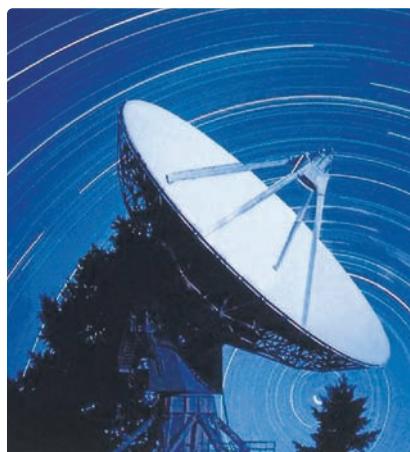


TheFuture.Today.

PROSPECTUS

Dialog Telekom Limited

INITIAL PUBLIC OFFER



Offer for Subscription of Two Hundred and Ninety Million Seventy Three Thousand Nine Hundred and Eighty Two (290,073,982) Ordinary Shares of Rs. 1/- each and

Offer for Sale of Four Hundred and Twenty Two Million Two Hundred and Sixty Two Thousand Three Hundred and Eleven (422,262,311) Ordinary Shares of Rs. 1/- each at the Share Offer Price.

If you are in any doubt regarding the contents of this document you should consult your stockbroker, bank manager, lawyer or any other professional advisor.



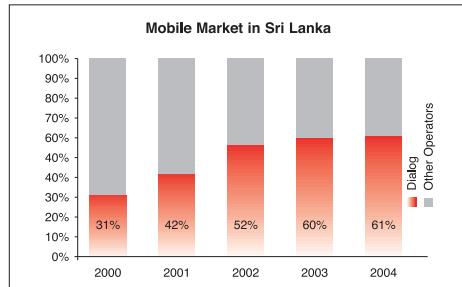
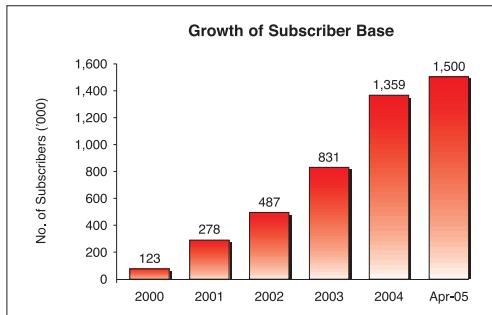
Book Running Manager and Financial Advisor to the Offering

This Prospectus is dated 23 June 2005

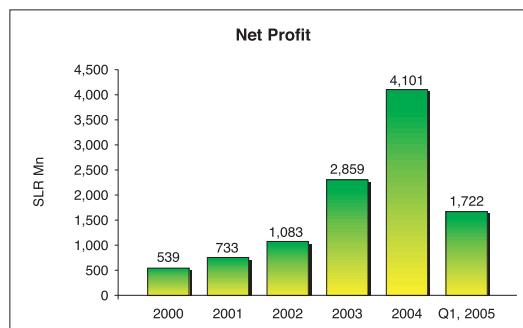
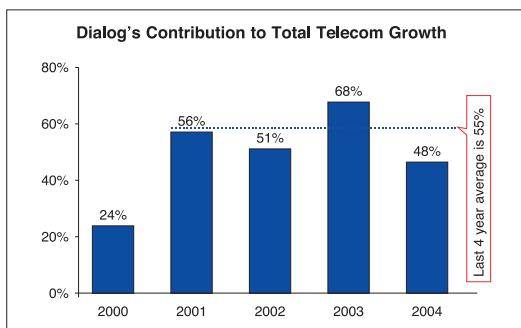
Dialog Telekom Corporate Review

Dialog Today

Despite being the last entrant to Sri Lanka's mobile telecommunications market in **1995**, Dialog captured **market leadership** by the year **2000**. Today, Dialog Telekom commands a **60% market share** in the **mobile** space and **40% share** in the **overall Telco** market.



The initial strategy was straightforward: “**transform mobile telephony** from its “exclusive” positioning in 1995 to a **broad-based commodity affordable and available to citizens from all walks of life**”. As at 31 March 2005, Dialog serves over **1.5 Million Sri Lankans** across the country.



The Company was able to **break even in 1998** and since then has continued to create Shareholder value. Dialog's **Net Profits** for **FY 2004** and **Q1, 2005** were **Rs. 4.1 Billion** and **Rs. 1.7 Billion** respectively.

Dialog Overview

Dialog Telekom operates **Dialog GSM**, the country's **largest mobile phone network**. It is a **fully owned subsidiary of TM International (L) Limited of Malaysia**. In addition to its core mobile telephony business, the Company provides **International Services**, supporting an International Gateway infrastructure providing retail and wholesale international voice and data services under the brand name of **Dialog Global**. The company also provides Internet Services through Dialog Internet - a fully-fledged **Internet Service Provider (ISP)**. Dialog Telekom also operates **Dialog SAT**, a **Mobile Satellite Service**.



Financial Performance – A Snapshot

Dialog Telekom has consistently delivered **above average earnings growth** to its investors. Focused attention on Cost minimisation whilst optimising revenue streams have enabled Dialog to record a **50% CAGR in Revenue** and a **66% CAGR in Net Profits** over the last 5 years. **Return on Average Equity** and **Return on Average Assets** increased year on year, recording **39%** and **34%** respectively in FY 2004.

Profit & Loss Statement	YEAR ENDED 31 DECEMBER					CAGR
	AUDITED					
Rs. Billion	2000	2001	2002	2003	2004	
Revenue	2.26	3.22	4.59	7.48	11.41	50%
Direct Costs	1.15	1.30	2.03	2.98	3.93	36%
Gross Profit	1.11	1.92	2.56	4.50	7.47	61%
Administration & Distribution Costs	0.60	1.04	1.19	1.85	3.15	51%
NPBT	0.54	0.96	1.31	2.41	4.14	66%
NPAT	0.54	0.73	1.08	2.86	4.10	66%

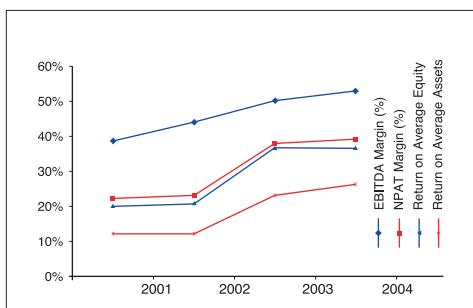
CAGR : Compounded Annual Growth Rate

NPBT : Net Profit Before Taxation

NPAT : Net Profit After Taxation

Balance Sheet	YEAR ENDED 31 DECEMBER					CAGR
	AUDITED					
Rs. Billion	2000	2001	2002	2003	2004	
Fixed Assets	3.23	4.97	8.11	10.99	13.46	43%
Current Assets	1.80	1.36	2.80	2.33	5.69	33%
Total Assets	5.03	6.33	10.91	13.32	19.15	40%
Capital & Reserves	0.42	2.06	3.11	5.48	8.71	113%
Non Current Liabilities*	3.40	2.80	5.68	5.79	6.60	18%
Current Liabilities	1.21	1.47	2.12	2.05	3.84	33%
Total Liabilities	5.03	6.33	10.91	13.32	19.15	40%

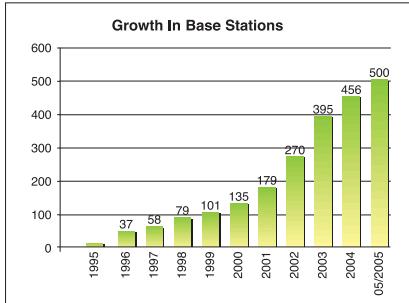
* Includes Subscription in Advance



The Company has strengthened its balance sheet through prudent financial management. The **Debt Equity** ratio (Debt/Equity + Debt) as at 31 December 2004 was recorded at **21%**.

Dialog Infrastructure

Dialog Telekom is the operator with the **widest coverage** having established over **500 base stations** with a strong presence in **all 9 provinces** of the country. **Dialog's GSM network** was the first to provide mobile telecommunications in the **Northern and Eastern** provinces, having established coverage within 90 days of the ceasefire agreement.



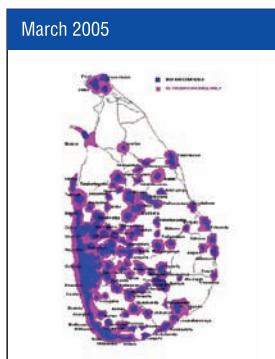
Dialog Telekom provides **International Connectivity** (Bandwidth) on the **SEA-ME-WE 3 submarine cable**. **Telekom Malaysia** is a substantial **shareholder in the SEA-ME-WE 3** cable system and is **empowered to transfer its owned bandwidth to subsidiaries** within the group. Dialog has also operated a comprehensive **satellite earth station infrastructure since 2001**.

Dialog Telekom's **core IP infrastructure** is primarily positioned for **convergent technologies** such as GPRS, 3G and Wi-Fi. **Dialog Internet** functions as a **fully-fledged "One Stop" end-to-end service provider**, in the mobile and fixed Internet space.

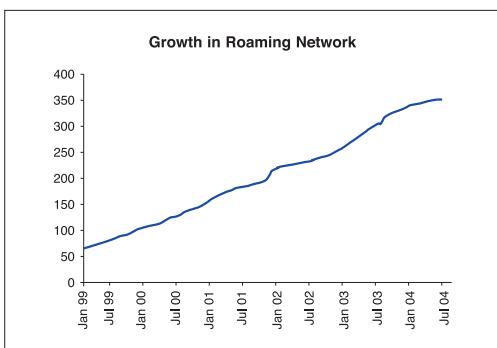
Nationwide Reach

Dialog GSM continues to forge an ever-expanding network footprint across Sri Lanka. The network covers all major towns, cities and principal routes including the **Jaffna peninsula** and the **Eastern region** of Sri Lanka.

The Company estimates that its **network coverage encompasses 80%** of the country's **population** and **60% of landmass**. The Company aspires to provide a near **100% landmass coverage** within the next **3 years** in keeping with its network development plans.



Global Reach



Dialog became the **first operator in South Asia** to provide Automatic International Roaming (**AIR**) in 1997. As of December 2004, Dialog had established partnerships with **350 networks** in **190 countries**. The extension of its roaming service to encompass **GPRS roaming** has been established with **61 Operators** in **52 Countries**.

Dialog Global has setup **direct connectivity** with a range of **first and second tier international carriers** to ensure premium **Quality of Service** and call completion with respect to **international** traffic. Partner operators include **British Telecom, SingTel, Telekom Malaysia, Belgacom and VSNL**.

TheFuture. Today.

As espoused in its signature, **TheFuture.Today.** the Company prides itself in its commitment to **Research, Development and New Technology** introduction.

Dialog GSM has the distinction of placing Sri Lanka as the **first country** in the **region** and among the **first 40 countries** in the **world** to support High Speed Packet Based Mobile Data Services with the launch of **GPRS** (General Packet Radio Service) in **2001**. Dialog GSM extended its regional leadership in mobile technology with the introduction of Multi Media Messaging **Go MMS** in **2003** placing itself among the **first 35 networks** in the **world** to support this technology. Dialog GSM also pioneered commercial **EDGE Data Technology** Data services and commenced its non-commercial pilot run of **3G**, becoming the **first mobile network in Sri Lanka and in South Asia** to embark on a 3rd Generation mobile telephony trial.



Services of TheFuture. Today.

