	791	661	620	525
Recognised in Other Comprehensive Income				
Actuarial loss/(gain)	214	(125)	49	(85)
	214	(125)	49	(85)

The principal actuarial assumptions used were as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Discount rate (long-term)	10.2-11.0	11.0-12.2	10.2	12.2
Future salary increases	7.5-10.0	7.5-10.0	8.0	7.5

In addition to above, demographic assumptions such as mortality, withdrawal, retirement age were considered for the actuarial valuation. In 2019, 1967/70 Mortality Table issued by the Institute of Actuaries London (2018 – 1967/70 Mortality Table) was taken as the base for the valuation.

The provisions for defined obligations of Sri Lanka Telecom PLC, SLT Human Capital Solutions (Private) Limited, SLT Publications (Private) Limited, Sri Lanka Telecom (Services) Limited, SLT Campus (Private) Limited, SLT Visioncom (Private) Limited and Mobitel (Pvt) Ltd. are actuarially valued by Messrs Actuarial and Management Consultants (Private) Limited and Messrs Piyal S Goonetilleke and Associates respectively.

The provision for defined benefit obligations is not externally funded.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

The sensitivity of the statement of profit or loss and other comprehensive income and the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate as depicted in the following table.

Sri Lanka Telecom PLC

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2019				
Discount rate (Change by 1%)	(176)	195	(176)	195
Salary increment rate (Change by 1%)	214	(196)	214	(196)
2018				
Discount rate (Change by 1%)	(140)	156	(140)	156
Salary increment rate (Change by 1%)	177	(162)	177	(162)

Mobitel (Pvt) Ltd.

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2019				
Discount rate (Change by 1%)	(34)	38	(34)	38
Salary increment rate (Change by 1%)	37	(33)	37	(33)

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2018				
Discount rate (Change by 1%)	(26)	29	(26)	29
Salary increment rate (Change by 1%)	36	(32)	36	(32)

Distribution of present value of defined benefit obligation in future years as at 31 December 2019

	Less than 1 year	1-2 years	3-5 years	over 5 years	Total
Sri Lanka Telecom PLC	1,223	520	692	1,371	3,806
Mobitel (Pvt) Ltd.	70	142	225	370	807

27. Insurance reserves

	Group/Company	
	2019	2018
As at 1 January	791	691
Transferred to retained earnings	126	100
As at 31 December	917	791

As stated in accounting policy 3 (q) the Company transfers annually from the retained earnings an amount equal to 0.25% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment.

Management regularly monitors the charges made against the insurance reserve and the adequacy of the provision made.

28. Stated capital

	Group/Company	
	2019	2018
Issued and fully paid 1,804,860,000 ordinary shares	18,049	18,049

29. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	Note	Group		Company	
		2019	2018	2019	2018
Profit before tax		8,216	7,169	4,754	3,142
Adjustments for:					
Depreciation on property, plant and equipment	7	17,670	16,850	12,248	11,361
Depreciation on right-of-use assets	7	2,442	–	514	–
Amortisation of intangible assets	7	1,333	1,097	340	255
Grant received less amortisation		–	(3)	–	(3)
Provision/(write-off) of bad and doubtful debts	7	54	1,127	(383)	605
Impairment/(reversal) of inventory		154	(281)	154	(281)
Interest expense and finance costs	9	2,067	239	690	93
Foreign exchange (loss)/gain	9. (a)	443	1,809	314	1,200
Interest income	10	(1,288)	(685)	(739)	(443)
Connection fees less amortisation		280	273	(193)	(136)
Profit on sale of property, plant and equipment		(249)	(332)	(204)	(306)
Impairment of property, plant and equipment	7	–	40	–	29
Share of profit/(loss) from associate company	16.2	(54)	28	(54)	28
Provision for retirement benefit obligations	26	791	661	620	525
Net movement on cash flow hedges		201	(672)	201	(672)
SLFRS 15 adjustment		(465)	(290)	(46)	16
		31,595	27,030	18,216	15,413
Changes in working capital:					
– Receivables and prepayments		(5,662)	(7,556)	(2,871)	(103)
– Inventories		(3,196)	2,137	(3,132)	1,937
– Payables		6,570	2,441	3,263	(2,344)
Cash generated from operations		29,307	24,052	15,476	14,903

30. Capital commitments

The Group and the Company have purchased commitments in the ordinary course of business as at 31 December 2019 as follows:

	Group		Company	
	2019	2018	2019	2018
Property, plant and equipment				
- Approved but not contracted	5,250	2,582	5,250	2,582
- Approved and contracted	15,491	13,085	9,744	4,742
	20,741	15,667	14,994	7,324
Operating lease commitments				
The future minimum lease payments and other commitment payments are as follows:				
- Not later than 1 year	3,834	-	617	-
- Later than 1 year and not later than 5 years	12,580	-	62	-
	16,414	-	679	-

Other financial commitments

Except for any regular maintenance contracts entered into with third parties in the normal course of business, there are no other material financial commitments that require separate disclosure.

31. Contingencies

- (a) Global Electroteks Limited initiated legal action under High Court Case No. 20/2006 claiming damages of USD 12 Mn. from Sri Lanka Telecom PLC ("SLT") for alleged unlawful disconnection of interconnection services. The order was given in favour of SLT in Commercial High Court on 12 June 2020 dismissing the application of Global Electroteks Limited.
- (b) Appeal Case filed by Directories Lanka Private Limited (DLPL) against SLT against the dismissal of CHC 2/2006 (3) claimed damages of LKR 250 Mn., for alleged unfair competition with regard to artwork on the cover page of the Directory by SLT. DLPL appealed against the above order. To take steps by the Petitioner (DLPL) to get the case fixed for argument. Notice returnable on Official Receiver (Liquidator) on 2 April 2020 and the case is re fixed for Support on 24 September 2020.
- (c) 12/2008 CBCU, an inquiry by Sri Lanka Customs – A consignment of CDMA equipment was detained in October 2008 by the Customs Authority. Subsequently the equipment were cleared pending the Inquiry, based on a cash deposit and bank guarantee submitted by SLT. The Order was delivered in October 2014 imposing a mitigated forfeiture of LKR 1,820,502,062.00 on SLT. SLT has filed Case in Court of Appeal under CA/writ/387/2014 against this Order and interim order was issued by court on 9 March 2016, precluding Respondents from enforcing order dated 17 October 2014. Next date of the case is 28 July 2020.
- (d) Customs Case No. ADP/031/2009 – Goods valued at USD 996,785.65, which was imported under the last consignment of equipment for NGN Phase II expansion project, was detained by the Customs in May 2009. Subsequently, the equipment was cleared in July 2009. Pending the Inquiry. Presently awaiting the decision of the Customs Department.
- (e) Debt Recovery Officers who were attached to SLT had filed legal proceedings in Labour Department (Labour Commissioner) and Labour Tribunal and number of proceeding initiated under each forum are 49 and 21 respectively. The relief claimed includes EPF, ETF and compensation with regard to proceedings initiated before the Labour Commissioner and includes re-instatement or compensation under the Proceedings before Labour Tribunal. An appeal bearing No. WR 232/2015 was filed against the Order delivered by the Commissioner of Labour. The Order was delivered in case No. WR 232/2015, dismissing SLT's application. SLT filed an appeal to Supreme Court bearing case No. SC(Spl) LA 02/2020 against the order in WR 232/2015. The appeal case No. SC(Spl) LA 02/2020 is fixed for Support on 23 October 2020.

- (f) On 18 July 2017 Dialog Broad Band Network (Pvt) Limited ("DBN") filed a case against SLT regarding violation of Intellectual Property Rights in the Commercial High Court requiring SLT to disclose the source/party who revealed the RFP and to furnish the original under the provisions of Intellectual Property Act. Further damages of LKR 7,800,000,000.00 was prayed under the petition. Petition of DBN was dismissed by Court on the 8 August 2018. Dialog Broad Band Network (Pvt) Limited ("DBN") appealed to the Supreme Court under the case bearing No. S.C Appeal No. 139/2018 against the aforesaid order. Both parties filed written submissions and the next date of the case will be 7 September 2020 for hearing.
- (g) SC/FR/142/2019 - Dialog Axiata PLC and Dialog Broad Band Network instituted Fundamental Rights Application against TRCSL, regarding allocation of 70MHz from 2600MHz band to SLT by TRCSL. Leave to proceed and enjoining order were granted. Due to the enjoining order SLT is restricted from utilising spectrum for which the payment is already done. SLT, Mobitel and Airtel were permitted to intervene for the case. Arguments are due on 14 September 2020.

