

DIALOG AXIATA PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
31 MARCH 2016**





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

Introduction

We have reviewed the accompanying condensed statements of financial position of Dialog Axiata PLC and its subsidiaries as at March 31 2016, and the related condensed statements of comprehensive income, changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Sri Lanka Accounting Standard 34 [LKAS34] – Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Sri Lanka Accounting Standard 34 [LKAS34] – Interim Financial Reporting.

11 May 2016

Date

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DIALOG AXIATA PLC**Statements of financial position**

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
ASSETS				
Non-current assets				
Intangible assets	17,073,240	17,341,413	4,909,414	5,056,319
Property, plant and equipment	79,330,205	79,060,275	54,055,425	54,847,766
Investment in subsidiaries	-	-	19,220,729	19,220,729
Investment in associates	80,669	80,349	27,742	27,742
Amount due from related companies	-	-	22,705,036	19,541,635
Financial assets	40,000	40,000	250,000	195,000
	96,524,114	96,522,037	101,168,346	98,889,191
Current assets				
Inventories	831,199	556,146	472,548	166,371
Trade and other receivables	15,371,162	12,780,295	11,970,038	9,957,001
Cash and cash equivalents	11,018,334	6,992,782	10,050,883	5,779,594
	27,220,695	20,329,223	22,493,469	15,902,966
Total assets	123,744,809	116,851,260	123,661,815	114,792,157
EQUITY				
Capital and reserves attributable to equity holders				
Stated capital	28,103,913	28,103,913	28,103,913	28,103,913
Reserves	21,833,581	19,213,739	33,714,984	30,737,111
Non-controlling interest	(4,416)	(697)	-	-
Total equity	49,933,078	47,316,955	61,818,897	58,841,024
LIABILITIES				
Non-current liabilities				
Borrowings	25,914,686	15,942,853	25,914,686	15,942,853
Derivative financial instrument	52,924	24,937	52,924	24,937
Deferred revenue	1,740,658	1,723,110	1,482,747	1,537,584
Deferred income tax liability	51,763	52,677	-	-
Employee benefit payables	1,557,833	1,509,350	1,344,566	1,300,685
Provision for other liabilities	1,086,010	1,147,298	876,142	929,656
	30,403,874	20,400,225	29,671,065	19,735,715
Current liabilities				
Trade and other payables	35,759,069	38,891,171	25,037,433	26,318,810
Borrowings	6,830,587	9,464,388	6,320,840	9,123,304
Derivative financial instrument	25,552	12,039	25,552	12,039
Current income tax liabilities	792,649	766,482	788,028	761,265
	43,407,857	49,134,080	32,171,853	36,215,418
Total liabilities	73,811,731	69,534,305	61,842,918	55,951,133
Total equity and liabilities	123,744,809	116,851,260	123,661,815	114,792,157
Net assets per share (Rs.)	6.13	5.81	7.59	7.23

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

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

.....
Group Chief Financial Officer

Date:

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors.

Signed

.....
Director

Date: 11 May 2016

Signed

.....
Director

Date: 11 May 2016

DIALOG AXIATA PLC**Statements of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Three months ended 31 March	Three months ended 31 March	Three months ended 31 March	Three months ended 31 March
	2016	2015	2016	2015
Revenue	21,157,169	17,330,519	17,971,940	14,690,790
Direct costs	(11,406,651)	(9,592,812)	(9,156,695)	(7,898,388)
Gross profit	9,750,518	7,737,707	8,815,245	6,792,402
Distribution costs	(3,103,999)	(2,282,412)	(2,662,054)	(1,988,465)
Administrative costs	(3,302,281)	(2,772,928)	(2,492,874)	(2,208,185)
Other income	13,908	1,935	13,904	2,212
Operating profit	3,358,146	2,684,302	3,674,221	2,597,964
Finance income	38,490	112,884	43,447	111,894
Finance costs	(362,312)	(471,961)	(318,861)	(436,666)
Finance costs - net	(323,822)	(359,077)	(275,414)	(324,772)
Share of loss from associates - net of tax	321	(11,123)	-	-
Profit before income tax	3,034,645	2,314,102	3,398,807	2,273,192
Income tax expense	(368,188)	(332,497)	(370,600)	(327,764)
Profit for the period	2,666,457	1,981,605	3,028,207	1,945,428
Other comprehensive expense for the period - net change in cash flow hedge	(50,334)	(41,202)	(50,334)	(41,202)
Total comprehensive income for the period	2,616,123	1,940,403	2,977,873	1,904,226
Profit/(loss) for the period is attributable to:				
- owners of the Company	2,670,176	1,981,605	3,028,207	1,945,428
- non-controlling interest	(3,719)	-	-	-
Total comprehensive income/(expense) for the period is attributable to:				
- owners of the Company	2,619,842	1,940,403	2,977,873	1,904,226
- non-controlling interest	(3,719)	-	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.33	0.24	0.37	0.24