Dialog Telekom offers a wide range of communication products and solutions spanning core voice services to **Text** and **Image** based **Value Added Services (VAS)**, **mobile data** services and **mobile Internet** services. The Company pays **equal emphasis** to the development of value-adapted products and services targeted at **low spend** and/or **special needs segments**, as it does to the development of **high-end VAS**.

The **breadth of its product range** enables the Company to **compete effectively** in a number of market segments ranging from **high-end niche markets** to mass markets.

SMS based Applications		WAP and GPRS based Applications	Voice Based Applications		Location Based Services	
Mobile Banking	With 6 Commercial Banks	www.DialogWap.com GPRS Portal	Chat	Voice Chat	Interactive Cell Broadcasting	zero77 LIVE
SMS Information on Demand	20 SMS based Services	Online Games	Entertainment	Funky	Location based Services	ATM's
				RingIN Tones		Hospitals
Downloads	Ring tones, Wallpapers etc	Sinhala/Tamil Portal	Sports	Cricket		Police
				Rugby		
				Football		
Local Language Messaging	Sinhala / Tamil SMS	TV on the Phone	Infotainment			
			Call Home - International Roaming			
Community Development	SMS 112	Multimedia Messaging	Optimal Routing			
	Blood SMS		Mobile e-Channeling			
Evolution SMS	Email / Fax		Instant Roaming - Prepaid Roaming			
SMS Games			Call Screening & Missed Call Alert			

Regional Achievements – Snapshot

- 1st Operator in South Asia to launch International Roaming
- 1st Operator in South Asia to launch Short Messaging Service (SMS)
- 1st in South Asia to introduce W@P, GPRS & MMS
- 1st in South Asia to introduce 3G
- 1st in South Asia to receive ISO Certification

1st in South Asia!

Dialog Customer Service

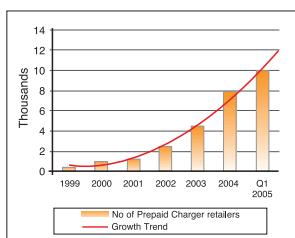
Dialog Telekom provides **24x7 support** for all its services to its customers **via person-to-person** interaction, **web based chat, email or SMS**.

Dialog's service front-end is powered by an approximately **500 member service team** – an investment in **human capital**, which emphasises the Company's **commitment to service delivery** and the paradigm of maintaining intimate contact with its over **1.5 Million** strong **customer base**. The Company's **contact centre provides customer support in all 3 languages using multiple mediums - voice, SMS, web and fax**. The flagship installation is manned by an approximately **150** strong highly trained workforce.

The contact centre also features a significant degree of **automation and customer self help - subscription** and provisioning of VAS, modification of services and **frequently accessed information** services such as account balance enquiries have been facilitated via **IVR, SMS and Web** technologies.

Partners of TheFuture. Today.

The Company has established a far-reaching Business Partner Network operated primarily by **11 exclusive** business partners. Dialog's dealer network has over the years established **2000+ points of presence** for the Company's products and services in all major towns and cities across the country including the **Northern and Eastern Provinces**.



Since the launch of the KIT brand in 1999, Dialog has developed a **10,000+** strong retail distribution network for the **top-up** (recharge) of **prepaid** mobile phone accounts.

The Company has also pioneered the use of **SMS based electronic top-up**, increasing efficiency and consumer convenience. Dialog's distribution mechanism is underpinned by **35 exclusive distributors**.

Dialog Strengths / Core Competencies

• High Quality HR

Dialog Telekom recognises that its main source of **differentiation** and **competitiveness** is its people. The Company has consistently maintained a retention ratio of **over 97%** since 2000 in the Technical and Support divisions. The Company employs a young and dynamic workforce which highlights Dialog's flexibility to change and aggressiveness in strategy execution. Despite the young workforce the Company is enriched with a telecom sector knowledge base of over 1 million man days.

Age Group	No of Staff as at 31/12/04	%
58-81 (Veterans)	3	0.25
39-75 (Boomers)	54	4.44
27-38 (Generation X)	460	37.86
26 & below (Generation Y)	698	57.45

• Technology & Innovation

As espoused in its signature, "**TheFuture. Today.**", the Company prides itself in its commitment to, and achievement trail in, Research, Development and New Technology introduction. The Company has scored **many firsts** in terms of innovation and technology introductions.

- **Brand Equity**

The brand name **Dialog** plays a critical role in customer acquisition and retention across all the principal product segments. The Company has invested heavily in the building of equity for the Dialog brand and key sub brands such as **KIT** and **DO SMS**. Dialog brand equity has also been extended to the International Services arena through the **Dialog Global** brand and to the Internet services market through Dialog Internet.

- **Strong Management Team**

The Company's senior management team possesses **technology know-how** and **multinational exposure** to commensurate with the demands of a high growth company operating in a competitive environment. The senior management team has been instrumental in creating a **dynamic** and **fast moving business formulation** built on the sound foundation of an **efficient operation**, leading to the market leadership position the company enjoys.

- **Governance and Internal Controls**

The Company is richly supported by its parent company in terms of technical and functional guidance. Dialog Telekom has maintained stringent internal controls and implemented internationally accepted governance practices. The governance systems, internal controls and quality systems of the Company have enabled it to manage growth whilst safeguarding stakeholder interests.

- **Quality Systems**

The Company has consistently focused on adoption of **International best practices** with respect to management systems, business processes and quality systems. The relentless pursuit for excellence in high technology service provision has earned the company the distinction of being the **first telecommunications operator** in South Asia to receive **ISO 9001** certification. The commitment of the Company to maintain excellent business practices led to the winning of several **National and International** awards.

National & International Recognition

International Recognition

- **GSM World Awards**

Dialog Telekom has the distinction of being the **only operator in the world** to win 3 consecutive GSM world awards (from the world GSM body) for the use of wireless technology towards community development.



2001: Change Trust Fund

2002: GSM Access for the differently-abled – SMS 112

2003: SMS Blood Donor Network

- **Asia Pacific Quality Award 2002 – Winner, Large Scale Service Category**

Dialog Telekom is the **only National Quality Award winner** in Sri Lanka and the **only telecom operator** in the region to have won this award.

International Awards

Only Operator in the World to win 3 GSM World Awards
Winner of Asia Pacific Quality Award - 2002



NATIONAL RECOGNITION

October 2001 - Winner, National Quality Award (Large Scale Service Category). The National Quality Award is based on the Malcolm Baldrige Quality Award, USA. To date, Dialog Telekom is the only telecom operator to have won this award.

April 2003 - ISO 9001:2000 Dialog Telekom's quality management system which was on ISO's 1994 standard since 1999, was upgraded and recertified to the latest version.

November 2004 - Overall Winner, National Business Excellence Award. Dialog Telekom won the National Business Excellence Gold Award.



Corporate Social Responsibility

• Foremost among Dialog Telekom's pioneering efforts in community development is the **change** Trust Fund (www.DialogTelekom.com/change), supporting the marginalised in society with the pledge to "Transform Their Future.Today." in partnership with Dialog customers. **Change** draws contributions from its subscribers which are matched 1 for 1 by the network. **Change** has implemented several projects with the Jaipur Foot Foundation, National Child Protection Authority, Ceylon School for the Deaf & Blind, Ranaviru Sevana, Asia Foundation and the Maharagama Cancer Hospital.

• Dialog Merit Scholarship Programme

Dialog, in collaboration with the **Ministry of Education** and the **University Grants Commission**, offers **52** annual scholarships to top performers in each district at the GCE Ordinary Level and GCE Advance Level examinations.

The Program includes **2** four-year Scholarships each year to study telecommunications engineering in the **Multimedia University, Cyber Jaya**, Malaysia.

ONE OF THE BEST FROM THE 25 DISTRICTS AT THE G.C.E O'LEVELS 2002

She was one of the 25 all island and district top performers at the 2002 O'level. And it also one of the pioneer recipients of the Dialog GSM Scholarship. We at Dialog GSM pledge to do our best for her, by being the facilitators to realising her dreams.

Dialog GSM

TheFuture.Today.

Presenting the Future

Presenting the Future is a programme for the best District Top Performers in the G.C.E. O'Level Examinations. All Island and district top performers in the G.C.E. O'Level Examinations, Academic 2002, They have been awarded 27 scholarships and the best among them will receive 2 prestigious scholarships. They are the pioneer batch of the Rs. 25 million Dialog GSM Technology Scholarship Programme. They are the pioneer batch of the Rs. 25 million Dialog GSM Technology Scholarship Programme.

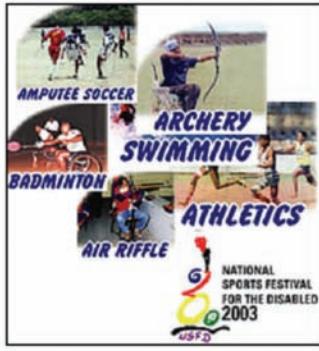
Dialog GSM Scholars 2003

1. A. S. D. M. S. Jayawardena • 2. A. M. M. H. I. H. Fernando • 3. C. S. C. Wijesinghe • Colombo 4 • P. Vitharana - Gampaha 5. W. D. A. Abeyratne • K. Kaluarachchi & R. Samarakoon • Kandy 7. G. Kurunegala • N. W. E. S. Jayawardena • Matara 9. N. C. Surendra • Matara 10. T. S. S. S. Jayawardena • Kandy 11. S. S. S. Jayawardena • Kandy 12. S. S. S. Jayawardena • Kandy 13. S. S. S. Jayawardena • Kandy 14. S. S. S. Jayawardena • Kandy 15. S. S. S. Jayawardena • Kandy 16. S. S. S. Jayawardena • Kandy 17. W. D. A. Iffum • Kurunegala 18. D. K. Thusharadasa • Asuruwatta 19. U. L. C. T. M. Gunasinghe • Palauwathawela 20. W. P. G. J. Jayewardene • Bulathkunjé 21. J. R. S. Jayakar • Marawila 22. M. S. S. Jayawardena • Kandy 23. S. S. S. Jayawardena • Kandy 24. S. S. S. Jayawardena • Kandy 25. S. S. S. Jayawardena • Kandy 26. S. S. S. Jayawardena • Kandy 27. S. S. S. Jayawardena • Kandy

With the support of the University Grants Commission and the Ministry of Education.

Dialog GSM

TheFuture.Today.



• Development of Sports

Dialog Telekom has contributed to the upliftment of National Sports through sponsorship of the **National Disabled Sports** Festival, and the contingents to **Sydney and Athens Olympics and Paralympics**. The Company also supports **Football and Volleyball** at national and district levels.



"...but we know that our journey does not end here.

*Technology will keep on changing,
so will our environment and the desires of our customers.*

We will also be continuously challenged,

be called upon to extend our capabilities

and improve the way we do business."

The Colombo Stock Exchange (the “CSE”) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the Shares offered herein. The Share Offer Price will be determined in terms of the provisions herein contained.

Approval from the Colombo Stock Exchange

This Prospectus is dated 23 June 2005 and has been lodged with the Colombo Stock Exchange and registered with the Registrar of Companies prior to distribution as per the Companies Act No. 17 of 1982 (the "Companies Act").