In addition to the above referred cases there are other claims by employees and third parties for damages and other relief. In the opinion of the Directors' none of these actions are likely to result in a material liability to the Company and its subsidiaries.

The Company has provided guarantees on behalf of its subsidiaries for following credit and trade finance facilities.

- (i) Facilities amounting to USD 39 Mn. (2018 – USD 77 Mn.) for Mobitel (Pvt) Ltd. for the GSM Rollout Stage 7.
- (ii) Facilities amounting to LKR 10 Mn. (2018 – LKR 26 Mn.) for Sri Lanka Telecom (Services) Limited to obtain facilities for working capital requirement.
- (iii) Facilities amounting to LKR 960 Mn. (2018 – LKR.- Nil) for SLT Campus (Pvt) Limited to working capital requirement, hostel and academic building project.

With regard to cases detailed above, pending the outcome of the appeals and hearings, no provisions have been recognised in the financial statements up to 31 December 2019.

32. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party transaction takes place with a transfer of resources or obligations between related parties, regardless of whether a price is charged.

32.1 (a) Mobitel (Pvt) Ltd.

	Company	
	2019	2018
Sale of goods and services:		
Provision of E1 links	3,776	3,613
Interconnection charges	211	390
TDM, VOIP platform and transit	14	28
ERP rental	376	631
	4,377	4,662
Purchase of goods and services:		
Call charges on official mobile phone	120	131
Interconnection charges	1,071	1,029
Antenna tower space	518	816
Building rent	4	5
Commission on bill collection	–	4
	1,713	1,985

As per the TRC approval dated 19 May 2014, Mobitel is entitled to receive discounts if the Company uses more than 3500 E1 Links.

Further, Mobitel receives discounts on infrastructure services provided by Sri Lanka Telecom PLC. The Company has provided guarantees on behalf of Mobitel for the following loans and obligations.

USD 39 Mn. (2018 – USD 77 Mn.) for Mobitel (Pvt) Ltd. for the GSM Rollout Stage 7.

(b) SLT Digital Info Services (Private) Limited

	Company	
	2019	2018
Sale of goods and services:		
Supply of services	59	6
Purchase of goods and services:		
Directory distribution and other services	110	3

SLT Digital Info Services (Private) Limited provides event management services to SLT PLC. As per the agreement, SLT Digital Info Services (Private) Limited is entitled to receive a retainer for the services provided.

(c) Sri Lanka Telecom (Services) Limited

	Company	
	2019	2018
Sale of goods and services:		
Supply of services	4	8

The Company has provided guarantees on behalf of Sri Lanka Telecom (Service) Limited for the following loans and obligations:

Facilities amounting to LKR 10 Mn. (2018 – LKR 26 Mn.) for Sri Lanka Telecom (Services) Limited to obtain facilities for working capital requirements.

(d) SLT Human Capital Solutions (Private) Limited

	Company	
	2019	2018
Sale of goods and services:		
Supply of services	3	7
Purchase of goods and services:		
Provision of manpower service	1,593	1,778

(e) SLT VisionCom (Private) Limited

	Company	
	2019	2018
Sale of goods and services:		
Supply of services	17	17
Purchase of goods and services:		
Service provisioning	713	804

Ad-insertion revenue:

Sri Lanka Telecom received an ad-insertion revenue from SLT VisionCom (Private) Limited amounting to LKR 12 Mn. (2018 – LKR 13 Mn.) SLT's share of revenue is based on the following percentages:

Advertisement on PEO TV – EPG	34%
Channel advertisement	17%

Service fee:

Sri Lanka Telecom PLC pays Visioncom (Private) Limited a unit rate based fee computed at the rate of LKR 65/- per cumulative billable subscriber which amounted to LKR 351 Mn. in 2019. (2018 – LKR 297 Mn.) Total cost incurred plus a 5% margin.

(f) SLT Campus (Private) Limited

	Company	
	2019	2018
Sale of goods and services:		
Supply of services	3	15
Purchase of goods and services:		
Service provisioning	–	–

Facilities amounting to LKR 960 Mn. (2018 – LKR – Nil) for SLT Campus (Pvt) Limited to working capital requirement, hostel and academic building project.

(g) Fees for secondment of personnel and services provided to/by SLT PLC

	Company	
	2019	2018
SLT Digital Info Services (Private) Limited	49	51
SLT VisionCom (Private) Limited	17	-
	66	51

(h) Outstanding balances arising from sale/purchase of services

	Company	
	2019	2018
Receivable from subsidiaries:		
Mobitel (Pvt) Ltd.	1,288	1,277
SLT Digital Info Services (Private) Limited	44	140
SLT Human Capital Solutions (Private) Limited	170	155
SLT VisionCom (Private) Limited	1,167	-
Sri Lanka Telecom (Services) Limited	54	181
SLT Property Management (Private) Limited	28	31
SLT Campus (Private) Limited	132	258
	2,883	2,042
Payable to subsidiaries:		
Mobitel (Pvt) Ltd.	849	53
SLT Digital Info Services (Private) Limited	113	197
SLT Human Capital Solutions (Private) Limited	361	283
SLT VisionCom (Private) Limited	1,494	238
Sri Lanka Telecom (Services) Limited	291	273
Sky Network (Private) Limited	-	1
SLT Campus (Private) Limited	-	20
	3,108	1,065

32.2 Transactions with other related parties

(a) Maxis Communications Berhad and its subsidiaries

	Group		Company	
	2019	2018	2019	2018
Sale of goods and services:				
Sale of SEA-ME-WE 3 cable capacity	–	6	–	6
International incoming traffic	49	3	43	3
	49	9	43	9
Purchase of goods and services:				
International outgoing traffic	4	1	–	1

(b) Outstanding balance arising from sale/purchase services

	Group		Company	
	2019	2018	2019	2018
Receivable from related company:				
Maxis Communications Berhad and its subsidiaries	175	148	169	147
Payable to related company:				
Maxis Communications Berhad and its subsidiaries	126	132	121	132

(C) Government-related key institutions

The Government of Sri Lanka holds 49.5% of the voting rights of the Company as at 31 December 2019 through the secretary to the Treasury and those have significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Sri Lanka as a related party according to LKAS 24 "Related Party Disclosure".

During the year ended 31 December 2019, the Company has carried out transactions with the Government of Sri Lanka and other Government related entities in the ordinary course of business.

The Company identified individually significant transactions with Key Government Related entities as given below:

- (i) Revenue from provision of telecommunication services during the year ended 31 December 2019 amounted to LKR 8,761 Mn. (2018 – LKR 4,789 Mn.) and credit receivables as at 31 December 2019 amounted to LKR 3,246 Mn. (2018 – LKR 2,948 Mn.)
- (ii) Deposits, repurchase agreements (Repo) and Borrowings of the Group at/from Government banks amounted to LKR 3,082 Mn. (2018 LKR 3,569 Mn.) and LKR 1,352 Mn. (2018 LKR 20,752 Mn.) as at 31 December 2019.
- (iii) Dividend payable to the Government amounting to LKR 244 Mn. (2018 – LKR 244 Mn.)

32.3 Transactions with key management personnel

Key management personnel comprise the Directors and chief officers of the Company and the Group.

	Group		Company	
	2019	2018	2019	2018
Short-term benefits	392	270	290	189
Post-employment benefits	30	16	27	15
Salaries and other benefits	422	286	317	204

All transactions during the year and balances as at the reporting date between the following companies have been eliminated in preparing the Consolidated Financial Statements:

- Mobitel (Pvt) Ltd.
- Sri Lanka Telecom (Services) Limited
- SLT Digital Info Services (Private) Limited
- SLT Human Capital Solutions (Private) Limited
- SLT VisionCom (Private) Limited
- Sky Network (Private) Limited
- SLT Property Management (Private) Limited
- SLT Campus (Private) Limited
- eChannelling PLC
- Mobit Technologies (Private) Limited
- Talentfort (Private) Limited

Related party transactions disclosed above should be read in conjunction with Note 16 to the Financial Statements.