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

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

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company			Non-controlling interest	Total
	Stated capital	Shares in ESOS Trust	Reserves		
Balance at 1 January 2016	28,103,913	-	19,213,739	(697)	47,316,955
Profit/(loss) for the period	-	-	2,670,176	(3,719)	2,666,457
Other comprehensive expense	-	-	(50,334)	-	(50,334)
Total comprehensive income/(expense) for the period	-	-	2,619,842	(3,719)	2,616,123
Balance at 31 March 2016	28,103,913	-	21,833,581	(4,416)	49,933,078
Balance at 1 January 2015	28,103,913	-	16,728,377	-	44,832,290
Adjustment for super gain tax	-	-	(1,796,789)	-	(1,796,789)
Adjusted balance at 1 January 2015	28,103,913	-	14,931,588	-	43,035,501
Profit for the period	-	-	1,981,605	-	1,981,605
Other comprehensive expense	-	-	(41,202)	-	(41,202)
Total comprehensive income for the period	-	-	1,940,403	-	1,940,403
Balance at 31 March 2015	28,103,913	-	16,871,991	-	44,975,904
Balance at 1 April 2015	28,103,913	-	16,871,991	-	44,975,904
Profit/(loss) for the period	-	-	3,206,418	(697)	3,205,721
Other comprehensive income	-	-	194,021	-	194,021
Total comprehensive income/(expense) for the period	-	-	3,400,439	(697)	3,399,742
Dividends to equity shareholders	-	-	(1,058,691)	-	(1,058,691)
Balance at 31 December 2015	28,103,913	-	19,213,739	(697)	47,316,955

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

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

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company			
	Stated capital	Shares in ESOS Trust	Reserves	Total
Balance at 1 January 2016	28,103,913	-	30,737,111	58,841,024
Profit for the period	-	-	3,028,207	3,028,207
Other comprehensive expense	-	-	(50,334)	(50,334)
Total comprehensive income for the period	-	-	2,977,873	2,977,873
Balance at 31 March 2016	28,103,913	-	33,714,984	61,818,897
Balance at 1 January 2015	28,103,913	-	27,713,534	55,817,447
Adjustment for super gain tax	-	-	(1,793,855)	(1,793,855)
Adjusted balance at 1 January 2015	28,103,913	-	25,919,679	54,023,592
Profit for the period	-	-	1,945,428	1,945,428
Other comprehensive expense	-	-	(41,202)	(41,202)
Total comprehensive income for the period	-	-	1,904,226	1,904,226
Balance at 31 March 2015	28,103,913	-	27,823,905	55,927,818
Balance at 1 April 2015	28,103,913	-	27,823,905	55,927,818
Profit for the period	-	-	3,801,965	3,801,965
Other comprehensive income	-	-	169,932	169,932
Total comprehensive income for the period	-	-	3,971,897	3,971,897
Dividends to equity shareholders	-	-	(1,058,691)	(1,058,691)
Balance at 31 December 2015	28,103,913	-	30,737,111	58,841,024

The notes on pages 7 to12 form an integral part of these financial statements.

