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**Independent auditor's review report
To the Directors of Dialog Axiata PLC**

We have reviewed the accompanying balance sheets of Dialog Axiata PLC and its subsidiaries at 30 June 2010, and the related statements of income and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Sri Lanka Standard on Review Engagements 2400 applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Sri Lanka Accounting Standards.

26 July 2010
COLOMBO

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Balance sheet

(all amounts in Sri Lanka Rupees thousands)

	30 June 2010		31 December 2009	
	Group	Company	Group	Company
ASSETS				
Non-current assets				
Property, plant and equipment	54,004,166	46,314,778	55,979,991	48,200,679
Intangible assets	3,915,219	1,499,532	3,847,177	1,387,335
Investments in subsidiaries	Nil	10,326,010	Nil	10,326,010
Other investment	29,000	29,000	29,000	29,000
Amount due from subsidiaries	Nil	8,416,892	Nil	5,823,958
	57,948,385	66,586,212	59,856,168	65,766,982
Current assets				
Inventories	213,596	207,816	211,360	207,588
Trade and other receivables	10,173,537	7,595,220	9,629,276	7,084,356
Current tax receivables	Nil	Nil	70	70
Cash and cash equivalents	3,585,962	3,255,326	5,295,363	5,114,826
	13,973,095	11,058,362	15,136,069	12,406,840
Total assets	71,921,480	77,644,574	74,992,237	78,173,822
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	30,556,113	30,556,113	31,806,113	31,806,113
ESOS Trust shares	(1,990,921)	(1,990,921)	(1,990,921)	(1,990,921)
Dividend reserve - ESOS	260,067	260,067	260,067	260,067
Revaluation reserve	132,446	97,443	136,471	101,358
(Accumulated losses) / Retained earnings	(220,142)	7,374,197	(2,102,401)	4,481,458
	28,737,563	36,296,899	28,109,329	34,658,075
Total equity	28,737,563	36,296,899	28,109,329	34,658,075
LIABILITIES				
Non-current liabilities				
Borrowings	23,618,092	23,488,926	24,728,797	23,989,375
Deferred income tax liabilities	1,364,853	1,364,854	1,133,676	1,131,288
Retirement benefit obligations	406,772	376,634	394,540	362,324
Provision for other liabilities	607,905	591,490	534,859	520,555
Deferred revenue	318,070	318,070	215,145	215,145
	26,315,692	26,139,974	27,007,017	26,218,687
Current liabilities				
Trade and other payables	13,036,067	11,687,374	12,636,630	11,140,124
Current income tax liabilities	9,926	7,065	2,658	Nil
Borrowings	3,822,232	3,513,262	7,236,603	6,156,936
	16,868,225	15,207,701	19,875,891	17,297,060
Total liabilities	43,183,917	41,347,675	46,882,908	43,515,747
Total equity and liabilities	71,921,480	77,644,574	74,992,237	78,173,822
Net Asset per Share	3.53	4.46	3.45	4.26

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors on 26 July 2010.

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

Signed

.....
Dr. S. S. H. Wijayasuriya
Director/Group Chief Executive

Signed

.....
J. C. B. Dhanapala
Director

Signed

.....
Lalith Fernando
Group Financial Controller

The notes on pages 7 to 12 form an integral part of these financial statements.

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Income statement

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Group	Company	Group	Company
Revenue	20,111,291	18,397,130	17,447,861	15,967,404
Direct costs	(11,693,991)	(10,183,505)	(10,933,907)	(9,578,877)
Gross margin	8,417,300	8,213,625	6,513,954	6,388,527
Other operating income	84,037	69,575	78,879	64,273
Administrative expenses	(3,141,668)	(2,397,981)	(11,449,752)	(10,742,411)
Distribution costs	(2,888,510)	(2,522,613)	(3,210,831)	(2,905,890)
Operating profit / (loss)	2,471,159	3,362,606	(8,067,750)	(7,195,501)
Finance costs - net	(155,584)	(34,260)	(1,207,083)	(908,038)
Profit / (loss) before tax	2,315,575	3,328,346	(9,274,833)	(8,103,539)
Taxation	(236,368)	(238,549)	(261,495)	(259,956)
Profit / (loss) for the period	2,079,207	3,089,797	(9,536,328)	(8,363,495)

Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the Company during the period (expressed in Rs per share)

- Basic	0.24	0.36	(1.27)	(1.13)
- Diluted	0.24	0.36	(1.28)	(1.13)

The notes on pages 7 to 12 form an integral part of these financial statements.