33. Non-uniform accounting policies

The impact of non-uniform accounting policies adopted by the subsidiary company has been adjusted in the Consolidated Financial Statements as set out below:

Adjustment due to different accounting policies of the parent and the Group entity

(a) Sri Lanka Telecom PLC accounts for refunds on Telecommunication Development Charge (TDC) on cash basis when the payment is received whereas Mobitel (Pvt) Ltd. recognises it in the Statement of Profit or Loss and other Comprehensive Income on a straight-line basis.

Therefore, the recognition of the refund by Mobitel (Pvt) Ltd. was eliminated and is recognised on cash basis in the consolidated accounts.

	Group impact	
	2019	2018
Reversal of deferred revenue recognised in Statement of Profit or Loss and Other Comprehensive Income by Mobitel (Pvt) Ltd.	(35)	(87)

(b) Sri Lanka Telecom PLC recognises and measures property, plant and equipment based on cost model whereas SLT Campus (Pvt) Limited has adopted revaluation model in the financial year 2019.

Therefore, the revaluation gain recognised by SLT Campus (Private) Limited and its underlying deferred tax impact was eliminated and the property, plant and equipment of SLT Campus (Private) Limited was recognised at cost in the consolidated accounts.

Reversal of revaluation gain and the underlying deferred tax impact recognised in Statement of other Comprehensive Income by SLT Campus (Private) Limited in 2019 is Rs. 111 Mn (2018 - Nil).

34. Fair value disclosure

Set out below is a comparison by class of the carrying amounts and fair values of the financial instruments that are carried in the Financial Statements.

	Carrying amount				Fair value			
	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets								
Trade and other receivables	19,709	18,779	16,981	15,181	19,709	18,779	16,981	15,181
Short-term deposits	5,115	11,591	3,082	3,569	5,115	11,591	3,082	3,569
Cash at bank and in hand	3,454	3,163	645	671	3,454	3,163	645	671
Total	28,278	33,533	20,708	19,421	28,278	33,533	20,708	19,421
Financial liabilities								
Obligations under finance leases	54	83	–	2	54	83	–	2
Borrowings	57,268	47,764	49,205	40,392	36,137	31,203	30,682	27,013
Trade and other payables	39,176	32,845	23,188	19,783	38,451	32,005	23,038	19,586
Bank overdrafts	3,739	6,460	3,265	5,638	3,739	6,460	3,265	5,638
Total	100,237	87,152	75,658	65,815	78,381	69,751	56,985	52,239

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption was used to estimate the fair values:

Cash and bank balances, short-term deposits, trade receivables, trade payables (current) and bank overdraft approximate their carrying amounts lastly due to the short-term maturities of these investments.

Fair value of trade and other payables and borrowings have been arrived by discounting gross values by the year end AWFDR rate.

35. Events after the reporting date

The Board of Directors of the Company has recommended a first and final dividend of LKR 1.06 per share (2018 – LKR 1.06 per share) on voting shares of the Company to be paid by way of cash dividend for the financial year ended 31 December 2019.

Further, this dividend is to be approved at the Annual General Meeting to be held on 15 July 2020. This proposed final dividend has not been recognised as a liability as at 31 December 2019. Final dividend proposed for the year amounts to LKR 1,913,151,600, in Compliance with Section 56 and 57 of Companies Act No. 07 of 2007. As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with the Section 57, prior to recommending the final dividend. A statement of solvency completed and duly signed by the Directors on 18 June 2020 has been audited by Messrs Ernst & Young.

COVID-19 – Pandemic

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to curtail the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The below summarises the financial impact to the Group,

Impact to earnings

In the short run, the Company has experienced immediate increase in usage of Broadband and IPTV services by the residential sector and data products by the business sector in shifting towards work from home arrangements in continuing the businesses. At the same time, we foresee opportunities in the future with increasing online activity and demand for distance services. However, overall in the short and medium terms the Company expects pressure on earnings from negatively affected industries such as tourism, travel, and apparel industries.

Impact to cash flows

Low disposable income levels of the customers coupled with regulatory instructions to refrain from disconnecting the unpaid subscribers, the collection of billed revenue is a challenge which may be mitigated in the short term by the Government's decision on extending the due dates for the payment of some taxes and levies, easing pressure on cash flows of customers. In order to mitigate the cash-flow related challenges, the Board of Directors have decided to limit capital nature expenditure only for the vital areas and to utilise the procurement models with deferred payment plans.

Impact from exchange rate variation

Some of the expenses of the Company are in the form of foreign currencies. Prevailing depreciation of the Rupee is affecting to escalate the expenses in terms of local currency. Actions are being taken to minimise such expenses or to renegotiate with suppliers on prices. Since the foreign currency denominated loan balances are at a low level, the associated risk is minimum.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and Central Bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Except as disclosed above, no other events have arisen since the Statement of Financial Position date which require changes to, or disclosure in the Financial Statements.

Supplementary Information

[184](#) - Ten year progress – Group

[185](#) - Portfolio of Lands

[191](#) - GRI Index

[195](#) - Abbreviations

[196](#) - Notice of Annual General Meeting



Ten year progress – Group

(All amounts in Sri Lanka rupees million)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Financial position - Group										
Property, plant and equipment	140,632	123,850	117,035	108,649	99,283	90,935	80,506	73,602	67,705	61,258
Total assets	209,019	180,435	159,206	142,910	126,545	122,604	108,047	104,510	96,603	87,030
Current assets	46,718	45,377	31,048	27,464	21,426	25,343	20,598	25,712	24,341	21,238
Current liabilities	56,949	52,378	57,885	45,226	33,082	29,031	26,526	28,091	23,948	22,691
Borrowings	61,676	55,835	41,811	32,940	24,395	27,122	20,690	17,852	14,709	11,316
Equity	78,167	73,720	71,404	68,678	65,240	63,900	59,789	55,987	53,660	49,849
Performance										
Revenue	85,948	81,445	75,741	73,801	68,022	65,040	60,144	56,771	51,644	50,250
Operating profit	8,539	7,613	3,918	5,726	6,789	5,711	6,491	6,055	5,169	5,144
Finance cost	2,510	2,048	637	1,229	2,398	211	1,177	2,233	841	1,012
Profit before tax	8,216	7,169	5,528	6,497	5,515	8,251	7,365	5,851	6,162	5,961
Taxation	1,894	2,221	1,588	1,707	1,791	2,250	1,946	1,930	1,657	2,018
Profit after tax	6,322	4,948	3,940	4,790	3,724	6,001	5,419	3,921	4,505	3,943
Cash flow										
Net operating cash flows	20,410	19,656	18,224	19,466	21,265	20,047	15,386	16,094	20,250	15,260
Net cash used in investing activities	28,278	22,890	27,415	24,347	14,375	23,524	16,507	15,362	22,968	7,975
Net cash used in/(from) financing activities	4,957	16,909	756	360	6,065	(5,039)	57	174	1,494	3,965
Key financial indicators										
Earnings per Share (LKR)	3.50	2.74	2.18	2.65	2.06	3.32	3.00	2.17	2.50	2.18
Return on Assets (%)	3.02%	2.74%	2.47%	3.35%	2.94%	4.89%	5.02%	3.75%	4.66%	4.53%
Return on Equity (%)	8.09%	6.71%	5.52%	6.97%	5.71%	9.39%	9.06%	7.00%	8.40%	7.91%
Operating margin (%)	9.94%	9.35%	5.17%	7.76%	9.98%	8.78%	10.79%	10.67%	10.01%	10.24%
Asset turnover (No. of times)	0.41	0.45	0.48	0.52	0.54	0.53	0.56	0.54	0.54	0.58
Current ratio (No. of times C.L.)	0.82	0.87	0.54	0.61	0.65	0.87	0.78	0.92	1.02	0.94
Quick asset ratio (No. of times C.L.)	0.76	0.82	0.48	0.57	0.62	0.86	0.69	0.84	0.93	0.88
Debt/equity ratio – (No. of times)	0.93	0.76	0.59	0.48	0.37	0.42	0.35	0.32	0.27	0.23
Interest cover (No. of times interest)	1.47	1.77	2.02	4.53	5.62	8.94	9.44	6.73	11.43	6.89
Net Assets per Share (LKR)	43.25	40.79	39.81	38.00	36.14	35.40	33.13	31.02	29.73	27.62
Dividend per share (LKR)	1.06	1.06	0.89	0.89	0.89	0.85	0.85	0.85	0.85	0.60