DIALOG AXIATA PLC**Statements of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	Group		Company	
	Three months ended 31 March		Three months ended 31 March	
	2016	2015	2016	2015
Cash flows from operating activities				
Cash generated from operations	4,644,627	4,612,265	4,436,810	4,022,504
Interest received	59,628	96,397	58,616	95,465
Interest paid	(231,562)	(102,252)	(224,200)	(102,097)
Tax paid	(348,567)	(307,238)	(343,837)	(303,035)
Employee benefits paid	(11,486)	(16,425)	(6,403)	(12,986)
Net cash generated from operating activities	4,112,640	4,282,747	3,920,986	3,699,851
Cash flows from investing activities				
Purchase of property, plant and equipment	(8,599,892)	(2,752,940)	(4,312,577)	(1,587,079)
Purchase of intangible assets	(178,387)	(119,040)	(175,740)	(119,040)
Advances to subsidiaries	-	-	(3,828,000)	(715,226)
Loans to subsidiary	-	-	(55,000)	-
Loans to associate	-	(75,000)	-	(75,000)
Proceed from sale of property, plant and equipment	165,843	2,086	165,843	2,086
Net cash used in investing activities	(8,612,436)	(2,944,894)	(8,205,474)	(2,494,259)
Cash flows from financing activities				
Repayment of borrowings	(2,873,895)	-	(2,811,852)	-
Proceed from borrowings	11,394,662	-	11,363,048	-
Net cash generated from financing activities	8,520,767	-	8,551,196	-
Net increase in cash and cash equivalents	4,020,971	1,337,853	4,266,708	1,205,592
Movement in cash and cash equivalents				
At start of the year	6,992,782	10,774,042	5,779,594	9,805,322
Increase	4,020,971	1,337,853	4,266,708	1,205,592
Effect of exchange rate changes	4,581	15,870	4,581	15,870
At end of the period	11,018,334	12,127,765	10,050,883	11,026,784

The notes on pages 7 to12 form an integral part of these financial statements.

DIALOG AXIATA PLC

Notes to the condensed interim financial statements

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

1 General information

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

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

2 Basis of preparation

The condensed interim financial statements for the period ended 31 March 2016 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

With effect from the financial year 2016, the Group has adopted the amendments to the following Sri Lanka Accounting Standards that are relevant for the preparation of the Group's condensed interim financial statements.

- (i) SLFRS 7, 'Financial Instruments: Disclosures'
- (ii) SLFRS 10, 'Consolidated Financial Statements'
- (iii) LKAS 1, 'Presentation of Financial Statements'
- (iv) LKAS 28, 'Investments in Associates and Joint Ventures'
- (v) LKAS 19, 'Employee Benefits'
- (vi) LKAS 34, 'Interim Financial Reporting'

The adoption of the above amendments to the Sri Lanka Accounting Standards did not have any significant impact to the Group during the current quarter.

3 Segment information

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

- The segment results for the period ended 31 March 2016 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Revenue from external customers	17,765,029	1,816,603	1,575,537	-	21,157,169
Inter-segment revenue	331,863	278,115	1,282	-	611,260
Total segmental revenue	18,096,892	2,094,718	1,576,819	-	21,768,429
Segment operating profit/(loss) for the period	3,619,081	(97,491)	(164,287)	843	3,358,146
Finance costs - net					(323,822)
Share of profit from associate - net of tax					321
Profit before income tax					3,034,645
Income tax					(368,188)
Profit for the period					2,666,457

DIALOG AXIATA PLC

Notes to the condensed interim financial statements (Continued)

3 Segment information (Continued)

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

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	2,623,664	855,587	195,462	-	3,674,713

- The segment assets and liabilities at 31 March 2016 and capital expenditure for the period then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	124,154,807	28,393,177	6,579,101	(11,290,873)	147,836,212
Inter-segment assets	(22,982,757)	(785,195)	(323,451)	-	(24,091,403)
Total assets	101,172,050	27,607,982	6,255,650	(11,290,873)	123,744,809
Liabilities	62,616,750	29,377,912	6,351,369	-	98,346,031
Inter-segment liabilities	(686,672)	(20,048,187)	(3,799,441)	-	(24,534,300)
Total liabilities	61,930,078	9,329,725	2,551,928	-	73,811,731
Capital expenditure	1,921,946	1,515,999	511,229	-	3,949,174

- The segment results for the period ended 31 March 2015 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Revenue from external customers	14,438,997	1,438,625	1,452,897	-	17,330,519
Inter-segment revenue	251,793	293,927	3,269	-	548,989
Total segmental revenue	14,690,790	1,732,552	1,456,166	-	17,879,508
Segment operating profit/(loss) for the period	2,597,964	(56,668)	155,564	(12,558)	2,684,302
Finance costs - net					(359,077)
Share of loss from associates - net of tax					(11,123)
Profit before income tax					2,314,102
Income tax					(332,497)
Profit for the period					1,981,605

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

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	2,457,454	666,514	158,988	12,572	3,295,528

DIALOG AXIATA PLC

Notes to the condensed interim financial statements (Continued)