Registration of the Prospectus

A copy of this Prospectus has been registered with the Registrar of Companies in Sri Lanka in accordance with the Companies Act. The following documents were attached to the copy of the Prospectus delivered to the Registrar of Companies in Sri Lanka:

- 1) The written consent by the Manager, Auditors and Reporting Accountants to the Offering, Lawyers, Bankers and Registrar to the Offering for the inclusion of respective names in the Prospectus;
- 2) A declaration to the effect that the Manager, Auditors and Reporting Accountants to the Offering, Lawyers, Bankers and Registrar to the Offering, have not withdrawn their consent referred to above, prior to the delivery of the Prospectus to the Registrar of Companies in Sri Lanka;
- 3) The written consent by the Auditors, Lawyers and Bankers to the Company for the inclusion of respective names in the Prospectus;
- 4) A declaration to the effect that the Auditors, Lawyers and Bankers to the Company have not withdrawn their consent referred to above, prior to the delivery of the Prospectus to the Registrar of Companies in Sri Lanka.

Further, a statutory declaration in terms of the Companies Act, to the effect that the Directors of the Company are held individually and collectively responsible for the accuracy of the information herein contained and that the listing rules of the CSE and the Companies Act have been complied with, has been filed for the purpose of registration of the Prospectus.

This Prospectus has not been registered with any authority outside of Sri Lanka.

Restriction on Distribution of this Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of any shares offered herein, to any person in any circumstances or in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

Preparation and Disclosure

This Prospectus has been prepared by NDB Investment Bank Limited (the "Manager" or "Book Running Manager") on behalf of Dialog Telekom Limited (the "Company") and TM International (L) Limited (the

"Selling Shareholder"). The Company has confirmed to the Manager that this Prospectus contains information regarding the Company and the shares offered herein which is material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Company are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper inquiries have been made to ascertain and to verify the foregoing. The Company accepts responsibility for the information contained in this Prospectus.

The Manager acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Offering.

Representation

Unless otherwise consented to by the Company, no person has been authorised to give any information or make any representation not contained in this Prospectus in connection with the Offering. If given or made, such information or representations must not be relied upon as having been authorised.

Changes

Neither the delivery of this Prospectus nor any sale made in the Offering shall, under any circumstances, create an implication that there has not been any change in the facts set forth in this Prospectus or in the affairs of the Company since the date of this Prospectus.

Further, the delivery of this Prospectus shall not under any circumstances, constitute a representation or create any implication or suggestion that there has been no material change in the affairs of Dialog Telekom Limited which require disclosure to the CSE, since the date of this Prospectus.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision.

For information concerning certain risk factors, which should be considered by prospective investors, see "Investment Considerations" in Section 14.0 hereof.

If after reading the Prospectus there is any doubt regarding the contents of this document please consult your stockbroker, bank manager, lawyer or any other professional advisor.

Invitation to the Investor

This invitation represents an opportunity to participate in the future of Dialog Telekom Limited the largest cellular telecommunications operator in Sri Lanka. Following its incorporation in 1993, the Company has established strong market and technology leadership position in Sri Lanka's mobile telephony sector. Operating under the popular "Dialog" brand name, the Company serves a subscriber base in excess of 1.5 Million as of the date of this Prospectus.

Through this Prospectus the Company and TM International (L) Limited, the Selling Shareholder hereby wish to make an invitation in respect of Seven Hundred and Twelve Million Three Hundred and Thirty Six Thousand Two Hundred and Ninety Three (712,336,293) Ordinary Shares with a par value of Rs. 1/- each of Dialog Telekom Limited to the general public at the Share Offer Price to be decided in terms of Section 7.15 herein, payable in full on application.

The Offering contemplated herein comprises the following offers:

- a) Two Hundred and Ninety Million Seventy Three Thousand Nine Hundred and Eighty Two (290,073,982) new Ordinary Shares of Rs. 1/- each at the Share Offer Price by way of an Offer for Subscription amounting to 40.72% of the Offering, issued by the Company;
- b) Four Hundred and Twenty Two Million Two Hundred and Sixty Two Thousand Three Hundred and Eleven (422,262,311) existing Ordinary Shares of Rs. 1/- each, offered by TM International (L) Limited at the Share Offer Price by way of an Offer for Sale amounting to 59.28% of the Offering.

In this document, a prospective investor will find detailed information about Dialog Telekom Limited and its business in addition to other information relating to the Offering. The Board of Directors and the Selling Shareholder urge the investing public that the Prospectus be read carefully prior to making an investment decision.

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1.0 Corporate Information

The Company	Dialog Telekom Limited
Legal Form of the Company	A private limited liability company incorporated on 27 August 1993 and subsequently converted to a public limited liability company on the 26 May 2005.
Company Registration No.	N (PVS) 11599 N (PBS)
Place of Incorporation	Colombo, Sri Lanka
Registered Office	475, Union Place Colombo 02 Sri Lanka. Tel: 2678700
Company Secretary	Anoja J. Obeysekere Dialog Telekom Limited 475, Union Place Colombo 02 Sri Lanka. Tel: 2678700
Auditors to the Company	PricewaterhouseCoopers Chartered Accountants 100, Braybrooke Place Colombo 02 Sri Lanka. Tel: 4719838
Legal Advisors to the Company	Paul Ratnayeke Associates 59, Gregory's Road Colombo 07 Sri Lanka. Tel: 2697893-4
	Nithya Partners 17, Pedris Road Colombo 03 Sri Lanka. Tel: 4712625
	Sudath Perera Associates 51, Kassapa Road Colombo 05 Sri Lanka. Tel: 2559944

Bankers to the Company

Citibank N.A.
65C, Dharmapala Mawatha
Colombo 07
Sri Lanka.
Tel: 4794700

Commercial Bank of Ceylon Limited
21, Bristol Street
Colombo 01
Sri Lanka.
Tel: 2445010

Deutsche Bank AG
Colombo Branch
86, Galle Road
P.O. Box 314
Colombo 03
Sri Lanka.
Tel: 2447062

Hongkong and Shanghai Banking Corporation Limited
24, Baron Jayatilaka Mawatha
Colombo 01
Sri Lanka.
Tel: 2325435

Public Bank Berhad
324, Galle Road
Colombo 03
Sri Lanka.
Tel: 2576284

Standard Chartered Bank
37, York Street
Colombo 01
Sri Lanka.
Tel: 2480000

The Board of Directors

Name	Address
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	07, Lorong Setiarasa, Bukit Damansara, 50490 Kuala Lumpur, Malaysia.
Dato' Dr. Abdul Rahim bin Haji Daud	43, Jalan 14/3, Taman Tun Abdul Razak, 68000 Ampang, Selangor Darul Ehsan, Malaysia.
Ir. Prabahar s/o Nagalingam Kirupalasingam	33, Jalan BU4/9, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Jaffa Sany bin Md Ariffin	29, Persiaran 5B, Kemensah Heights, 68000 Hulu Kelang, Selangor Darul Ehsan, Malaysia.
Moksevi Rasingh Prelis	3/3, Maitland Crescent, Colombo 07, Sri Lanka.
Dr. Shridhir Sariputta Hansa Wijayasuriya	19, Bagatelle Road, Colombo 03, Sri Lanka.

The Shareholders

Shareholder	Number of Ordinary Shares Held of Rs. 1/- each	% Shareholding to the nearest second decimal point
TM International (L) Limited	6,913,468,130	99.99
TM International Sdn. Berhad	10	
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	10	
Dato' Dr. Abdul Rahim bin Haji Daud	10	
Ir. Prabahar s/o Nagalingam Kirupalasingam	10	
Mr. Moksevi Rasingh Prelis	10	
Dr. Shridhir Sariputta Hansa Wijayasuriya	10	
Total	6,913,468,190	100.00



About the Selling Shareholder and Telekom Malaysia Group

TM International (L) Limited is a wholly owned subsidiary of TM International Sdn. Bhd. (TMI). It is one of the investment holding vehicles in relation to TMI's overseas ventures.

TMI is a wholly owned subsidiary of Telekom Malaysia Berhad (TM). It is the vehicle overseeing and managing the overseas ventures of TM. Operating an investment holding company, TMI currently has operations and financial interests in eight countries, namely Sri Lanka, Bangladesh, Pakistan, Indonesia, Cambodia, Thailand, Malawi and Guinea with cellular services serving as the cornerstone of its investments. TMI's operations provide access to a combined cellular subscriber base of approximately 6.38 Million as at end 2004.

TMI is a leading regional information and communications group, which offers a comprehensive range of communication services and solutions in fixed-line, mobile, data and broadband. As one of the largest listed companies on Bursa Malaysia with an operating revenue of more than RM 13.25 Billion (USD 3.48 Billion) for the FY 2004 and a market capitalisation of approximately RM 39.2 Billion (USD 10.31 Billion), as at 31 December 2004. TM is driven to deliver value to its stakeholders in a highly competitive environment. The TM Group recorded a profit after tax of RM 2,613.5 Million (USD 687.76 Million) for the year ended 31 December 2004.

About Dialog Telekom Limited

Dialog Telekom, Sri Lanka's flagship telecommunications company operates Dialog GSM, the country's largest mobile phone network. Dialog Telekom is a subsidiary of TM International (L) Limited, a company incorporated in the Federal Territory of Labuan, Malaysia. In addition to its core business of mobile telephony, the Company is a premier provider of International Services, supporting a state-of-the-art International Gateway infrastructure providing retail and wholesale international voice and data services under the brand name of Dialog Global. The Company also plays a key role in the Internet Service Provision market through Dialog Internet - a fully-fledged Internet Service Provider (ISP). The Company also operates Dialog SAT, the country's pioneer Mobile Satellite Service.

The Company is a flagship investor under the aegis of the Board of Investment of Sri Lanka. Dialog Telekom operates a 2.5G GSM network, supporting the very latest in multimedia and mobile Internet services based on EDGE and GPRS technologies, and also provides International Roaming facilities in over 190 countries. Dialog Telekom is the country's largest cellular network providing services to over 1.5 Million customers (as of 31 March 2005) across all nine provinces of the island, accounting for approximately 60% of the country's mobile sector and 40% of total telecommunication subscribers.

Relentless pursuit of excellence in high technology service provision has earned the Company the distinction of being the first Telecommunications operator in South Asia to receive ISO 9001 certification. The commitment of the Company to excellence in business practices led to the winning of the National Quality Award (Large Scale Service Category) in 2001, followed closely by international recognition in the form of the (Malcolm Baldrige based) Asia Pacific Quality Award in 2002. Dialog Telekom was the winner of the coveted National Business Excellence Gold Award 2004, a recognition of the Company as one of the best corporate entities in Sri Lanka.

The Company has the distinction of being the only operator in the world to win 3 GSM World Awards (from the world GSM body) for its innovations with respect to the deployment of wireless technology towards the betterment of the community.