1. Earnings per share – Earnings per ordinary share (EPS) – Profit attributable to ordinary shareholders divided by the number of ordinary shares in use.
2. Return on Assets – Return on assets (ROA) – Profit after tax expressed as a percentage of the average assets; indicates overall effectiveness in generating profits with available assets.
3. Return on Equity – Return on equity (ROE) – Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.
4. Operating Margin – Operating margin is a measurement of what proportion of revenue is left over after paying for variable costs of production such as wages, raw materials, etc.
5. Asset Turn Over – Asset turnover ratio measures the value of sales or revenues generated relative to the value of its assets.
6. Current Ratio – The current ratio measures the ability to cover its short-term liabilities with its current assets.
7. Quick Asset Ratio – The Quick Ratio, also known as the Acid-test or liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash.
8. Debt/Equity Ratio – The Debt/Equity ratio measures the proportion of borrowed funds to its equity.
9. The conventional Debt/equity ratio for the year 2019 is 0.79 times. The Debt/equity ratio calculated after considering the impact of SLFRS 16 – Leases is 0.93 times.
10. Interest Cover – Number of times interest expense is covered by earnings before interest and tax.
11. Net assets per share – Net assets per share measures net assets divided by number of ordinary shares in use.

Portfolio of Lands

The following values are based on valuation reports submitted by a firm of incorporated Valuers in 2018, on lands transferred on incorporation (conversion of SLT into a public limited company in 1996) and lands acquired after the incorporation. The said lands valued over LKR 500,000/- with their respective values given below:

Location	Extent (Hectare)	Value of land (LKR Mn.)	Location	Extent (Hectare)	Value of land (LKR Mn.)
Agalawatta Kiosk Land - Lot 1, 2	0.008	0.9	Beragama Kiosk Land	0.06	0.9
Agarapathana Ex. & LPT Quarters Land	0.0215	2.9	Bibile Exchange Land (Lot 770, 773,774)	0.274	32.5
Agarapathana RSU Land, 150 K Project,	0.15	0.7	Bingiriya Exchange & Kiosk Land	0.168	13.3
Agbopura Land	0.192	3.8	Biyagama RSU1 Land, Heiyanduwa	0.0506	10.0
Akkaraipattu Exchange Land	0.205	40.5	Biyagama RSU2 Land, Biyagama (Bandarawatta Land)	0.0374	14.8
Akkaraipattu Old Exchange Land (PP A 1355, Lot 1)	0.2191	15.8	Boralesgamuwa Exchange Land	0.0335	33.7
Akkaraipattu Road, Hingurana	0.3877	7.6	Browns Hill Repeater Station Land, Browns Hill Lot 1, 2, 3, 4, 5	0.1415	28.0
Akurana Land	0.0759	12.0	Bulathkohupitiya Exchange Land	0.2349	6.9
Akurassa Exchange Land	0.0711	28.1	Buttala Exchange Land	0.202	35.9
Akurassa Repeater Station Land Lot 385,386,387,388,389,390 & 391.	0.0787	2.3	Chavakachcheri RAX & RSU Land	0.0202	12.0
Alawwa Exchange Land, Narammala Road.	0.076	9.8	Cheddikulam Exchange Land	0.2026	3.2
Aliyamalagala Repeater Station	0.2027	4.0	Chilaw DIT/IPT Quarters Land	0.0468	27.7
Alubomulla RSU Land	0.0759	5.3	Chilaw Exchange Land, Puttalam Road, Chilaw	0.2708	80.3
Ambalangoda Exchange & DIT Office Land	0.079	89.0	Chinabay Exchange Land - Lot 163 & Lot 165	0.0768	6.7
Ambalantota Exchange Land	0.1721	20.4	Chunnakam RAX Land	0.1912	15.1
Anandankulam Land	0.202	8.0	Circuit Bungalow Land - Bandarawela	0.1718	19.0
Angoda Exchange Land, Angoda	0.09	32.0	Delgoda RSU1 Land, Delgoda	0.032	3.8
Angoda RSU1 Land, IDH	0.0364	10.8	Deniyaya Exchange & IPT Qtrs Land Lot 764	0.177	7.0
Angunakolapalassa Exchange Land Lot 525, 755	0.196	7.8	Deraniyagala Exchange Land (Lot 1, 2)	0.139	8.2
Aranayaka Exchange Land	0.12	3.6	DGM Quarter Land, Rifle Green, Trincomalee	0.1577	31.2
Ariyalai Land	0.0658	5.2	Dickwella Auto Exchange & Quarters Land	0.1554	35.2
Auto Exchange & IPT Quarters Land, Main Street, Panadura. (RTOM Office) Lot 1, 2	0.2542	299.1	Digana Old Exchange & Repeater Station Land Ahaspokuna	0.356	24.6
Auto Exchange & Quarters Land, Bandaragama.	0.2803	60.9	District Switching Centre & IPT Qtrs Land, Inner Harbour Road, Trincomalee.	0.3294	65.1
Badalgama Exchange Land	0.0984	5.8	District Switching Centre Land, Mannar.	0.3238	76.8
Badalgama IPT Qrts Land	0.0303	1.8	DIT Quarters Land, 99/1, Ratnapura Road, Awissawella.	0.1593	28.3
Baddegama Exchange Land	0.134	21.1	DIT Quarters Land - No. 67,Gattuwana.	0.273	77.2
Badulla District Switching Centre & Engineer's Quarters Land	0.402	135.1	DIT/IPT Quarters Land - Bandarawela	0.0705	69.6
Bagawantalawa Exchange Land	0.1185	2.8	Divurmpitiya Repeater Station Land	0.1093	2.1
Bakamuna RSU Building Land	0.375	14.8	Dodangoda RSU Land		17.9
Balangoda Telecom Exchange Land Lot 1 & Lot 2	0.2324	41.5	Dolosbage New Exchnage Land Lot 1 & Lot 2	0.093	1.1
Balungala Repeater Station Land	0.2317	2.3	Dunagaha Exchange Land	0.171	33.8
Bambarabotuwa Exchange Land	0.1204	4.7	Earth Satellite Station Land, Padukka.	13.896	257.5
Beliatta Exchange Land, Beliatta	0.442	30.5	Ehiliyagoda Exchange Land	0.0802	23.7

Location	Extent (Hectare)	Value of land (LKR Mn.)
Elpitiya Exchange & Kiosk Land	0.146	20.2
Embilipitiya Exchange & IPT Quarters Land, Embilipitiya	0.462	50.0
Engineer's Quarters Land, No. 116/53, Lake Round, Kurunegala.	0.206	48.9
Ensalwatta Repeater Station Land - Deniyaya	0.304	9.0
Eravur Auto Exchange Land	0.0925	36.6
Ethagala Repeater Station Land	0.253	9.0
Exchange Land, Thimbolketiya (Lot 1,2,3)	0.6771	17.2
Exchange Land, Aluth Mw., Mattakkuliya	0.046	54.5
Exchange Land, Homagama	0.1035	122.7
Exchange Land, Padukka	0.0607	18.0
Exchange Land, Yatiyana Lot 1, 2, 3 & 4	0.1288	11.0
Exhange & IPT Quarters Land, Mahawa Lot 176, 177, 179	0.462	32.0
Galagedara Exchange Land, Rambukkana Road.	0.1386	8.2
Galahaa Exchange, & IPT Quarters Land, Galaha. - Lot 2 & Lot 3	0.1278	2.5
Galapitamada Land	0.099	8.2
Galapitamada New Ex. Land	0.1789	3.5
Galenbiduniwewa Land	0.1921	9.5
Galewala Old Kiosk Land	0.0152	1.1
Galewela RSU Land Lot 1185, Lot 1188 & Lot 1190	0.1822	10.8
Galgamuwa Auto Exchange Land	0.158	12.5
Galhinna Land	0.0759	2.5
Galigamuwa Auto Echange Land	0.1031	10.2
Galkantha Mawatha, Ampara	0.7657	75.7
Galle Exchange & IPT Quarters Land, No. 8, Wakwella Road, Galle	0.1697	184.4
Galnawa Exchange & Linemen Quarters Land	0.1453	20.1
Galoya Junction(LPT Qts. Land,Station Rd.)	0.2023	2.0
Gampola Singha pitiya Road Land, Gampola	0.2529	30.0
Ganemulla Exchange & IPT Quarters Land	0.1564	47.8
Ginigathhenaa Exchange & Quarters Land	0.142	4.2
Gintota(Dodanduwa Exchange) Land	0.0513	10.1
Giriulla Auto Exchange Land	0.101	10.0
Godakawela RSU Land	0.049	4.7
Gonapola Land	0.0759	13.5
Gurugoda Exchange Land, Gurugoda	0.079	3.8
Habaraduwa Exchange Land	0.0796	11.0
Habarana Land	0.1182	9.3
Haddon Hill Land - Nuwara-Eliya Lot 1,2 (Road Reservation)	0.072	15.5
Hakmana Exchange Land	0.126	11.2
Haldummulla Kiosk Land	0.099	2.0