3 Segment information (Continued)

- The segment assets and liabilities at 31 December 2015 and capital expenditure for the year then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	115,299,533	27,321,441	6,262,597	(11,290,873)	137,592,698
Inter-segment assets	(19,760,606)	(651,472)	(329,360)	-	(20,741,438)
Total assets	95,538,927	26,669,969	5,933,237	(11,290,873)	116,851,260
Liabilities	56,676,984	28,187,276	5,853,125	-	90,717,385
Inter-segment liabilities	(685,891)	(17,133,745)	(3,363,444)	-	(21,183,080)
Total liabilities	55,991,093	11,053,531	2,489,681	-	69,534,305
Capital expenditure	13,746,360	7,552,646	1,576,306	-	22,875,312

4 Reserves

	Group		Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
Distributable				
Retained earnings	21,890,578	19,220,402	33,771,981	30,743,774
Non-controlling interest	(4,416)	(697)	-	-
Non-distributable				
Hedging reserve	(56,997)	(6,663)	(56,997)	(6,663)
	21,829,165	19,213,042	33,714,984	30,737,111

5 Seasonal or cyclical factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 31 March 2016.

7 Estimates

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

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

In preparing the condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the sources of estimates uncertainty are consistent with the audited financial statements for the year ended 2015.

8 Issues, repurchases and repayments of debt and equity securities

There were no significant and unusual issues, repurchases and repayments of debt and equity securities during the period ended 31 March 2016.

9 Stated capital

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

DIALOG AXIATA PLC

Notes to the condensed interim financial statements (Continued)

10 Earnings per share

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

11 Market price per share

For the three months ended 31 March

	2016 Rs.	2015 Rs.
- Highest	10.30	14.30
- Lowest	9.70	10.30
- Last traded	10.20	10.40

12 Directors' shareholdings

The details of shares held by the Directors and their spouses as at 31 March 2016 are as follows:

	Number of shares
Dr. Hansa Wijayasuriya	43,010
Mr. Moksevi Prelis	18,480
Mr. Mohamed Muhsin	18,040

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

13 Twenty largest shareholders of the Company

Name of Shareholders	No. of shares	% Holding
1 Axiata Investments (Labuan) Limited	6,785,252,765	83.32%
2 Employees Provident Fund	193,787,158	2.38%
3 HSBC INTL Nom Limited-BBH Genesis Smaller Companies	174,203,166	2.14%
4 HSBC INTL Nom Limited-SSBT-National Westminster Bank PLC as depositary of first state Indian subcontinent fund a sub fund of first state investments ICVC	98,119,100	1.20%
5 CITI Bank Newyork S/A Norgens Bank Account 2	73,712,798	0.90%
6 CB NY S/A International Finance Corporation	64,086,800	0.79%
7 BNYM SA/NV-CF Ruffer Investment Funds: CF Ruffer Pacific Fund	57,314,300	0.70%
8 HSBC International Nominees Limited - BBH-Genesis Emerging Markets Opportunities Fund Limited	55,345,900	0.68%
9 HSBC INTL Nominees Limited-JPMCB Scottish ORL SML TR GTI 6018	47,472,121	0.58%
10 HSBC INTL Nom Limited-SSBT-National Westminster Bank PLC as depositary of first state Asia Pacific Sustainability fund a sub fund of first state investments ICVC	47,270,000	0.58%
11 HSBC INTL Nom Limited-SSBT-National Westminster Bank PLC as depositary of first state Asia Pacific Fund a sub fund of first state investments ICVC	37,613,700	0.46%
12 HSBC INTL Nom Limited-JPMCB-Pacific Assets Trust PLC	33,865,700	0.41%
13 Rubber Investment Trust Limited A/C #01	29,668,830	0.36%
14 Mellon Bank N.A.-Eaton Vance Trust CO. Collective INV. Trust for Employee Benefit Plans-Eaton Vance Trust CO. Parametric Structured Emerging Market Equity Fund	19,392,086	0.24%
15 Mellon Bank N.A.-UPS Group Trust	18,880,000	0.23%
16 HSBC INTL Nom Limited-SSBT-Parametric Emerging Markets Fund	18,848,970	0.23%
17 The Ceylon Investment PLC A/C No. 2	18,797,647	0.23%
18 The Ceylon Guardian Investment Trust PLC A/C # 02	16,470,454	0.20%
19 HSBC INTL Nom Limited-SSBT-Parametric Tax-Managed Emerging Markets Fund	15,786,381	0.19%
20 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	14,289,887	0.17%