2.0 Relevant Parties to the Offering

Manager, Book Running Manager,
Financial Advisor and Sponsor to the Offering

NDB Investment Bank Limited
40, Navam Mawatha
Colombo 02
Sri Lanka.
Tel: 2300385-90

Legal Advisors to the Offering

National Development Bank of Sri Lanka
Legal Department
40, Navam Mawatha
Colombo 02
Sri Lanka.
Tel: 2437701

Nithya Partners
Attorneys-at-law
17, Pedris Road
Colombo 03
Sri Lanka.
Tel: 4712625

Auditors and Reporting Accountants to the Offering

PricewaterhouseCoopers
Chartered Accountants
100, Braybrooke Place
Colombo 02
Sri Lanka.
Tel: 4719838

Registrars to the Offering

SSP Corporate Services (Private) Limited
546, Galle Road
Colombo 03
Sri Lanka.
Tel: 2573485

Bankers to the Offering

Standard Chartered Bank
37, York Street
Colombo 01
Sri Lanka.
Tel: 2480000

Commercial Bank of Ceylon Limited
21, Bristol Street
Colombo 01
Sri Lanka.
Tel: 2430420

3.0 Abbreviations used in the Prospectus

ASPI	All Share Price Index
BOI	Board of Investment of Sri Lanka
CAGR	Compounded Annual Growth Rate
CDS	Central Depository Systems (Private) Limited
CSE	Colombo Stock Exchange
FCBU	Foreign Currency Banking Unit
GDP	Gross Domestic Product
GoSL	Government of Sri Lanka
MPI	Milanka Price Index
POA	Power of Attorney
SEC	Securities and Exchange Commission of Sri Lanka
SIERA	Share Investment External Rupee Account
TRCSL/TRC	Telecommunications Regulatory Commission of Sri Lanka
VAS	Value Added Services

4.0 Definitions of Certain Terms Pertaining to the Offering

Application Form / Application	The application form that constitutes a part of this Prospectus on which the investors may apply for Offered Shares.
Dialog Business Partners, Business Partners	Dealers and distributors having valid dealership agreements with the Company as at 31 March 2005.
Foreign Investors	Foreign nationals resident within or outside of Sri Lanka, non-resident Sri Lankans and entities incorporated outside Sri Lanka which are eligible for participation in the Offering as detailed in Section 7.10 herein.
Issued Shares	The issued and fully paid up capital consisting of Seven Billion Four Hundred and Three Million Four Hundred and Thirty Four Thousand Nine Hundred and Thirteen (7,403,434,913) Ordinary Shares of Rs. 1/- each of the Company.
Market Day	Any day on which the Colombo Stock Exchange is open for trading.
New Shares	Two Hundred and Ninety Million Seventy Three Thousand Nine Hundred and Eighty Two (290,073,982) new Ordinary Shares of Rs. 1/- each issued by Dialog Telekom Limited, to the general public at the Share Offer Price and shall also be referred to as the "Offer for Subscription portion of the Offering".
Offered Shares/ Shares	The aggregate of New Shares and Vendor Shares amounting to Seven Hundred and Twelve Million Three Hundred and Thirty Six Thousand Two Hundred and Ninety Three (712,336,293) offered to the public at the Share Offer Price, pursuant to this Prospectus.
Offer for Sale	An invitation to the public on behalf of the Selling Shareholder to subscribe for existing Ordinary Shares of the Company in terms of Section 7.1.
Offer for Subscription	An invitation to the public by the Company to subscribe for new Ordinary Shares in terms of Section 7.1.
Offering	The Offer for Subscription of Two Hundred and Ninety Million Seventy Three Thousand Nine Hundred and Eighty Two (290,073,982) Ordinary Shares of Rs.1/- each and the Offer for Sale of Four Hundred and Twenty Two Million Two Hundred and Sixty Two Thousand Three Hundred and Eleven (422,262,311) Ordinary Shares of Rs. 1/-, of the Company proposed to offer simultaneously at the Share Offer Price, under the provisions of this Prospectus.
Ordinary Shares	Ordinary Shares of Rs. 1/- each of the Company, as per the Memorandum and Articles of Association of the Company.
Other Local Investors	Investors eligible for participation in the Offering as per Section 7.10 other than those who are classified as Qualified Local Institutional Investors or Foreign Investors.
Prospectus	This prospectus dated 23 June 2005 issued by Dialog Telekom Limited.

Qualified Local Institutional Investors	Licensed commercial banks, development financial institutions, licensed specialised banks, unit trusts, recognised employee benefit schemes and insurance companies registered under the Laws of Sri Lanka.
The Board, Board of Directors	The Board of Directors of Dialog Telekom Limited.
Share Offer Price	The price determined by the Book Building Process outlined in Section 7.15.
Specified Price	The price at which a prospective investor applies for the Offered Shares, in accordance with the investor's estimate of the perceived value of the Offered Shares. The options available in the Application Form for this purpose are Rs. 8/-,Rs. 9/-, Rs. 10/-,Rs.11/- and Rs.12/-.
The Company, Dialog Telekom Limited, Dialog Telekom	Dialog Telekom Limited formerly known as MTN Networks (Private) Limited.
The Selling Shareholder	TM International (L) Limited.
Telekom Malaysia, TM	Telekom Malaysia Berhad, a body corporate incorporated under the Laws of Malaysia.
TMI	TM International Sendirian Berhad
Telekom Malaysia Group	Telekom Malaysia Berhad, its subsidiaries and associate companies.
Vendor Shares	Four Hundred and Twenty Two Million Two Hundred and Sixty Two Thousand Three Hundred and Eleven (422,262,311) existing Ordinary Shares of Rs. 1/- each offered by TM International (L) Limited, to the general public at the Share Offer Price which shall also be referred to as the "Offer for Sale portion of the Offering".

Please refer Annex A for other abbreviations used in the Prospectus.

5.0 Presentation of Certain Information

Currency Information

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lankan Rupees. The reference to “Rs.” or “Rupees” will be to Sri Lankan Currency. The references to “RM” is to Malaysian currency whilst “USD” is to currency of the United States of America.

Macroeconomic and Industry Data

Economic and Industry data used in this Prospectus have been derived from the Central Bank of Sri Lanka, Telecommunications Regulatory Commission of Sri Lanka and various other industry sources, which the Company believes to be reliable. Certain graphical or statistical representations made have been derived from industry data believed to be reliable but the originator has not guaranteed the completeness and accuracy of the original data. The Company or the Selling Shareholder has not independently verified such data.

For the purpose of presentation, data from industry sources has been reclassified in certain respects.

Other Data

Certain numerical figures in the Prospectus have been subject to rounding adjustments and accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

6.0 Cautionary Note Regarding Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" or similar terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to those listed below that may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein;

- a) Changes in the political, social and economic conditions and laws and regulations and the interpretation thereof in the jurisdictions where the Company conducts its business or expects to conduct business;
- b) The risk that the Company may be unable to realise anticipated growth strategies and expected internal growth;
- c) Changes in currency exchange rates;
- d) Changes in customer preferences and needs;
- e) Changes in prices and availability of equipment and components which may affect the supply of services;
- f) Changes in technology;
- g) Demographic changes;
- h) Changes in competitive conditions;
- i) Changes in future capital needs and the availability of financing and capital to fund these needs;
- j) Additional factors described under "Investment Considerations" in Section 14 of this Prospectus;
- k) Other factors beyond the control of the Company.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by the Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

7.0 Details of the Offering

7.1 The Offering

The Offering constitutes an invitation made to the general public to purchase Seven Hundred and Twelve Million Three Hundred and Thirty Six Thousand Two Hundred and Ninety Three (712,336,293) Ordinary Shares with a par value of Rs. 1/- each, representing approximately 9.6% of the Issued Shares of Dialog Telekom at the Share Offer Price to be decided as per the terms of this Prospectus, which are payable in full on application.

The Offering constitutes two tranches, details of which are tabulated below:

Description	Number of Ordinary Shares	Percentage of the Offering
The Offer for Subscription of Two Hundred and Ninety Million Seventy Three Thousand Nine Hundred and Eighty Two (290,073,982) New Shares of Rs. 1/- each amounting to approximately 3.92% of the Issued Shares of the Company.	290,073,982	40.72%
The Offer for Sale through the Company of Four Hundred and Twenty Two Million Two Hundred and Sixty Two Thousand Three Hundred and Eleven (422,262,311) Vendor Shares of Rs. 1/- each, owned by TM International (L) Limited amounting to approximately 5.70% of the Issued Shares of the Company.	422,262,311	59.28%
Total	712,336,293	100.00%

The Offered Shares will rank *pari passu* with existing Ordinary Shares of the Company with full voting rights and the right to participate in any dividend that may be declared after the Offering.

7.1.1 Allotment to Employee Share Option Scheme (ESOS)

In conjunction with the Offering the Company is proposing to establish an Employee Share Trust (the “Trust”) which will purchase One Hundred and Ninety Nine Million Eight Hundred and Ninety Two Thousand and Seven Hundred and Forty One (199,892,741) new Ordinary Shares of Rs. 1/- each (the “ESOS Shares”) to be issued by the Company, constituting approximately 2.70% of the Issued Shares of the Company, to be held in trust for the benefit of employees of the Company under an Employee Share Option Scheme (the “ESOS”).

The Company will fund the purchase of the ESOS Shares by the ESOS Trust at the Share Offer Price through an interest free loan. All future gains or losses accruing from the exercising of ESOS Shares will be reflected in the accounts of the Trust.

The ESOS Shares will rank *pari passu* with existing Ordinary Shares of the Company with full voting rights and the right to participate in any dividend that may be declared after the Offering.

The ESOS Shares do not constitute a part of the Offer for Subscription and Offer for Sale that are being offered to the general public as detailed in Section 7.1 above.

7.1.2 Share Options under the ESOS

The ESOS will be managed and governed by the relevant parties appointed by the Board of Directors (the “Trustees”). The salient features of the Trust are as follows:

- 7.1.2.1 The Trustees shall acquire and hold Dialog Shares for and on behalf of the eligible employees.
- 7.1.2.2 The Company will grant unto the Trustees by way of an interest-free loan a sum of Rupees Two Billion Three Hundred and Ninety Eight Million Seven Hundred and Twelve Thousand Eight Hundred and Ninety Two (Rs.2,398,712,892) to subscribe for One Hundred and Ninety Nine Million Eight Hundred and Ninety Two Thousand Seven Hundred and Forty One (199,892,741) Ordinary Shares of the Company at a maximum price of Rupees Twelve (Rs. 12/-) per share.
- 7.1.2.3 The Company would enter into an agreement with the Trustees for the purpose of granting an interest free loan, which is repayable by 31 December 2015.
- 7.1.2.4 The Trustees shall utilise (i) any proceeds from the exercise of the option by the eligible employees (net of any expenses) for the purpose of re-paying the loan granted by the Company to the Trustees and (ii) any dividend received by it (net of providing for the payment of tax and expenses) on the ESOS Shares in respect of which the options have not been exercised for the repayment of the loan granted by the Company.
- 7.1.2.5 In the event of there being a reasonable likelihood that the Trustees would be unable to repay the entirety of the loan granted by the Company prior to the termination of the Trust, the Trustees may sell or mortgage any part of the remaining unallocated ESOS Shares for the purpose of fulfilling its payment obligations to the Company on the loan granted by the latter.

The allocations of the ESOS Shares amongst the employees of the Company would be based on recommendations made by a committee appointed by the Board (the “ESOS Committee”). Employees will be granted share options under ESOS in several tranches, over a five-year period.

All share options granted under the ESOS will be valid for a period of five years from the date of granting of such options.

7.1.3 Exercise Price of Options

The exercise price of options issued at the time of the Offering will be the Share Offer Price. Exercise prices of all options issued subsequently will be based on the five days weighted average market price of the shares, immediately preceding the date on which such options are offered to employees. The Trustees, under advice from the ESOS Committee, have the authority to discount the exercise price of options issued subsequent to the Offering by upto 10%.

7.2 The Selling Shareholder

TM International (L) Limited will be offering Four Hundred and Twenty Two Million Two Hundred and Sixty Two Thousand Three Hundred and Eleven (422,262,311) Ordinary Shares constituting approximately 5.70% of the Issued Shares of the Company subsequent to the Offering through the Offer for Sale portion of the Offering contemplated herein. Subsequent to the Offering the Selling Shareholder will own approximately 87.68% of Issued Shares.