Location	Extent (Hectare)	Value of land (LKR Mn.)
Halgaran-oya Exchange Land	0.791	6.3
Hali-Ela Exchange Land	0.094	18.6
Hambantota Exchange Land, No. 66, Barrak Street	0.192	34.1
Handessa RSU Land	0.1012	4.0
Hanguranketha Ex.(New) Land	0.0851	7.6
Haputale Exchange Land	0.408	64.5
Hasalaka Exchange Land, Hasalaka	0.0794	10.2
Hatton Exchange and RTOM Office Land, Danbar Road, Hatton Lot 1	0.965	148.6
Havelock Town RSU II Land, Havelock road, Colombo 5	0.0253	90.0
Havelock Town RSU III Land, Vauerset place, Colombo 6	0.018	60.3
Hemmathagama Land	0.1017	10.0
Hettipola Exchnage Land	0.098	11.6
Hingurakgoda Auto Exchange Land	0.0583	8.1
Hiniduma (Topparangala) Land	0.05	0.8
Hokandara Exchange Land	0.0857	27.8
Homagama LEU1 Land, Pitipana North	0.0253	1.0
Homagama RSU 1 Land, Panagoda	0.0253	2.0
Homagama RSU 2 Land, Magammana	0.0152	1.2
Horana Exchange & DIT Quarters Land, Anguruwatta Road, Horana.	0.2177	55.9
Horawpathana Exchange Land	0.418	12.4
HP Quarters Land, Primrose Hill.	0.0534	31.7
HP's Quarters Land, Bandarawela	0.2329	27.6
HQ Building,OTS Building and CTO Building Land, Lotus Road - Colombo 1.	1.3154	9,101.0
Hungama Exchange Land, Hungama	0.125	14.8
Ibbagamuwa DRMASS Land	0.0154	3.4
Ibbagamuwa RSU Land	0.0379	3.0
Imaduwa Exchange & Kiosk Land Lot 473, 474	0.215	17.0
Inginiyagala Exchange Land	0.047	1.3
Ingiriya Exchange Land Lot 1, 2, 3	0.28	9.9
Ingiriya Kiosk Land	0.0126	0.7
IPT Qrts (Present OPMC) Land No. 8 & 10, Sri Gunarathena Mw.Panadura.	0.2952	84.6
IPT Quarters (No. 1,2 & 3) Land, District Switching Centre, No. 26, Badulla.	0.034	12.1
IPT Quarters 1 No & Stores Land Mannar Rd, Vavuniya	0.306	30.2
IPT Quarters Land - 13 A/1, Galwala Road, Hambantota.	0.102	12.0
IPT Quarters Land., Station Rd, Vavuniya	0.15	29.7
IPT Quarters Land - Diyathalawa	0.0226	8.9
IPT Quarters Land - No. 07, Gattuwana.	0.121	21.5

Location	Extent (Hectare)	Value of land (LKR Mn.)
Ja-Ela Exchange Land, DIT Office & IPT Quarters.	0.087	103.1
Jaltara Housing Scheme Land	0.0253	1.8
Kadawatha Exchange Land Lot 1, 2	0.1062	38.7
Kadawatha RSU1 Land, Ranmuthugala	0.0329	9.7
Kadawatha RSU2 Land, Ihala karagahamuna	0.043	8.5
Kadawatha RSU3 Land, Siyambalape	0.0202	4.8
Kadawatha RSU4 Land, Makola North	0.0192	6.8
Kaduwela ELU 1 Land, Ranala	0.00025	0.5
Kaduwela ELU4 Land, Welivita Junction	0.00032	0.9
Kaduwela Exchange Land Lot 1, 2	0.0983	97.2
Kaduwela RSU1 Land, Malambe	0.0248	7.3
Kahatagasdigiliya Exchange Land	0.0993	8.8
Kahawatta Kiosk Land	0.014	5.5
Kalawana Exchange Land	0.206	4.0
Kalawanchikudy Exchnage Land	0.1693	40.2
Kal-Eliya Exchange Land	0.1005	5.0
Kalpitiya Exchange Land, Kalpitiya	0.1093	10.8
Kamburupitiya Exchange Land	0.089	26.4
Kandaketiya Exchange Land	0.0981	5.8
Kandalama-Radio Repeater Station Land	0.1555	3.1
Kandapola Land	0.0894	10.6
Kantalai Exchange Land	0.1244	14.8
Karainagar Land	0.0507	0.5
Karavedy RSU Land	0.311	18.4
Katana Land	0.1012	4.0
Katugastota Exchange & IPT Quarters Land	0.0395	23.4
Katunayaka Exchange Land Lot 1, 2	0.3039	60.1
Katuwana land	0.1	4.0
Kebithigollewa Exchange Land (Lot 314, 315)	0.2628	15.6
Kegalle Exchangeand RTOM office Land, Kegalle.	1.4515	392.9
Kekanadura Exchange & Qtrs Land, Kekanadura	0.102	20.2
Kekirawa Auto Exchange Land	0.131	23.3
Kelaniya Exchange Land, Kelaniya	0.1475	46.1
Keselwatta RSU Building Land,34, Srimathi Rd, Keselwatta	0.0632	18.7
Killinochchi Exchange & Repeater Station Land	0.5799	22.9
Killinochchi RAX Land,Paranthan	0.1748	5.1
Killiveddy Exchange Land	0.0331	0.8
Kinniya Exchange Land	0.108	17.1
Kiri Ella Telecom Exchange Land	0.0875	6.9
Kiribathkumbura Land (Proposed for Training Centre)	0.5805	40.2
Kirindiwela Exchange & IPT Quarters Land - Lot 1, 2	0.2129	23.6

Location	Extent (Hectare)	Value of land (LKR Mn.)
Kitulgala Exchange Land, Ginigathenna Road, Kitulgala	0.088	2.6
Kochchikade Exchange Land	0.041	6.5
Kollonna Exchange Land	0.332	7.9
Kopay RAX Land	0.0206	1.4
Kosgama RSU Land, Kosgama (Lot 1, 2)	0.0759	7.5
Kosgoda Exchange Land	0.092	10.9
Koslanda Exchnage Land	0.044	1.3
Kotadeniyawa Exchange Land	0.1686	10.0
Kotapola Exchange Land, Kotapola	0.122	4.8
Kotiyakumbura Exchange Land	0.1012	17.3
Kotte RSU1 Land, Madiwela	0.0278	16.5
Kotte RSU2 Land, Talawathugoda	0.0278	21.8
Kotte RSU3 Land, Battaramulla	0.0185	10.5
Kotte RSU4 Land, Thalangama North	0.0354	10.5
Kotte RSU5 Land, Kotuwegoda	0.0311	12.3
Kotte RSU6 Land, Nawala	0.0304	30.0
Kottegoda Exchange Land	0.1036	16.4
Kotugoda Stores Complex Land	80.9356	330.6
Kuchchaveli Exchange Land Lot 1689 & Lot 1690	0.1375	4.2
Kuliyapitiya Exchange Land Lot 37, 39	0.23	90.9
Kurunegala Exchange and RTOM office Land Kandy Road, Kurunegala.	0.92	345.5
Kuruwita Telecom Exchange Land	0.0653	7.7
Laggala Repeater Station (Reverston) Land (Lot 62, 69, 70, 76, Lot A, B)	1.0498	20.8
LPT Quarters Land, Station Rd., Vavuniya	0.0777	12.3
Lunugala Kiosk Land	0.1346	4.0
Lunuwila Exchange (New) Land	0.09	6.2
Madampe New Exchange Land, kurunegala Road (LOT 1, 2)	0.1048	7.1
Madawachchiya Land, Mannar Rd. Medawachchiya.	0.3315	5.2
Madolkelle Exchange Land	0.0961	1.9
Madolsima Exchange Land	0.3844	6.1
Madolsima Repeater Station Land, Madolsima	0.1897	3.8
Madukanda Repeater St. Land Lot 1523 & Lot 1525	0.6037	5.7
Mahaoya Exchange Land,Main Street, Mahaoya.	0.111	4.4
Maharagama Exchange Land	0.1114	264.2
Mahiyangana Exchange Land	0.079	10.9
Main Street, Kalutara Lot 1, 2, 3	0.3035	342.0
Maithreepala Senanayake Mw, Anuradapura	0.1125	177.9
Maithriepala Senanayake Mawatha Anuradhapura	0.3355	298.4
Makandura Exchange Land	0.404	19.9
Malwatta Exchange Land	0.1568	2.6