DIALOG AXIATA PLC

Notes to the condensed interim financial statements (Continued)

14 Public shareholding

Information pertaining to public shareholding as at 31 March 2016, calculated in accordance with the listing rules of the Colombo Stock Exchange are as follows:

	31 Mar 2016	31 Dec 2015
Public holding percentage	16.68%	16.68%
Market capitalization of the public shareholding (Rs.)	13,856,150,322	14,535,373,377
Number of public shareholders	21,020	21,066

15 Effect of change in composition of the Group

There has not been a change in the composition of the Group which was disclosed in the audited financial statements for the year ended 31 December 2015.

16 Trade and other payables

Other payables of the Group include a provision made as a matter of prudence, for a possible claim amounting to a sum of Rs.4,221,040,185 on account of a judgment delivered against Suntel Limited on 9 March 2012 in HC (Civil) 282/2001(1) in the Commercial High Court of the Western Province in favor of Electroteks Network Services (Private) Limited. Suntel Limited [now amalgamated with Dialog Broadband Networks (Private) Limited], on the basis of legal advice received, has appealed against this judgment to the Supreme Court of Sri Lanka. This matter is currently fixed for hearing on 16 May 2016.

Pending such appeal, Electroteks Network Services (Private) Limited filed a writ pending appeal application in the Commercial High Court of the Western Province seeking to execute the judgment given in their favour. On 3 March 2014 proceedings in relation to this application was terminated upon Dialog Broadband Networks (Private) Limited keeping a guarantee to cover the judgment in the appeal made to the Supreme Court of Sri Lanka, through its parent company Dialog Axiata PLC, in the form of a Bank Guarantee for the value of Rs.1Bn and a Corporate Guarantee for the value of Rs.3.2Bn.

17 Financial instruments measured at fair value

Note	Measurement criteria and the fair value					
	Level 2 Rs.000		Level 3 Rs.000		Total Rs.000	
	2016	2015	2016	2015	2016	2015
Financial assets						
Available-for-sale financial assets:						
- Investment in unquoted convertible redeemable bonds (a)	-	-	40,000	40,000	40,000	40,000
Financial liabilities						
Financial liabilities at FVTPL:						
- Derivative designated as hedging instrument (Interest rate swap) (b)	78,476	36,976	-	-	78,476	36,976

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

- (a) The carrying value of available-for-sale financial assets represent the fair value of the investment in redeemable convertible bonds in Headstart (Private) Limited ("Headstart"). The fair value of the available-for-sale financial assets are determined based on discounted cash flows using interest rate of a similar nature financial instrument at the end of each financial reporting period.
- (b) The carrying amount of the derivative financial instrument represents the fair value of the interest rate swap with notional amount of USD 95,326,667 (31.12.2015 - USD 103,773,334) which has a fixed interest payment of 2.6075% per annum and floating interest receipt of USD 3 months LIBOR plus a spread on the amortising outstanding principal amount maturing on 29 July 2018.

The fair value is determined based on the discounted future cash flows using the applicable yield curve over the duration of the interest rate swap. The fair value of the interest rate swap is provided by counterparty financial institution which is determined based on forward interest rates from observable yield curves and contracted interest rates discounted at a rate that reflects the credit risk of the counterparty.

DIALOG AXIATA PLC**Notes to the condensed interim financial statements (Continued)****18 Cash and cash equivalents**

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

	31 Mar 2016 Rs.	31 Dec 2015 Rs.
Standard Chartered Bank, amount deposited in escrow account for the purpose of acquisition of Suntel Limited.	522,760,000	522,760,000
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation.	255,000,000	215,000,000
	777,760,000	737,760,000

19 Valuation of property, plant and equipment

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

20 Contingent liabilities

There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the audited financial statements for the year ended 31 December 2015.

21 Capital commitments

Capital expenditure contracted for supply of telecommunication equipment at the statement of financial position date but not yet incurred consists of Rs.5,126,099,265 (31.12.2015 - Rs.8,123,789,607) and Rs.9,435,575,549 (31.12.2015 - Rs.13,650,204,408) of the Company and the Group respectively.

22 Events after the reporting period

No events have occurred since the statement of financial position date that would require adjustment to, or disclosure in the financial statements.