7.3 The Share Offer Price

The Share Offer Price will be determined by the Book Running Manager, NDB Investment Bank Limited, together with the Company based on the estimated demand for the Offered Shares by prospective investors established through a book building process morefully described in Section 7.8, 7.9 and 7.15 in this Prospectus.

7.4 Objectives of the Offering

Funds raised via the issue of Two Hundred and Ninety Million Seventy Three Thousand Nine Hundred and Eighty Two (290,073,982) New Shares would be utilised for the expansion of the Company’s GSM Network infrastructure encompassing the extension of the network into new coverage areas/markets as well as expanding the traffic handling capacity of the core network that would facilitate acquisition of approximately 500,000 new subscribers to the Dialog Telekom network.

The expansion activities to accommodate the forecasted 500,000 new customers alluded to above would include but not be limited to;

- (a) Construction of up to 100 new transmission stations
- (b) Expansion of switching network elements
- (c) Expansion of key Value Added Service nodes such as the Short Message Service centre, Multi Media Service centre and GPRS related service nodes.

The overall cost estimate for the above amounts to Rs. 3,000 Million. The net proceeds to be raised through the Offer for Subscription portion of the Offering will vary within a range of Rs. 2,321 Million and Rs 3,481 Million, depending upon the final Share Offer Price. In the event that the net proceeds are not sufficient to cover the equity portion of the project cost detailed above, the Company proposes financing the expenditure through regular business revenues.

The Company will not receive any proceeds via the Offer for Sale portion of the Offering detailed in 7.1 above. All proceeds from the sale of Vendor Shares would be for the account of the Selling Shareholder.

In addition to the raising of funds for capital expenditure listed above, the Offering is expected to enable a broader scale of public ownership.

Further, the Offering is expected to facilitate the admission of the Company's Ordinary Shares to the official list of the CSE. A quotation on the CSE shall provide the Company access to the capital market of Sri Lanka thereby enabling the Company to raise equity funds for future expansions and growth.

The allotment of Ordinary Shares to the ESOS provides the opportunity for the employees to participate in the continuing growth of the Company.

7.5 Cost of the Offering

All direct costs and expenses associated with the Offering, inclusive of but not limited to management fees of the Book Running Manager, advisory fees, certain legal, consultancy and accountancy fees, advertising and promotional costs, printing costs and brokerage commissions are estimated to be approximately Rs. 165 Million (at the highest Specified Price in the book build range). All direct costs of the Offering related to the sale of Vendor Shares shall be borne by the Selling Shareholder. The Company shall bear all direct costs related to the New Shares and all indirect costs relating to the Offering.

7.6 Listing

An application has been made to the CSE for permission to deal in and for an official quotation of Seven Billion Four Hundred and Three Million Four Hundred and Thirty Four Thousand Nine Hundred and Thirteen (7,403,434,913) Ordinary Shares, with a par value of Rs. 1/- per share, of which Seven Hundred and Twelve Million Three Hundred and Thirty Six Thousand Two Hundred and Ninety Three (712,336,293) Ordinary Shares comprising approximately 9.6 % of the Issued Shares will be offered to the public by way of this Offering. Upon the successful completion of the Offering and the fulfilment of certain criteria as listed in Section 17.5 herein, the Company will be listed on the Main Board of the CSE.

7.7 Subscription List

The subscription list for the Offered Shares will open at 9.00 a.m. on 07 July 2005 and shall remain open for fourteen (14) Market Days until closure at 4.30 p.m. on 27 July 2005. The Board reserves the discretion to close the subscription list on any Market Day within the period of fourteen (14) Market Days irrespective of the number of shares subscribed by providing one (01) Market Day's prior notice to the CSE.

In the event of an over subscription of the Offered Shares, the subscription list will close at 4.30 p.m. on the same day on which it is fully subscribed, with the agreement of the CSE.

Applications may be made forthwith and accordingly. Duly completed Applications will be accepted in the manner set out in Section 7.10 to 7.11 hereunder.

7.8 The Book Building Process

The Book Building Process mentioned in this Prospectus refers to the mechanism of determining the Share Offer Price through the collection of bids within a specified price range from prospective investors. The Company, the Book Running Manager and the Registrar to the Offering will be the principal parties involved in the Book Building Process.

7.9 Selection of a Price for Application

Investors should select **one (01)** of the following five (05) prices by indicating in the appropriate cage on the Application Form.

The selection of this price should be based on the judgment of a prospective investor as to the value of a Share.

- 1) Rs. 8.00
- 2) Rs. 9.00
- 3) Rs.10.00
- 4) Rs.11.00
- 5) Rs.12.00

The price selected by a prospective investor is termed as the Specified Price. The cheque/bank draft or bank guarantee should be issued to the value of the number of shares multiplied by the Specified Price. The number of shares applied for should be for a minimum of hundred (100) Shares or in multiples thereof.

7.10 Eligibility for Bidding and Application

Applications and bids are invited from the following categories of applicants:

- Citizens of Sri Lanka who are resident within Sri Lanka and are above 18 years of age
- Companies, Corporations or Institutions incorporated or established within Sri Lanka
- Approved provident funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka
- Citizens of Sri Lanka resident outside of Sri Lanka and are above 18 years of age
- Corporate bodies incorporated or established outside of Sri Lanka
- Foreign Citizens above 18 years of age
- Regional and Country Funds approved by the SEC

7.11 Procedure for Application

- 7.11.1 Applications made by prospective investors shall be for both New Shares and Vendor Shares on a proportionate basis. The proportion of New Shares: Vendor Shares for allotment/allocation purposes is approximately 41:59.
- 7.11.2 Investors must apply for shares on the Application Form, which constitutes part of this Prospectus. Exact size photocopies of the original Application Form will also be permissible. The Prospectus and Application Forms will be available free of charge from the collection points listed in Annex E. **Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.**
- 7.11.3 Sri Lankan citizens should indicate their National Identity Card (NIC) number in the Application Form. The passport number will be accepted only when the NIC number is not available provided such applicants directly lodge their shares with the CDS. Foreign citizens must state the passport number in the space provided. Corporate entities must provide the company registration number. **Any Application Form which does not state the NIC, passport or company registration number as the case may be will be strictly rejected.**
- 7.11.4 All applicants are requested to state their residency and nationality in the appropriate cages provided in the Application Form.
- 7.11.5 Applicants wishing to lodge the shares directly to their CDS account should state their own CDS account number in the space provided in the Application Form. **Application Forms stating third party CDS Accounts instead of their own CDS account numbers, except in the case of margin trading, will be rejected.**

- 7.11.6 Applicants who wish to apply through their Margin Trading Account, should submit the Application in the name of the “Margin Provider/Applicant’s Name” signed by the Margin Provider. If the applicant wants the shares uploaded to the CDS Margin Trading Account, the relevant CDS Account number relating to the Margin Trading Account should be indicated in the space provided in the Application Form.
- 7.11.7 A copy of the margin trading agreement must be submitted along with the Application.
- 7.11.8 Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple applications.
- 7.11.9 In the case of corporate applicants, the Application Form should be executed either under the common seal of the company or in any other manner as provided by the constitutional documents of such applicant.
- 7.11.10 In the case of the Applications made under Powers of Attorney (POA) a copy of the said POA, **certified by a Notary Public**, to be a true copy of the original should be lodged with the Registrar to the Offering along with each Application Form. **The original should not be attached.**
- 7.11.11 Applications should be made for a minimum of one hundred (100) shares or in multiples of hundred (100) shares. Applications for less than 100 Shares or for a number which is not in multiples of hundred (100) will be rejected. **Any Application Form for less than 100 shares or in odd lots (i.e. not in multiples of 100 Shares) shall be rejected at the outset.**
- 7.11.12 Joint Applicants should note that all parties should **either** be residents of Sri Lanka **or** Non-residents. An applicant of a joint Application shall not apply through a separate Application either individually or jointly. Only one Application will be accepted on behalf of a person or a corporate body. Multiple Applications will be rejected.
- 7.11.13 The Company reserves the right to reject all identified multiple Applications or suspected multiple Applications.
- 7.11.14 Applications made by individuals under 18 years or those in the names of sole proprietorships, partnerships and unincorporated and noncorporate bodies save as otherwise stipulated in the Prospectus will not be accepted.
- 7.11.15 The Application Form properly filled in accordance with the instructions thereof, together with the remittance (cheque/bank draft or bank guarantee only) for the full amount payable on application should be enclosed in a sealed envelope marked '**DIALOG TELEKOM LIMITED – INITIAL PUBLIC OFFERING**' and be addressed and dispatched by post or by hand to the “Registrars to the Offering” at the following address, prior to the closure of the issue:

Registrars to the Offering
SSP Corporate Services (Private) Limited
546, Galle Road
Colombo 03
Sri Lanka.

- 7.11.16 Applications sent by post must reach the office of the Registrars to the Offering no later than 4.30 p.m. on the succeeding Market Day immediately upon the closure of the subscription list. Any Applications received after the said deadline shall be rejected even though the postmark is dated prior to the closing date.
- 7.11.17 Applications may also be handed over to the Manager to the Offering, the Bankers to the Offering and its designated branches and stockbrokers as set out in Annex E.

7.12 Mode of Payment

- 7.12.1 Payment should be made separately in respect of each Application by way of cheque, bank draft or bank guarantee. All expenses inclusive of charges relating to real time gross settlement should be borne by the investor. Investors are advised to ensure that sufficient funds are available in order to honour the bank guarantee, inclusive of charges, when called upon to do so by the Registrars to the Offering. Investors are encouraged to discuss with their relevant bankers with regard to the issuance of the guarantee and all related charges that would be incurred by the investor.

- 7.12.2 **Payment for Applications for values above and inclusive of Rupees One Hundred Million (Rs. 100,000,000) should only be supported by a bank guarantee. Cheques and bank drafts will not be accepted for values above and inclusive of Rupees One Hundred Million (Rs. 100,000,000).**
- 7.12.3 Each Application Form should be accompanied by no more than one cheque/bank draft or bank guarantee. Applications with two or more cheques/bank drafts or bank guarantees will be rejected. **Cash will not be accepted. However, anyone wishing to pay cash may obtain a bank draft free of charge from the Standard Chartered Bank and/or Commercial Bank of Ceylon Limited branches specified in this Prospectus.**
- 7.12.4 Cheques/bank drafts or bank guarantees accompanying Application Forms made for less than hundred (100) shares or odd lots (as mentioned in section 7.11.11) will not be sent for clearing and be returned via ordinary post at the risk of the applicant, or in the case of joint applicants, the first applicant.
- 7.12.5 Cheques or bank drafts should be drawn upon any commercial bank in Sri Lanka and crossed "**Account Payee Only**" and made payable to "**Dialog Telekom Limited-Initial Public Offering**". The bank guarantees should be payable on demand, issued in favour of the Company and should be in a manner acceptable to the Company.
- 7.12.6 Investors residing in outstation areas from which cheque clearance may take over two (2) days are advised to pay via bank drafts to avoid delays.
- 7.12.7 In the event that cheques are not realised within three (3) Market Days from the day of the closure of the subscription list, the monies will be refunded and no allocation of shares will be made. Cheques must be honoured on first presentation for the Application to be valid. Applications supported by cheques which are not honoured will be rejected.
- 7.12.8 All cheques/bank drafts or bank guarantees received in respect of Applications will not be banked until the next banking day after the closure of the subscription list in terms of CSE listing rules.