Location	Extent (Hectare)	Value of land (LKR Mn.)
Mamadala Kiosk Land	0.0879	3.5
Manipai RAX Land	0.0516	3.0
Mannar Transmission Tower Land	0.2645	41.8
Marawila Auto Exchange Land (LOT 2)	0.0507	13.6
Maskeliya Exchange Land	0.1078	4.2
Mattegoda exchange Land	0.1265	37.5
Maturata Exchange Land	0.167	2.3
Mawanella Auto Exchnage Land	0.091	21.6
Mawarala Exchange Land	0.207	8.2
Mawatagama New Exchnage Land, Mawatagama	0.1015	20.1
Medamahanuwara New Exchange land	0.1247	4.5
Medawachchiya Exchange & Linemen Quarters Land	0.1468	5.8
Medirigiriya Land	0.214	8.5
Middeniya Exchange Land, Middeniya	0.287	6.8
Millaniya Exchange Land, Millaniya	0.1012	3.0
Millenium City Land, Athurugiriya	0.0197	3.5
Minuwangoda Exchange & IPT Quarters Land	0.0759	45.0
Mirigama Telecom Building, DIT Office & IPT Quarters Land, Lot 1,2,3	0.1874	24.0
Monaragala Exchange & IPT/ Linemen Quarters Land	0.316	124.9
Moratuwa Exchange Land, Moratuwa	0.1119	39.8
Moratuwa RSU 2 Land, Moratumulla	0.0276	8.2
Moratuwa RSU 3 Land, Rawatha watte	0.0202	12.0
Moratuwa RSU 1 Land, Molpe	0.257	6.6
Morawaka Exchange Land, Morawaka	0.0458	3.3
Mount Lavinia Exchange Land, Minor Staff Room & Stores	0.1913	226.8
Mulativu Auto Exchange	0.6506	7.7
Mulatiyana Exchange Land, Mulatiyana	0.113	6.7
Mulleriwawa Land (Angoda RSU 2)	0.0379	7.5
Murukkan Land	0.1062	2.1
Muruthalawa Exchange Land	0.0969	3.8
Mutur Exchange Land	0.2838	25.2
Nagoda Exchange Land	0.123	7.2
Namunukula Circuit Bangalow Land	0.21	6.6
Namunukula Exchange Land	0.1485	4.1
Narammala old & New Exchange Land	0.097	46.0
Naula Exchange Land	0.138	16.3
Nawalapitiya Exchange & IPT Quarters Land - Lot 1 & Lot 2	0.2782	82.5
Neboda Auto Exchange Land	0.1032	4.1
Negampaha Exchange, Negampaha	0.084	3.3
Nikadaluptha Exchange Land, Hiripitiya	0.118	10.5
Nikaweratiya Exchange Land. Lot 586, 680	0.14	16.8

Location	Extent (Hectare)	Value of land (LKR Mn.)
Nilaveli Exchange Land	0.0581	5.0
Ninthavur Exchange Land	0.0863	10.2
Nivanthaka Chethiya Road. Anuradhapura	0.0971	34.5
Niwitigala Exchange & Linemen Quarters Land	0.283	8.4
No. 17, Sugathodaya Mawatha, Colombo 02.	0.219	1,038.9
No. 5, Anderson Road, Colombo 05.	0.1889	672.1
No. 7, Anderson Road, Colombo 05.	0.1363	484.9
No. 9, Anderson Road, Colombo 05.	0.1949	693.4
No. 108 & 109, Walawwaththa Rd., Anuradhapura	0.243	48.1
No: 562/D, Jayanthi Rd, Anuradhapura	0.7889	93.6
No: 106, St. Joseph's Street, Negombo	0.6787	335.4
Nochchiyagama Exchange Land (Lot 1666, 1668)	0.18	8.9
Norton Bridge Exchange Land	0.1519	2.4
Nugegoda RSU 2 Land, Embuldeniya	0.0234	9.2
Nugegoda RSU 3 Land, Gangodawila	0.0186	11.4
Nugegoda RSU 4 Land, Kalubowila	0.0241	33.4
Nugegoda RSU I Land, Kirulapane	0.0277	33.8
Nugegoda Transport Garage Land, Nalandarama Road	0.197	311.5
Oluvil Exchange Land	0.1006	7.9
OPMC Land, Awissavella	0.3655	50.5
OPMC land, station Road, Batticaloa	0.0228	30.6
P-1 ,P-2, P-3, P-4 Thimbirigaskatuwa Pottode-quarerrs Land ,Negombo.	0.6037	41.8
P-5 & P-6 Poththode quarerrs Land, Thimbirigaskatuwa, Pottode - Negombo Lot 1, 2	1.716	84.8
Padavi Siripura Exchnge Land	0.263	4.2
Padaviya Exchange, Padaviya	0.1087	4.3
Padiyathalawa Exchange Land	0.102	2.4
Padiyathalawa Trans Repeater Station Land	1.261	5.0
Padukka LEU Land (Ihala Bope)	0.0266	0.8
Palavi Exchange Land (Double Kiosk) Palavi.	0.2024	20.0
Pallekale Land	0.0899	26.7
Pandathheruppu Land	0.0513	1.2
Pankulam Exchange Land	0.0608	2.4
Pannala Exchnage Land	0.094	11.1
Pasalai new land	0.0908	1.1
Passara Exchange and Linemen Quarters Land	0.3744	19.5
Pasyala Exchange & IPT Quarters Land, Nittambuwa Rd, Pasyala. Lot 1, 2	0.0534	7.9
Pathiraja Kanda Repeater Station Land, Ambalangoda.	0.101	1.9
Pawakkulam Land	0.2091	1.2
Peliyagoda Stores Complex Land	1.6432	640.4