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Income statement

(all amounts in Sri Lanka Rupees Thousands)

	Three months ended 30 June 2010		Three months ended 30 June 2009	
	Group	Company	Group	Company
Turnover	10,160,387	9,296,074	8,891,189	8,126,174
Direct costs	(5,746,395)	(4,988,224)	(5,469,120)	(4,775,018)
Gross margin	4,413,992	4,307,850	3,422,069	3,351,156
Other operating income	59,283	56,675	60,027	49,397
Administrative cost	(1,565,619)	(1,239,597)	(9,098,840)	(8,844,778)
Distribution costs	(1,404,152)	(1,229,864)	(1,520,524)	(1,407,125)
Operating profit/(loss)	1,503,503	1,895,064	(7,137,268)	(6,851,350)
Finance costs	(12,310)	35,309	(407,680)	(268,948)
Profit / (Loss) before tax	1,491,193	1,930,373	(7,544,948)	(7,120,298)
Taxation	(117,043)	(116,905)	(122,817)	(126,190)
Profit / (loss) for the period	1,374,150	1,813,468	(7,667,765)	(7,246,488)

Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the Company during the period (expressed in Rs per share)

- Basic	0.16	0.21	(0.99)	(0.93)
- Diluted	0.16	0.21	(0.99)	(0.94)

The notes on pages 7 to 12 form an integral part of these financial statements.

Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

Group

	Attributable to equity holders of the Company					Total
	Stated capital	Shares in ESOS trust	Dividend reserve	Revaluation reserve	Retained earnings / (Accumulated losses)	
Balance at 1 January 2009	32,556,113	(1,990,921)	260,067	19,913	10,964,118	41,809,290
Net loss	Nil	Nil	Nil	Nil	(9,536,328)	(9,536,328)
Redemption of rated cumulative redeemable preference shares	(750,000)	Nil	Nil	Nil	Nil	(750,000)
Depreciation transfer	Nil	Nil	Nil	(231)	231	Nil
Dividend to rated cumulative redeemable preference shares	Nil	Nil	Nil	Nil	(639,185)	(639,185)
Balance as at 30 June 2009	31,806,113	(1,990,921)	260,067	19,682	788,836	30,883,777
Balance at 1 July 2009	31,806,113	(1,990,921)	260,067	19,682	788,836	30,883,777
Net loss	Nil	Nil	Nil	Nil	(2,671,895)	(2,671,895)
Depreciation transfer	Nil	Nil	Nil	(232)	232	Nil
Dividend to rated cumulative redeemable preference shares	Nil	Nil	Nil	Nil	(219,574)	(219,574)
Revaluation of land and building	Nil	Nil	Nil	157,975	Nil	157,975
Deferred tax attributable to revaluation surplus	Nil	Nil	Nil	(40,954)	Nil	(40,954)
Balance as at 31 December 2009	31,806,113	(1,990,921)	260,067	136,471	(2,102,401)	28,109,329
Balance at 1 January 2010	31,806,113	(1,990,921)	260,067	136,471	(2,102,401)	28,109,329
Net profit	Nil	Nil	Nil	Nil	2,079,207	2,079,207
Redemption of rated cumulative redeemable preference shares	(1,250,000)	Nil	Nil	Nil	Nil	(1,250,000)
Depreciation transfer	Nil	Nil	Nil	(1,978)	1,978	Nil
Dividend to rated cumulative redeemable preference shares	Nil	Nil	Nil	Nil	(198,926)	(198,926)
Deferred tax attributable to revaluation surplus	Nil	Nil	Nil	(2,047)	Nil	(2,047)
Balance as at 30 June 2010	30,556,113	(1,990,921)	260,067	132,446	(220,142)	28,737,563

The notes on pages 7 to 12 form an integral part of these financial statements.

Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

Company

	Attributable to equity holders of the Company					Total
	Stated capital	Shares in ESOS trust	Dividend reserve	Revaluation reserve	Retained earnings	
Balance at 1 January 2009	32,556,113	(1,990,921)	260,067	19,913	14,549,916	45,395,088
Net loss	Nil	Nil	Nil	Nil	(8,363,495)	(8,363,495)
Redemption of rated cumulative redeemable preference shares	(750,000)	Nil	Nil	Nil	Nil	(750,000)
Depreciation transfer	Nil	Nil	Nil	(231)	231	Nil
Dividend to rated cumulative redeemable preference shares	Nil	Nil	Nil	Nil	(639,185)	(639,185)
Balance as at 30 June 2009	31,806,113	(1,990,921)	260,067	19,682	5,547,467	35,642,408
Balance at 1 July 2009	31,806,113	(1,990,921)	260,067	19,682	5,547,467	35,642,408
Net loss	Nil	Nil	Nil	Nil	(846,667)	(846,667)
Depreciation transfer	Nil	Nil	Nil	(232)	232	Nil
Dividend to rated cumulative redeemable preference shares	Nil	Nil	Nil	Nil	(219,574)	(219,574)
Revaluation of land and building	Nil	Nil	Nil	122,862	Nil	122,862
Deferred tax attributable to revaluation surplus	Nil	Nil	Nil	(40,954)	Nil	(40,954)
Balance at 31 December 2009	31,806,113	(1,990,921)	260,067	101,358	4,481,458	34,658,075
Balance at 1 January 2010	31,806,113	(1,990,921)	260,067	101,358	4,481,458	34,658,075
Net profit	Nil	Nil	Nil	Nil	3,089,797	3,089,797
Redemption of rated cumulative redeemable preference shares	(1,250,000)	Nil	Nil	Nil	Nil	(1,250,000)
Depreciation transfer	Nil	Nil	Nil	(1,868)	1,868	Nil
Dividend to rated cumulative redeemable preference shares	Nil	Nil	Nil	Nil	(198,926)	(198,926)
Deferred tax attributable to revaluation surplus	Nil	Nil	Nil	(2,047)	Nil	(2,047)
Balance as at 30 June 2010	30,556,113	(1,990,921)	260,067	97,443	7,374,197	36,296,899

The notes on pages 7 to 12 form an integral part of these financial statements.

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Cash flow statement

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Group	Company	Group	Company
Cash flows from operating activities				
Cash generated from operations	7,320,048	7,167,856	5,398,669	5,975,459
Interest received	33,718	32,986	47,962	46,262
Interest paid	(435,819)	(323,008)	(958,551)	(698,505)
Tax / ESC paid	(45,331)	(45,325)	(34,358)	(34,354)
TDC disbursement received	210,260	210,260	497,551	497,551
Retirement benefit obligations paid	(34,674)	(29,676)	(38,783)	(35,748)
Net cash generated from operating activities	7,048,202	7,013,093	4,912,490	5,750,665
Cash flows from investing activities				
Purchases of property, plant and equipment	(42,021)	(41,702)	(30,350)	(29,513)
Purchases of intangible assets	(12,342)	(12,342)	(13,186)	(13,186)
Expenditure incurred on capital work-in-progress	(2,885,492)	(1,958,449)	(5,476,745)	(4,114,391)
Investment instalment to SLINTEC	Nil	Nil	(13,000)	(13,000)
Amount given / receipt of subsidiaries	Nil	(2,414,851)	Nil	(2,514,600)
Proceeds from sale of property, plant and equipment	32,087	22,112	13,159	2,885
Net cash used in investing activities	(2,907,768)	(4,405,232)	(5,520,122)	(6,681,805)
Cash flows from financing activities				
Redemption of rated cumulative redeemable preference shares	(1,250,000)	(1,250,000)	(750,000)	(750,000)
Repayment of finance leases	(14,636)	(3,490)	(22,327)	(10,666)
Repayment of borrowings	(5,486,501)	(4,170,523)	(12,949,318)	(12,228,465)
Proceeds from borrowings	1,932,685	1,904,421	19,345,183	18,950,433
Dividends to rated cumulative redeemable preference shares	(222,185)	(222,185)	(459,369)	(459,369)
Net cash (used in) / generated from financing activities	(5,040,637)	(3,741,777)	5,164,169	5,501,933
Net (decrease) / increase in cash and cash equivalents	(900,203)	(1,133,916)	4,556,537	4,570,793
Movement in cash and cash equivalents				
At start of period	3,019,449	3,175,076	(1,048,285)	(852,073)
(Decrease) / increase	(900,203)	(1,133,916)	4,556,537	4,570,793
Exchange gains on cash and bank overdrafts	192	192	102,234	102,234
At end of period	2,119,438	2,041,352	3,610,486	3,820,954

The notes on pages 7 to 12 form an integral part of these financial statements.