7.13 Foreign Currency Remittance

This section is applicable to the citizens of Sri Lanka above 18 years of age resident overseas, corporate bodies incorporated or established outside Sri Lanka, regional or country funds approved by the SEC and foreign citizens above 18 years of age.

Such applicants should make their payments using one of the following methods:

1. Foreign Investors may invest through a Share Investment External Rupee Account (SIERA) maintained with any commercial bank in Sri Lanka. A foreign institutional investor may use a custodian bank as an intermediary when investing in the Sri Lankan securities market. The intermediary may open the SIERA on the investor's behalf. In conjunction with the SIERA an account must be opened with the CDS. Payment for shares should be made through bank drafts purchased out of funds in the SIERA and made payable to "**Dialog Telekom Limited-Initial Public Offering**".
2. Inward remittances of foreign currency should be held in a Foreign Currency Banking Unit (FCBU) account in a commercial bank operating in Sri Lanka. The applicant should forward the Application supported by a bank guarantee drawn on the applicant's FCBU account in lieu of draft or cheque pending allocation of shares. Upon allotment/allocation of shares, foreign currency to the extent of the Sri Lanka Rupee equivalent value of the shares allotted/allocated should be credited to a SIERA opened in favour of the applicant. This procedure would protect a prospective/allocated investor from any losses accruing due to fluctuating exchange rates.
3. Bank guarantees will be accepted from foreign investors and non resident Sri Lankans if drawn against either FCBU or SIERA maintained with any commercial bank operating in Sri Lanka. An endorsement to such effect by the commercial bank would be required on the face of the bank guarantee.

7.14 Rejection of Applications

- 7.14.1 Application Forms, which are incomplete in any way and/or are not in accordance with the terms and conditions of this Prospectus, will be rejected at the absolute discretion of the Company.

- 7.14.2 Applications delivered by hand after the closure of the Offering will be rejected. Applications received by post after 4.30 p.m. on the succeeding Market Day immediately following the date of closure of the Offering, will also be rejected even if they carry a post mark dated prior to the closure of the Offering.
- 7.14.3 Notwithstanding any provision contained herein, the Board shall reserve the right to refuse any Application or to accept any Application in full or part only.

7.15 Determination of Share Offer Price

The Company in consultation with the Book Running Manager will determine the Share Offer Price subsequent to the Book Building Process described in Section 7.8 above and subject to the provisions of the paragraph below. The demand for the Shares would be aggregated at each Specified Price level in descending order, starting from the highest price of Rs.12/-, in order to determine the Share Offer Price. The Share Offer Price will be the maximum price at which demand for Seven Hundred and Twelve Million Three Hundred and Thirty Six Thousand Two Hundred and Ninety Three (712,336,293) Shares is first met.

As one of the objectives of the Offering is to broad base share ownership, in the event that demand is heavily skewed towards one investor category referred to in Section 7.18.1, at the above price, the Board shall reserve the right to decrease it by one or more price levels in order to optimise distribution of ownership.

In the event that the Specified Price selected by the applicant is higher than the Share Offer Price a refund for the difference will be made.

Those applicants who have applied below the Share Offer Price will not be considered for allotment/allocation of Shares and the cheques/bank drafts or bank guarantees would be returned by post.

7.16 Banking of Payments and Allotment/Allocation

All cheques/bank drafts or bank guarantees received in respect of Applications will not be banked until the day after the closure of the subscription list, in terms of the CSE listing rules. The Company shall endeavour to make allotment/allocations within seven (7) Market Days from the closure of the Offering.

7.17 Successful Applicants, Refunds and Share Certificates

Where an Application is not accepted subsequent to the applicant's cheque being realised, the applicant's money in full or where an Application is accepted only in part, the balance of the application money will be refunded. All refunds will be made by crossed cheques and sent by post at the risk of the applicant. In the case of joint Application, the cheques will be drawn in favour of the applicant's name appearing first in the Application Form. Refunds on Shares that have not been allotted would be posted before the expiry of fifteen (15) Market Days from the day following the closure of the Offering as required by the CSE listing rules. Applicants would be entitled to receive one percentage (1%) point above the one (1) year weighted average treasury bill yield of the immediately preceding week, on any refunds not made before the expiry of the above date.

Share certificates will be dispatched before the expiry of twenty five (25) Market Days from the date of closure of the Offering as required by the CSE listing rules, by registered post to the address provided by each shareholder in their respective Applications. Where requested by a shareholder, the Shares allotted will be directly uploaded to the respective CDS account given in the Application Form before the expiry of twenty (20) Market Days, from the date of closure of the Offering as required by the CSE listing rules. Investors wishing to trade the Shares on the CSE without delay are advised to state the CDS account number.

A written confirmation of the allocation will be sent to the investor within two (2) Market Days of crediting the CDS accounts by ordinary post to the address provided by each shareholder in their respective Applications.

In terms of the CSE listing rules the shares may be listed upon the completion of the CDS uploads and prior to dispatch of share certificates. Therefore investors who wish to trade shares in the secondary market from the first day of commencement of trading are advised to request for a direct upload of shares to their CDS Account by stating the CDS Account number when applying for shares. In the event that the number is not stated in the Application Form, the share certificate dispatched by post may not be received by the investor before the Company commences trading on the CSE.

7.18 Distribution and Allotment/Allocation of Offered Shares

7.18.1 Distribution among Investor Categories

The Offered Shares would be distributed amongst three broad investor categories namely, Qualified Local Institutional Investors (QLII), Foreign Investors (FI) and Other Local Investors (OLI).

Assuming full subscription, the Board would endeavour to make available the Offered Shares for allotment/allocation based on the following mix between investor categories:

Qualified Local Institutional Investors (QLII)	25% of the Offered Shares
Foreign Investors (FI)	40% of the Offered Shares
Other Local Investors (OLI)	35% of the Offered Shares

7.18.2 Claw-back and Redistribution among Investor Categories

The above mentioned allotment/allocation of Shares between the categories may be subject to adjustment, in order to accommodate probable over subscription scenarios. That is, in the case of under subscription of any one or more categories, relative to the allotment/allocation mix specified above, the Shares under subscribed may be clawed-back and redistributed to other category(ies) that may be over subscribed subject to Section 7.18.3.1.2.

The amount of claw-back and redistribution and the decision as to which category would receive first priority in selection for claw-back will be effected at the discretion of the Board. Claw-back and redistribution shall not apply in the event of over subscription in all three categories.

7.18.3 Determining the Basis of Allotment /Allocation

7.18.3.1 The Basis of Allotment/Allocation

7.18.3.1.1 The Basis of Allotment/Allocation in case of over subscription of a category

If within a category, the aggregate demand at or above the Share Offer Price is greater than the amount of Shares available for allotment/allocation as specified in 7.18.1, allotment/allocation will be made on a proportionate basis.

Provided however, proportionate allotment/allocation will be effected in respect of over subscribed categories after the:

- a) claw-back and redistribution of the Shares as set out in 7.18.2 above; and
- b) the allotment/allocation in full to applicants subscribing to Shares up to and inclusive of 1000 Shares and a minimum of 1000 Shares to applicants subscribing for over 1000 Shares.

Odd lots occurring as a result of proportionate allotment/allocation shall be rounded up (or down) to the nearest multiple of hundred (100) Shares at the discretion of the Board.

7.18.3.1.2 The Basis of Allotment/Allocation in case of under subscription of a category

Prospective investors who have applied at or above the Share Offer Price in any under subscribed category(ies) as referred to in Section 7.18.2 shall be allotted/allocated in full.

7.19 Transferability of Shares

The Shares shall not be transferable by the shareholders during the period between the date of allotment/allocation of the Shares and the date of commencement of trading on the CSE.

8.0 The Domestic Telecommunications Sector

8.1 An Overview

The history of the Sri Lankan telecommunications industry spans back to 1858 when the first telegraphic circuit was established between Colombo and Galle to provide a swift alternative to postal communication for the then colonial rulers. Since then the industry has gained steady momentum evolving to a field consisting of diverse market players using varying technologies to provide a multitude of communication solutions.

The core of the domestic telecommunications sector is upheld by Seven (7) Public Switched Telephone Network (PSTN) providers, while a relatively substantial number of secondary players are licensed to provide External Gateway (EGO), Internet Services (ISP), Paging, Trunking and Facilities Based data transmission services.

The PSTN space is bifurcated into groupings demarcated by the provision of fixed and mobile services, with 3 operators providing fixed services and 4 operators being licensed to provide mobile services.

8.1.1 Fixed Access Services

In the fixed arena, two of the three players Suntel (Private) Limited and Lanka Bell (Private) Limited, are licensed to provide services utilising Wireless Local Loop (WLL) access technology, while the incumbent Sri Lanka Telecom Limited, is licensed to provide services using fixed wire line as well as WLL access technologies.

Tabulated below are some recent statistics relating to fixed telecommunications services.

Fixed Access Services	2001	2002	2003	2004
SLT Telephone Lines	708,200	768,620	822,992	860,468
Applicants on Waiting List (SLT)	257,707	306,268	378,768	334,477*
Wireless Local Loop Telephones	121,082	114,488	116,021	130,771
Total Fixed Lines	829,282	883,108	939,013	991,239
New Connections	77,535	53,826	55,905	52,226
Growth %	10.10	6.49	6.33	5.56
Fixed Penetration %	4.44	4.65	4.88	5.09

Table 8-1: Fixed telephony data

Source: Central Bank Annual Report 2004. Central Bank Monthly Economic Indicators – March 2005 *Provisional

8.1.2 Mobile Telecommunication Services

The PSTN market space is clearly subject to increasing dominance by the mobile sector largely due to the rapid enhancement of affordability, availability and accessibility of mobile services relative to fixed services over the past years.

The mobile sector consists of four mobile operators, Dialog Telekom Limited, Hutchison Telecommunications Lanka (Private) Limited, Celltel Lanka (Private) Limited and Mobitel (Private) Limited. The mobile sector accounts for approximately 69% of the total telephony subscriber base in Sri Lanka.

Declining trends in handset prices, minimisation of tariff related entry barriers through the proliferation of prepaid services, rapid enhancement of availability and accessibility in terms of network coverage and sales and service networks, alongside quantum improvements in the range of consumer oriented VAS facilitated through cellular technologies have driven burgeoning demand for mobile services over the past years. This has resulted in the capture of a majority share of the overall telephony market by the mobile sector.

The Table below provides statistics on the Sri Lankan mobile industry.

Mobile Telephony	2001	2002	2003	2004
Dialog Subscribers	277,998	486,728	830,712	1,358,641
Other Mobile Subscribers	389,664	444,852	562,691	852,517
Total Mobile Telephone Subscribers	667,662	931,580	1,393,403	2,211,158
Dialog Subscribers	42%	52%	60%	61%
New Connections - Dialog	155,381	208,730	343,984	527,929
Total New Connections	237,460	263,918	461,823	817,755
Overall Growth	55%	40%	50%	59%
Mobile Penetration	3.6%	4.9%	7.3%	11.3%

Table 8-2: Mobile telephony data

Source: Central Bank Annual Report 2004. Central Bank Monthly Economic Indicators – March 2005

Taking a forward view of the emerging telecommunications market in Sri Lanka, mobile telephony is likely to play a leading role in capturing incremental consumers going forward by virtue of existing and planned network development in regions outside the currently served (and potentially saturating) markets in urban centres. Cost economics related to currently deployed cellular technologies provide increased financial viability for the expansion into rural areas of the country and the capture of virgin markets through the provision of low cost services.