Location	Extent (Hectare)	Value of land (LKR Mn.)	Location	Extent (Hectare)	Value of land (LKR Mn.)
Pelmadulla Telecom Exchange Land	0.095	37.5	Regional Telecom Engineers' Office Pollonnaruwa Exchange & IPT Quarters Land	0.3129	160.8
Peradeniya Exchange, Telecom Training Centre & Quarters Land, Galaha Road, Peradeniy Lot 1 & Lot 2	0.1169	69.3	Regional Telecom Engineer's Office & Kandy Exchange Land Lot 1 & Lot 2	0.2251	489.4
Pettigala Repeater Station Land, Balangoda.	0.073	1.7	Regional Telecom Engineer's Office - Rathnapura Billing Land	0.3645	172.9
Piliyandala Exchange Land	0.0632	37.5	Regional Telecom Engineer's office & exchange Land, Court Road, Gampaha.	0.1366	162.0
Piliyandala RSU 2 Land, Makandana	0.0177	2.1	Regional Telecom Engineer's Office Land - 06, Senanayake Mw. Bandarawela	0.238	282.2
Piliyandala RSU 3 Land, Wethara	0.0253	4.0	Regional Telecom Engineer's Office Land - Kalmunai	0.4326	67.8
Piliyandala RSU 4 Land, Batakeiththara	0.0253	4.0	Regional Telecom Engineer's office Land, Dickmens Road, Colombo 05	0.336	1,328.4
Piliyandala RSU 5 Land, Bokundara	0.0316	10.6	Regional Telecom Engineer's Office Matale Exchange Land	0.3342	165.2
Piliyandala RSU I Land, Honnanthara	0.0518	9.0	Regional Telecom Engineers' Office, Exchange & IPT Quarters Land, Nuwara-Eliya	0.2354	698.0
Pitabaddara Exchange Land, Pitabaddara	0.216	8.5	Regional Telecom Engineer's Office - Matara Exchange and DIT Office Land	0.288	341.6
Point Pedro Land	0.0809	5.2	Regional Telecom, Engineer's Office & Exchange Land, Kotte	0.2051	283.8
Polgahawela Exchange & Quarters Land LOT 1, 3, 5	0.2	4.0	Repeater Station Land -Glen Course	0.2244	3.1
Post office Road, Eppawela	0.0914	7.2	Repeater Station Land, Primrose Hill.	0.1233	32.9
Potthuwil Exchange Land	0.257	15.2	Rideegama Exchange Land	0.253	8.0
Potuhera Auto Exchange Land, ELU - KG206,209	0.009	0.9	Ridiyagama Rural Exchange Land	0.0655	1.9
Primrose Hill, Circuit Bungalow Land, Kandy	0.0751	54.9	Rikillagaskada Exchange, & IPT Quarters Land	0.13	23.1
Pugoda ELU-1 Land, Giridara	0.0051	1.2	RSU 1 Land, No.47/1A, Church Road, Mattakkuliya	0.0304	18.0
Pugoda ELU-2 Land, Owitigama,	0.0253	4.3	RSU Building & Exchange Land, Beruwela.	0.21	27.0
Pulasthigama Land	0.212	5.0	RSU Building & IPT Quarters Land, Matugama	0.0597	9.4
Pulmoddai Exchange Land	0.3103	18.4	RSU Building Bulathsinghala Land Lot 1, 2	0.2017	8.0
Punagala (Ampitikanda) Repeater Station Land	0.192	3.7	RSU Building Meegahatenna Land Lot 2828, 2829	0.265	5.6
Punchi Borella Exchange Land, Maradana.	0.2625	934.0	RSU Land-Pallepola Lot 403	0.097	8.6
Pundaluoya Exchange Land	0.262	8.3	RSU Land-Rattota Lot 6 & Lot 7	0.122	9.6
Punguduthive RAX Land	0.3571	2.8	RTOM & Auto Exchange Land, Batticaloa	0.4383	62.1
Pussellewa Exchange Land, Nuwara Eliya Road.	0.2155	62.4	RTOM building Land,Nugegoda	0.117	279.4
Puttalam Auto Exchange Land, Equipment Building & IPT Quarters	0.3054	75.5	RTOM Office & DIT/IPT Quarters Land, Awissawella	0.4376	167.6
Raddolugama Land	0.02908	5.2	RTOM office Land,Vavuniya. Lot 1772, 1773	0.4047	48.0
Radella LPT Quarters Land	0.0438	1.7	RTOM Qtrs Land,Donald janz rd, Galle	0.0511	20.2
Ragama Exchange Land	0.2048	121.0	RTOM Quartres, behind the Mosque - Anuradhapura	0.1769	52.5
Rajakadaluwa Exchange Land	0.149	23.5	Rukmalgama Exchange Land	0.0267	5.8
Rakwana Kiosk Land.	0.027	6.4	Ruwanwella RSU Land, Ruwanwella	0.0673	5.3
Rakwana Telecom Exchange Land.	0.2035	12.1	Samanturai Exchange Land	0.199	13.8
Ramboda Exchange Land Lot 1, 2, 3 & 4.	0.112	5.8	Seruwila Exchnage Land	0.232	3.7
Rangala Exchange Land	0.154	1.8	Sevanagala Exchange & LPT Qts Land Lot 4900, 4901	0.642	19.0
Ranpokunugama Exchange & IPT Quarters Land, Ranpokunugama	0.1532	21.2			
Rathmalana RSU 2 Land, Borupana	0.019	3.7			
Rathmalana RSU I Land, Laxapathiya	0.0253	7.0			
Ratmalana Exchnage Land, Ratmalana	0.2076	255.7			
Rattota Kiosk Land	0.0209	4.1			
Regional Telecom Engineer's Office Land, Church Street, Galle.	0.252	647.6			

Location	Extent (Hectare)	Value of land (LKR Mn.)
Single Tree Hill-Repeater Station Land Lot 1, 2, 3	0.1691	6.7
Sithankerni RSU Land	0.1745	11.8
Suriyakanda Repeater station Land	0.095	3.6
Suriyawewa Exchange Land	0.082	2.4
Switching Centre & Jaffna Exchnage Land	1.181	233.5
Talaimannar Repeater St. Land Lot 1 & Lot 2	0.0824	6.7
Talawakelle Exchange Land Lot 1, 2, 3	0.1622	7.2
Tanamalwila Exchange Land	0.32	7.6
Tangalle Exchange, IPT Quarters & Repearter Stn. Land	0.196	27.1
Tangalle Linemen's Quarters Land, Tissa Road, Marakkolliya, Tangalle.	0.0824	4.1
Telecom Training Centre Land, No. 176, Matara Rd, Unawatuna, Galle	0.791	125.1
Telecom Training Centre Land, Welisara.	2.228	454.5
Thambuttegama Exchange Land	0.086	34.0
Thampalagam Exchange Land, Thampalagam	0.102	6.1
Thelijjawila Auto Exchange & Quarters Land	0.069	13.6
Thellipalai RSU Land	0.10985	2.2
Thirukkovil RSU Land	0.1012	6.0
Thoppur Auto Exchange Land	0.1745	5.2
Tissamaharama New Exchange Land	0.082	11.3
Torwood Repeater station Land, Matugama	0.1607	2.5
Tower Hill Raod, Hambantota. Lot 1 & Lot 2	0.215	85.0
Training Centre Land, Horethuduwa (Sirimathi Rd.)	0.0182	141.8
Transport Division Land, Polhengoda Road, Narahenpita.	0.303	539.0
Tx. Tower land (Opposite to the RTOM office seperated by Highway),Gampaha	0.0157	17.1
Udathuttiripiya Exchange Land	0.1258	7.5
Udugama Exchange Land	0.1391	11.0
Udugampola MSAN Land	0.00025	0.6
Udupussallawa Exchange Land	0.0906	1.8
Ukuwela land		9.0
Ullukkulam(SR-500) Land (Periya-Ullukkulam)	0.0536	1.6

Location	Extent (Hectare)	Value of land (LKR Mn.)
Undugoda Exchange Land	0.0969	2.9
Upcot Rural Exchange & Linemen Quarters Land, Lot 1, 2	0.1495	2.9
Urubokka Exchange Land	0.129	11.5
Uyanwatta Land- MNA201, Dewalagama	0.00025	0.5
Vakarai VHF Station Land	0.1645	3.3
Valachchanai Auto Exchange Land	0.2036	22.1
Valvettithurai RAX Land	0.0725	1.4
Veyangoda Excahnge Land, Negombo Road.	0.0889	21.1
VHF Station Land -Batticaloa (Kaliyankadu)	0.1019	14.1
Visaka Hill Repeater Station Land, Bandarawela	0.0958	9.4
Waga Land	0.1623	2.8
Walasmulla Exchange Land	0.0803	6.3
Warakapola Exchange Land	0.0867	9.4
Wariyapola Exchange Land	0.112	6.6
Watawela Land	0.121	3.8
Wattala Exchange Land	0.1012	120.0
Wattegama Exchange Land Kudugalla Road	0.0827	8.2
Wattegama Exchange Land Kudugalla Road (Part 2 out of Parts 2).	0.1512	16.4
Weeraketiya Exchange & Qtrs Land	0.17	10.1
Weligama Exchange & IPT Quarters Land	0.1069	30.2
Welikada Wireless Station & Maritime Servcie Station Land	3.088	4,883.2
Welikanda Exchange Land	0.2988	11.8
Welimada Exchange & Kiosk Land	0.111	17.5
Welimada RLL Base Station Land	0.0527	1.5
Weliweriya Exchange Land, Gampaha Road. Lot 1, 2, 3, 4	0.0438	25.5
Wellampitiya Exchange Land	0.102	40.3
Wellawaya Exchange Land	0.13	20.5
Wilgamuwa RSU Land	0.1878	22.3
Yakkalamulla Radio Base Station Land (Nabadawa RBS Land)	0.0506	0.8
Yatiyantota Auto Exchange Land	0.0511	2.0
Total		36,622.7