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Notes to the financial statements

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

1 General information

Dialog Axiata PLC (Formerly known as Dialog Telekom PLC) ("the Company") and its subsidiaries (together "the Group") provide communication (mobile, internet, international gateway, data and backbone, fixed wireless and transmission infrastructure) and media related services.

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

Issued ordinary shares of the Company have been listed on the Colombo Stock Exchange since 28 July 2005.

2 Basis of preparation

The condensed interim consolidated financial information of Dialog Axiata PLC (Formerly known as Dialog Telekom PLC) for the periods ended 30 June 2010 has been prepared in accordance with Sri Lanka Accounting Standard 35 "Interim Financial Reporting". The interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009.

Notes to the financial statements (Contd)

4 Segment information

(a) Primary reporting format - business segments

o The segment results for the period ended 30 June 2010 are as follows:

	Cellular Operations	Global Operations	Fixed Telephony, Data & ISP	Transmission & Infrastructure	Entertainment & Media	Group
Total segmental revenue	17,603,489	6,870,825	903,487	263,867	1,011,434	26,653,102
Inter-segment revenue	(4,098,111)	(2,259,524)	(81,646)	(96,105)	(6,425)	(6,541,811)
Revenue from external customers	13,505,378	4,611,301	821,841	167,762	1,005,009	20,111,291
Operating profit / (loss) segment results	1,967,069	1,399,293	(562,866)	(159,678)	(172,659)	2,471,159
Finance income						36,088
Finance costs						(191,672)
Finance costs - net						(155,584)
Profit before income tax						2,315,575
Income tax expense						(236,368)
Profit for the period						2,079,207

o Other segment items included in the income statement are as follows:

	Cellular Operations	Global Operations	Fixed Telephony, Data & ISP	Transmission & Infrastructure	Entertainment & Media	Group
Depreciation	3,747,864	63,102	469,771	109,349	226,481	4,616,567
Impairment (reversal) / charge	(278,940)	Nil	36,872	53,945	(1,530)	(189,653)
Amortization	206,954	69,316	52,436	Nil	4,801	333,507
Reversal of provision for Voluntary Resignation Scher	(447,429)	Nil	Nil	Nil	Nil	(447,429)
Trading inventory provision	13,557	54	Nil	Nil	239	13,850

Notes to the financial statements (Contd)

4 Segment information (Contd)

- o The segment assets and liabilities at 30 June 2010 and capital expenditure for the period then ended are as follows:

	Cellular Operations	Global Operations	Fixed Telephony, Data & ISP	Transmission & Infrastructure	Entertainment & Media	Unallocated	Group
Assets	46,088,026	12,826,897	3,371,614	4,458,377	3,164,102	2,012,464	71,921,480
Liabilities	7,736,557	5,063,526	4,772	363,083	782,052	29,233,927	43,183,917
Capital expenditure	1,725,145	287,348	30,275	194,871	586,668	5,892	2,830,199

- o The segment results for the period ended 30 June 2009 are as follows:

	Cellular Operations	Global Operations	Fixed Telephony, Data & ISP	Transmission & Infrastructure	Entertainment & Media	Group
Total segmental revenue	15,894,880	5,157,073	836,018	333,120	779,005	23,000,096
Inter-segment revenue	(3,487,230)	(1,893,318)	(66,227)	(97,960)	(7,500)	(5,552,235)
Revenue from external customers	12,407,650	3,263,755	769,791	235,160	771,505	17,447,861
Operating (loss) / profit segment results	(7,900,841)	1,115,661	(508,601)	(302,948)	(471,021)	(8,067,750)
Finance income						65,225
Finance costs						(1,272,308)
Finance costs - net						(1,207,083)
Loss before income tax						(9,274,833)
Income tax expense						(261,495)
Loss for the period						(9,536,328)