The paradigms of telephony service provision are being reshaped worldwide in line with the overriding trends of convergence of services and the redefinition of communication in the expanded context of multimedia, spanning text, image and video in addition to voice.

Next generation mobile technologies already evidenced in the Sri Lankan telecom sector, and specifically designed to meet the demands of multimedia communication are likely to strengthen the claim of the mobile sector to an increasing share of future telecommunications growth.

8.1.3 Other Licensed Retail (subscriber) Services

The overall development in this sub sector is relatively low compared to the mobile sector. Lacklustre performance of internet/email penetration is largely linked to low PC distribution.

Other Private Sector Services	2001	2002	2003	2004
Public Pay Phones	7,281	6,681	6,440	5,938
Radio Paging Subscribers	6,535	5,516	2,851	828
Internet and Email Subscribers	61,532	70,082	85,500	93,444

Table 8-3: Data on other ICT Services

Source: Central Bank Annual Report 2004. Central Bank Monthly Economic Indicators – March 2005

8.2 Penetration and Expansion of Networks

The local telecommunications sector has shown a marked expansion in the past 2 year period supported by a more liberalised market environment and intensified competition brought about by private ownership. The combined subscriber base of fixed and mobile telecommunications services grew by 36% in 2004 compared to 29% in the previous year. This growth has been fuelled to a great extent by the sharp growth in the mobile telecommunications market, which grew at 55.8% in 2004 compared to a growth of only 5.6% in the subscriber base of the fixed access sector. Usage in telephony related services such as e-mail and Internet have also expanded rapidly.

Telephony penetration rates (per capita telephony ownership) are used as a key indicator pertaining to the status quo as well as the growth potential of telephony markets. Historic data pertaining to fixed and mobile penetration rates are presented below.

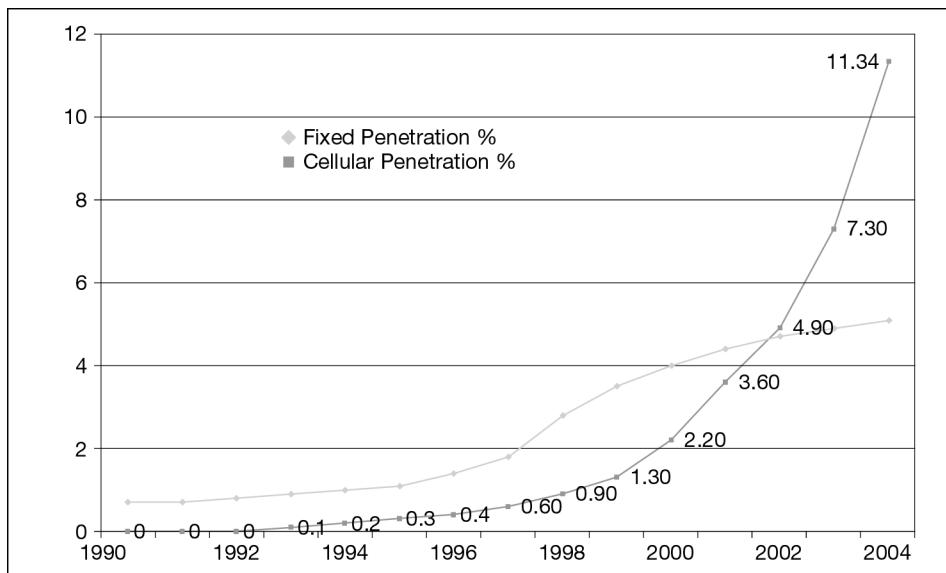


Figure 8-1: Telecom Penetration

Source: Central Bank Annual Report 2004. Central Bank Monthly Economic Indicators – March 2005

National fixed line penetration levels improved from 4.6% in 2002 to 5.1% in 2004, whereas mobile penetration grew from 4.9% to 11.3% in the same period. Lower fixed line penetration is partially the result of the high entry costs attached to fixed telephony and relatively slow expansion rates especially with respect to new markets. The expansion of fixed access telephone services decelerated in recent years mainly due to lower levels of new investments in network infrastructure expansion, and high entry costs compounded by inferior availability (in terms of network reach and supply on demand) relative to mobile. The aforementioned factors could be cited as the main causes of the flattening penetration and growth trends of the fixed line market.

The funding of rural telecommunications services is debated upon as a social issue and is part of the regulatory reforms that are underway currently. Analysis of the geographical dispersion of fixed line telephones point towards 45% concentration in the Colombo metropolitan area as at the end of 2003. The cellular sector displays enhanced dispersion with 70% of usage being from areas outside the Colombo metropolitan area thereby facilitating the catalytic depolarisation of economic activity and socio-economic development with commensurate creation of new markets for telephony and other services.

Both fixed line as well as cellular services have provided the backbone for implementing Sri Lanka's recently formulated Information and Communication Technology (ICT) Strategy and have been the subject of interest both in terms of private sector led growth as well as a focal point for reforms. These initiatives as well as the recent deregulation in the telecommunications sector are expected to create impetus for the development of the industry.

8.3 Use of Technology and Growth Potential

Sri Lanka has traditionally maintained a lead position in terms of technology adoption in the South Asian region. While technology leadership in the fixed sector was established in the early 80's with the regions first digital exchange being commissioned by SLT, the spot light is increasingly shifting to the mobile sector, with Sri Lanka achieving a consistent stream of regional firsts (for example the region's first GSM network in 1995, 2.5G network in 2001 and more recently the first 3rd Generation trial).

Technology adoption is clearly inter-related with telephony penetration dynamics. With respect to the latter Sri Lanka currently displays healthy performance indicators relative to its South Asian counterparts.

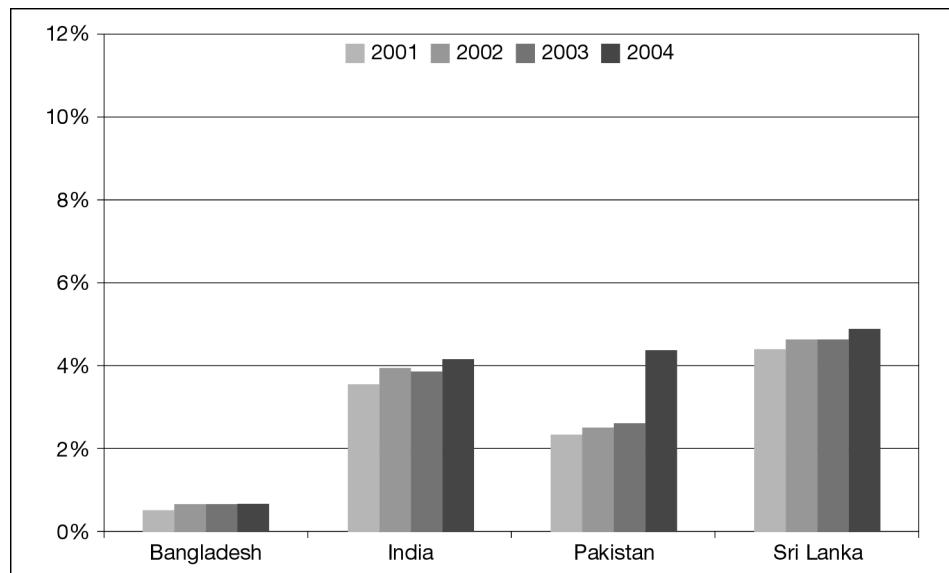


Figure 8-2: Fixed Line Penetration

Source: TRAI, PTA and TRCSL web sites

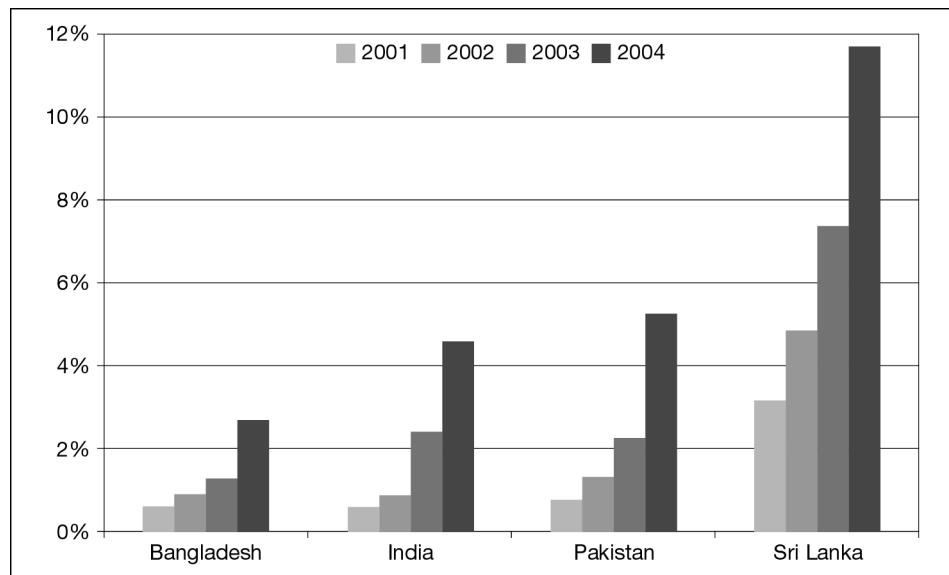


Figure 8-3: Mobile Penetration

Source: TRAI, PTA and TRCSL web sites

While the country has displayed an aggressive track record in technology introduction, adoption and localisation (in terms of cost to consumer), penetration rates (albeit subject to rapid growth and in a lead position with respect to the rest of South Asia) significantly lag counterpart markets in the neighbouring South East Asian countries such as Malaysia, Thailand and Philippines (Singapore being excluded from comparison due to its relatively atypical demographic characteristics).

The penetration deficits relative to comparable growth markets when analysed in tandem with GDP growth indicators present significant growth opportunities for Sri Lanka's telecommunications sector.

As evidenced from past market data it is clear that sustained growth opportunities exist for service providers with an appetite for aggressive service expansion, technology adoption and inherent cost structures capable of enhancing affordability of services in line with market requirements.

Development in telecommunications (and in the sequel, growth potential) is correlated to technological take up and service expansion which in turn are dependent on spectrum allocation. Going forward, the efficacy of spectrum allocation and usage could be cited as a significant determinant of the extent to which latent demand could be translated in to realised penetration.

8.4 The Fixed Line Telephony Market Players

8.4.1 Sri Lanka Telecom Limited (SLT)

SLT is authorised to offer domestic telephone services, international telephony services, national and international public telegraph services, national and international telex services, data transmission, maritime mobile services, facsimile service, international television transmission, international photo telegram service, voice cast transmission, IDS service (satnet), INMARSAT service, national and international leased circuits, and fixed wireless local loop telephony in the 800 MHz frequency band and Internet.

(Source: www.trc.gov.lk)

8.4.2 Lanka Bell (Private) Limited (Lanka Bell)

Lanka Bell is authorised to offer fixed basic telephony data transmission, payphone, voicemail and facsimile services using wireless local loop technology. The license which was issued on 22 February 1996 is valid till 2016 and does not authorise the provision of mobile telecommunication services. In addition, under the external gateway operator license issued in March 2003, Lanka Bell is authorised to provide international services utilising any technology, including originating voice calls on any local PSTN by means of equal access for a period of 10 years from the date of the license.