GRI Index

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GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		None
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	104	
103-2	The management approach and its components	105-106	
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		None

Abbreviations

4G	- Fourth Generation	ISP	- Internet Service Provider
5G	- Fifth Generation	ITU	- International Telecommunication Union
ADSL	- Asymmetric Digital Subscriber Line	KPI	- Key Performance Indicator
BPO	- Business Process Outsourcing	KPO	- Knowledge Process Outsourcing
BSS	- Billing Support System	LED	- Light Emitting Diode
CAPEX	- Capital Expenditure	LGN	- Lanka Government Network
CCC	- Colombo City Centre	LTE	- Long-Term Evolution
CDMA	- Code Division Multiple Access	MBB	- Mobile Broadband
CRM	- Customer Relationship Management	Mbps	- Megabits per second
CSP	- Communication Service Provider	MIMO	- Multiple-Input and Multiple-Output
DC HSPA+	- Dual-Carrier High Speed Packet Access	MoU	- Memorandum of Understanding
DSP	- Digital Service Provider	MPLS	- Multi Protocol Label Switching
EBITDA	- Earnings Before Interest, Taxes, Depreciation and Amortisation	NB-IoT	- Narrowband Internet of Things
EPF	- Employees' Provident Fund	NBN	- National Backbone Network
ERP	- Enterprise Resource Planning	NED	- Non-Executive Director
ETF	- Employees' Trust Fund	NFV	- Network Functions Virtualisation
FBB	- Fixed Broadband	NGN	- Next Generation Network of Sri Lanka
FTTH	- Fibre-To-The-Home	OPEX	- Operating Expenses
FTTN	- Fibre-To-The-Node	OSS	- Operational Support System
Gbps	- Gigabits per second	OTT	- Over the Top
GRI	- Global Reporting Initiative	PEO TV	- Personalised Entertainment Option Television
GTH	- Global Telecommunications Holdings	PIOCMA	- Pacific and Indian Ocean Cable Maintenance Agreement
HDTV	- High Definition Television	PoP	- Point of Presence
HSPA	- High Speed Packet Access	PSTN	- Public Switched Telephone Network
ICT	- Information and Communication Technologies	RCS	- Rich Communications Suite
ICTA	- Information and Communication Technology Agency	SAFA	- South Asian Federation of Accountants
IDD	- International Direct Dialling	SDN	- Software-Defined Networking
IMS	- IP Multimedia Subsystem	SEA ME	- South East Asia - Middle East - West Europe WE
INED	- Independent Non-Executive Director	SEAIOCMA-	- South East Asia and Indian Ocean Cable Maintenance Agreement
IoE	Internet of Everything	SLBN	- Sri Lanka Telecom Broadband Network
IoT	- Internet of Things	SLFRS	- Sri Lanka Financial Reporting Standards
IPTV	- Internet Protocol Television	SLIM	- Sri Lanka Institute of Marketing

Notice of Annual General Meeting

SRI LANKA TELECOM PLC

(Company Registration No.PQ 7)
Lotus Road,
Colombo 01.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Third (23rd) Annual General Meeting of Sri Lanka Telecom PLC will be held on 15 July 2020 at 10.00 am at the Main Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07 for the purpose of conducting the following Ordinary Business:

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2019 with the Report of the Auditors thereon.
2. To declare a first and final dividend of LKR 1.06 per share as recommended by the Directors.
3. To elect as a Director, Mr Rohan Fernando, who retires in terms of Articles 97 of the Articles of Association.
4. To elect as a Director, Mr Mohan Weerakoon, PC, who retires in terms of Articles 97 of the Articles of Association.
5. To elect as a Director, Mr Lalith Seneviratne, who retires in terms of Articles 97 of the Articles of Association.
6. To elect as a Director, Mr Ananda Seneviratne, who retires in terms of Articles 97 of the Articles of Association.
7. To elect as a Director, Mr Ranjith Rubasinghe, who retires in terms of Articles 97 of the Articles of Association.
8. To re-elect as a Director, Mr Lawrence Paratz, who retires by rotation in terms of Articles 91 and 92 of the Articles of Association.
9. To re-appoint Messrs., Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration:
10. To authorize the Directors to determine and make donations to charities.
11. To transact any other business of which due notice has been given.

By order of the Board

SRI LANKA TELECOM PLC



Mahesh Athukorale
Company Secretary

3 June 2020
Colombo

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.

Form of Proxy

I/We.....(holder of NIC No.)

of being a member/members of Sri Lanka Telecom PLC hereby appoint

(holder of NIC No) of whom failing*

Mr Rohan Fernando	whom failing*
Mr Chan Chee Beng	whom failing*
Mr Lawrence Paratz	whom failing*
Ms Lai Choon Foong	whom failing*
Mr Mohan Weerakoon, PC	whom failing*
Mr Lalith Seneviratne	whom failing*
Mr Ananda Seneviratne	whom failing*
Mr Ranjith Rubasinghe	

as my/our* proxy to represent me/us* to speak and vote for me/us* and on my/our* behalf as indicated below at the 23rd Annual General Meeting of the Company, to be held on 15 July 2020 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2019 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a first and final dividend of LKR 1.06 per share as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To elect as a Director, Mr Rohan Fernando, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
4. To elect as a Director, Mr Mohan Weerakoon, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect as a Director, Mr Lalith Seneviratne, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
6. To elect as a Director, Mr Ananda Seneviratne, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
7. To elect as a Director, Mr Ranjith Rubasinghe, who retires in terms of Articles 97 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect as a Director, Mr Lawrence Paratz, who retires in by rotation in terms of Articles 91 & 92 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration:	<input type="checkbox"/>	<input type="checkbox"/>
10. To authorise the Directors to determine and make donations to charities.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our hand/seal given on this day of Two Thousand and Twenty.

.....
Signature

*Please delete what is inapplicable.

Note: Instruction as to completion appear overleaf.

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. Please indicate with an “X” in the space provided, how your proxy is to vote on each resolution. If no indication is given the proxy in his/her discretion will vote as he/she thinks fit.
3. In the case of a corporate member the proxy must be executed in accordance with the Articles of Association. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, Sri Lanka Telecom PLC, Lotus Road, Colombo 01 not later than 48 hours before the time fixed for the holding of the meeting.

CORPORATE INFORMATION

Name of the Company

Sri Lanka Telecom PLC

Legal Form

A public limited liability company incorporated in Sri Lanka in September 1996, under the Conversion of Public Corporations of Government-Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987 and quoted on the Colombo Stock Exchange in January 2003.

Company Registration Number

PQ 7

Stock Exchange Listing

1,804,860,000 Ordinary Shares of the Company are listed in the Colombo Stock Exchange.

Registered Address

Telecom Headquarters, Lotus Road, Colombo 1.

Board of Directors

Mr Rohan Fernando – Chairman
Mr Lalith Seneviratne – GCEO
Mr Lawrence Paratz
Mr Chan Chee Beng
Ms Lai Choon Foong
Mr Mohan Weerakoon, PC
Mr A K Seneviratne
Mr Ranjith Rubasinghe

Audit Committee

Mr Ananda Seneviratne – Chairman
Ms Lai Choon Foong
Mr Mohan Weerakoon, PC

Remuneration and Nomination Committee

Mr Chan Chee Beng – Chairman
Mr Lawrence Paratz
Mr Rohan Fernando

Technology Subcommittee

Mr Lawrence Paratz – Chairman
Mr Lalith Seneviratne

Senior Tender Board

Ms Lai Choon Foong – Chairperson
Mr Lawrence Paratz
Mr A K Seneviratne
Mr Mohan Weerakoon, PC

Related Party Transactions Review Committee

Mr Mohan Weerakoon, PC- Chairman
Mr Ananda Seneviratne
Ms Lai Choon Foong

Auditors

Ernst & Young (Chartered Accountants),
201, De Saram Place,
Colombo 10.

Company Secretary

Mr Mahesh Athukorale

Credit Rating

Fitch Rating
National long-term rating of AA+ (lka)
Standard & Poor's rating

Long-term issuer
credit rating of B

Bankers

Bank of Ceylon
Citibank N.A.
Commercial Bank of Ceylon PLC
Deutsche Bank
Hatton National Bank PLC
HSBC Bank
Nations Trust Bank PLC
NDB Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank



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