Notes to the financial statements (Contd)**4 Segment information (Contd)**

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

	Cellular Operations	Global Operations	Fixed Telephony, Data & ISP	Transmission & Infrastructure	Entertainment & Media	Group
Depreciation	3,532,105	57,814	329,839	83,196	220,214	4,223,168
Impairment charge	6,688,415	Nil	14,280	Nil	6,582	6,709,277
Amortization	215,748	30,895	60,934	3,187	4,724	315,488
Provision for Voluntary Resignation Scheme	248,562	7,175	17,803	3,330	2,768	279,638
Trading inventory provision	145,373	Nil	Nil	Nil	Nil	145,373

- o The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

	Cellular Operations	Global Operations	Fixed Telephony, Data & ISP	Transmission & Infrastructure	Entertainment & Media	Unallocated	Group
Assets	51,557,465	10,472,966	3,152,877	4,229,064	2,946,537	2,633,328	74,992,237
Liabilities	7,072,808	5,071,075	284,703	342,279	810,848	33,301,195	46,882,908
Capital expenditure	7,237,699	480,452	715,146	1,004,955	433,691	13,392	9,885,335

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Notes to the financial statements (Contd)

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

5 Stated capital

Stated Capital of the Company consist of 8,143,778,405 ordinary shares and 2,500,000,000 rated cumulative redeemable preference shares at balance sheet date.

1,250,000,000 rated cumulative redeemable preference shares were redeemed during the six months period ended 30 June 2010, to the value of Rs 1,250,000,000.

6 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

7 Market price per share

For the three months period ended 30 June

	2010 Rs.	2009 Rs.
- Highest	10.25	6.25
- Lowest	6.75	4.50
- Last traded	9.75	4.90

8 20 largest shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
1 Axiata Investments (Labuan) Limited (Formerly known as TM International (L) Limited)	6,785,252,765	83.32%
2 HSBC - BBH - Genesis Smaller Companies	191,221,640	2.35%
3 Dialog Telekom Employees ESOS Trust	158,572,462	1.95%
4 Sri Lanka Insurance Corporation Limited - Life Fund	74,585,920	0.92%
5 Employees Provident Fund	72,844,189	0.89%
6 HSBC-JPMCB-EMG Mkts Growt Fund	66,906,180	0.82%
7 HSBC-International Finance Corporation	64,086,800	0.79%
8 HSBC-BBH-Genesis Emerging Markets Opportunities Fund	55,345,900	0.68%
9 HSBC-JPMLU-Capital Intl Emf	38,724,760	0.48%
10 HSBC-JPMCB-Scottish Orl Sml Tr	34,207,500	0.42%
11 Citibank London S/A Rbs as Dep for Fs Global Emer	30,228,300	0.37%
12 HSBC-SSBT- South Asia Portfolio	30,080,680	0.37%
13 Bank Of Ceylon a/c Ceybank Unit Trust	29,140,800	0.36%
14 BNY-CF Ruffer Investment Funds	28,214,300	0.35%
15 Citibank London S/A Rbs as Dep for Fs Asia Pacific	26,445,200	0.32%
16 Sri Lanka Insurance Corporation Ltd-General Fund	22,320,360	0.27%
17 Taprobane Holdings Ltd	21,494,300	0.26%
18 Mr. A.L. Devasurendra	20,008,400	0.25%
19 HSBC-JPMCB-Coal Staff Superannuation Trstes 'Lt	18,743,200	0.23%
20 Bank Of New York-Stewart Ivory-Fifth Third Bank- Oh	11,824,000	0.15%

9 Public shareholding

The percentage of public shareholding at 30th June 2010 was 14.73% (14.73% as at 31 December 2009), calculated as per the listing rules of the Colombo Stock Exchange.

10 Directors' Shareholdings

The details of shares held by the Directors and their spouses at 30 June 2010 are as follows:

Dr Shridhir Sariputta Hansa Wijayasuriya	42,570
Mr. Moksevi Rasingh Prelis	18,480
Mr. Mohamed Vazir Muhsin	18,040

None of the Directors other than those disclosed above hold any shares in the Company.

DIALOG AXIATA PLC (FORMERLY KNOWN AS DIALOG TELEKOM PLC) AND ITS SUBSIDIARIES

Notes to the financial statements (Contd)

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

11 Contingencies

There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 December 2009.

12 Events after the Balance sheet date

No circumstances have arisen since the balance sheet date, which would require adjustments to or disclosure in the financial statements.