(Source: www.trc.gov.lk)

8.4.3 Suntel (Private) Limited (Suntel)

Suntel is authorised to offer fixed basic telephony data transmission, payphone, voicemail and facsimile services using wireless local loop technology. The license which was issued on 26 February 1996 is valid till 2016 and does not authorise the provision of mobile telecommunication services. In addition, under the external gateway operator license issued in March 2003, Suntel is authorised to provide International Services utilising any technology, including to originate voice calls on any local PSTN by means of equal access for a period of 10 years from the date of the license.

(Source: www.trc.gov.lk)

8.5 The Mobile Telephony Market

8.5.1 Overview

Dialog Telekom faces competition from three other players in the mobile sector – Celltel Lanka (Private) Limited, Hutchison Telecommunications Lanka (Private) Limited and Mobitel (Private) Limited. The mobile sector in Sri Lanka is considered to be highly competitive with consumers continuing to enjoy the positive outcomes of competition. Competition is mainly focused on coverage and accessibility, price (entry and ongoing cost of ownership) and the depth of value added service offerings.

Dialog Telekom is the current market leader in the Sri Lankan mobile telecommunication market with a market share of approximately 60%. The Company's subscriber base standing at 1.5 Million as of March 2005, is drawn from across its extensive coverage footprint spanning all nine provinces of the country.

8.5.1.1 Celltel Lanka (Private) Limited (Celltel)

Celltel Lanka (Private) Limited was the 1st mobile network in Sri Lanka. Celltel is authorised to offer cellular mobile telephone services, voice mail services, fax mail services, leasing of excess capacity on radio circuits and wireless loops for licensed payphone operators to connect payphones under the license issued by the regulator, which is valid up to September 2008.

Celltel was also issued a ten year license to provide internet services through PSTN network or leased lines in March 1999.

Under the external gateway operator license issued in March 2003, Celltel is authorised to provide international services utilising any technology, including originating voice calls on any local PSTN by means of equal access for a period of 10 years from the date of the license.

(Source: www.trc.gov.lk)

8.5.1.2 MobiTel (Private) Limited (MobiTel)

MobiTel is licensed to offer cellular mobile telephone services up to February 2013.

MobiTel was also issued a five year license to provide internet services through PSTN network or leased lines in January 2002. Under the external gateway operator license issued in March 2003, MobiTel is authorised to provide international services utilising any technology, including originating voice calls on any local PSTN by means of equal access for a period of 10 years from the date of the license.

(Source: www.trc.gov.lk)

8.5.1.3 Hutchison Telecommunications Lanka (Private) Limited (Hutchison)

Hutchison is licensed to offer cellular mobile telephone services for 20 years from the date of license (11 February 1992). Under the external gateway operator license issued in March 2003, Hutchison is authorised to provide international services utilising any technology, including originating voice calls on any local PSTN by means of equal access for a period of 10 years from the date of the license.

(Source: www.trc.gov.lk)

8.5.2 Network Infrastructure

Cellular sector network infrastructure exhibits a high degree of geographic penetration. Having established a strong presence in all 9 provinces of the country with comprehensive coverage in a majority of populated areas and urban centres, Dialog Telekom has the widest coverage from among the mobile operators. Most key routes (highways) in the country are also covered in a comprehensive manner. Dense infrastructure presence is exhibited by all operators in the sector within the western province and also in key secondary cities. Cellular infrastructure has also pervaded the markets in the Northern and Eastern provinces, with Dialog Telekom's GSM network being the pioneer and singularly present telecommunications infrastructure in the region.

Cellular infrastructure is also characterised by technology Generation (G) with successive quantum changes in core technologies been named 1G, 2G, 2.5G, 3G and so on. Sri Lanka in its capacity as a cellular pioneer in the region evolved from 1G (analogue networks) in the 1980's to 2G (with the first GSM network established in 1995) and thereafter to 2.5G through the provision of GPRS technology in 2001 following the introduction of the same by Dialog Telekom and the subsequent facilitation of advanced 2.5G services such as MMS and PTT. The sector has also seen the introduction of EDGE in the recent past. Constrained availability and penetration of EDGE compatible handsets worldwide, has however hindered the wide scale adoption of EDGE services by mobile consumers.

The evolution of Sri Lanka's cellular sector to a 3rd Generation formulation appears to be close at hand, with the industry regulator licensing Dialog Telekom to carry out a 3G trial (Test and Development) as a precursor to the licensing of commercial 3G systems going forward. Dialog Telekom's 3rd Generation trial network which is based on UMTS also referred to as 3-GSM provides UMTS coverage and services within the central business district in the city of Colombo, making Sri Lanka the first country in South Asia to support 3rd Generation services.

Expansion of infrastructure footprints with the objective of establishing ubiquitous network coverage across the country could be regarded as a critical success factor in the establishment of economies of scale and the realisation of latent market potential on a national scale.

8.5.3 Expected trends in Mobile Telecommunication Industry

Leveraging on a number of growth factors including liberalisation, viability of network expansion and technological advancement, the Sri Lankan mobile market reflects potential for future growth. The sector is currently characterised by growing competition generated by substitution of fixed line services and intra-cellular sector competition. Reflected below are graphical representations of the growth trends in the usage of mobile telephony.

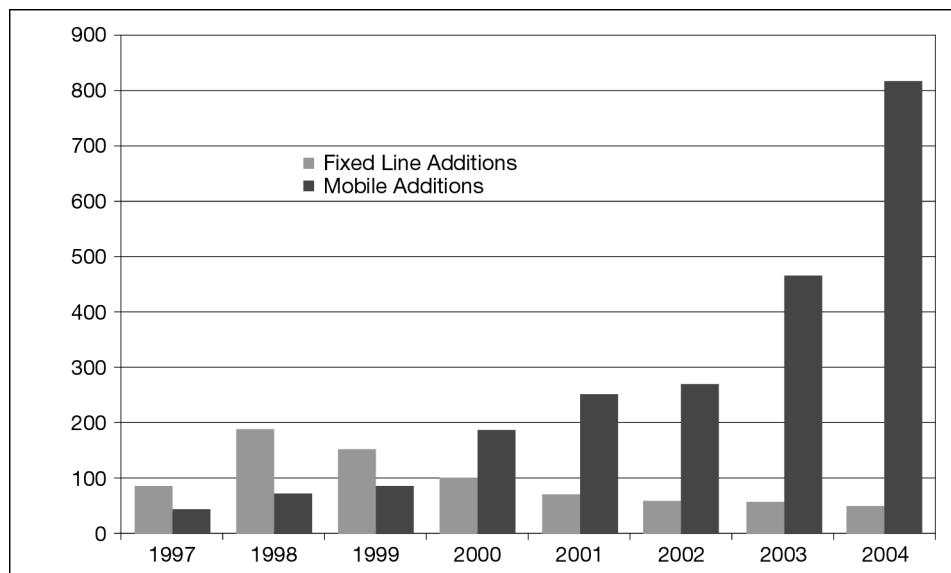


Figure 8-4: Telecom Industry Growth

Source: TRCSL

Mobile subscriptions are expected to continue growing propelled by access to new markets, burgeoning adoption by youth segments and enhanced affordability indices across a wide spectrum of potential markets.

Cellular telephony has steadily but surely been transformed from an exclusively positioned luxury good to a consumer item affordable across most income segments. Lowering of initial costs and rapid expansion in rural areas has appealed to the mass market, resulting in an increased demand for mobile telephone services. In the future as disposable income per household increases, mobile networks can enter the vastly untapped market of young adults (between the ages of 15-19), which constitutes a large proportion of the population. Reports from the Department of Census and Statistics of Sri Lanka state that 35% of the population is less than 19 years of age.

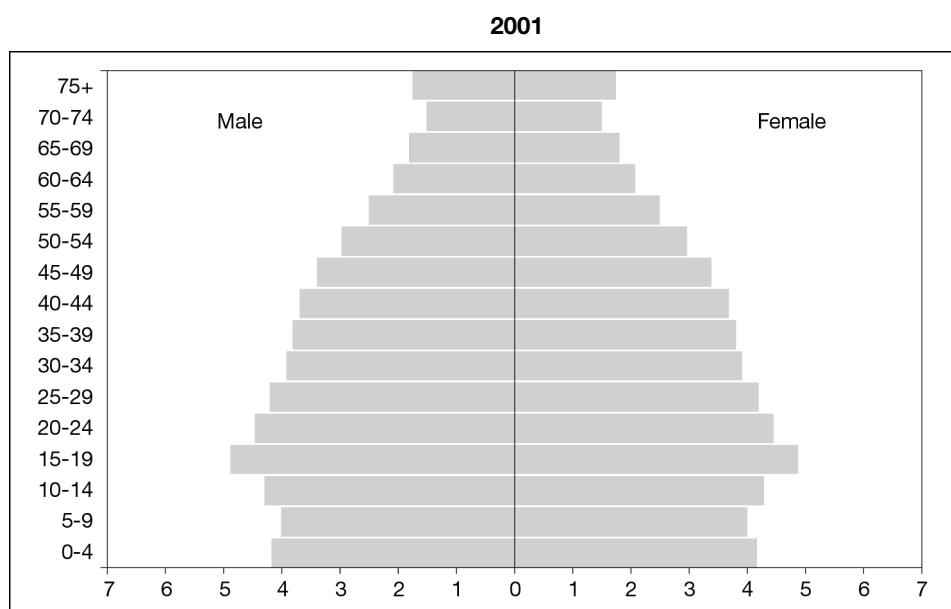


Figure 8-5: Population by Age Groups

Source: Dept. of Census and Statistics, Sri Lanka

The Sri Lankan mobile telecommunications market exhibits a high degree of competition among the four service providers. Although Dialog Telekom accounts for approximately 60% of the market, it is clearly governed by competitive forces. The foundations of strong competition among mature operators has resulted in a plethora of direct and indirect benefits to consumers, significant among which are, the de-escalation of tariffs, manifold reduction in entry barriers and aggressive network development in terms of service availability as well as the provision of VAS.

The introduction of the CPP has been under consideration for many years and is mooted as a lasting solution to interconnection cost anomalies between fixed and mobile operators. If associated regulatory legislation is enacted, CPP could result in a significant increase in the affordability of mobile telecommunications services especially to the lower income segments which characterise future growth markets. The introduction of CPP in comparable markets such as India in 2003 resulted in a 97% growth in subscriber base in 12 months whilst in Pakistan it led to a 300% growth in 14 months.

Voice communication is expected to continue to be the primary source of revenue for mobile services at least in the near term. Non-voice revenues accruing from SMS, mobile data and VAS encompassing a wide spectrum of infotainment services are however increasing rapidly. Revenue profiles are likely to be further affected with next generation systems providing a far enhanced user experience in the multi-media domain encompassing voice, text, data, image and moving video. Advanced (2.5G and 3G) mobile infotainment services typically encompass services such as multimedia messaging, data transmission using GPRS, information on demand services, reusable personalisation downloads (ring tones, wall papers, video clips etc.) and 3G services such as multimedia chat, rich calls, interactive gaming and interactive web services all of which will increase the revenue potential of operators with an appetite to meet consumer demand in the related areas.

8.6 The International Services Sector

8.6.1 Overview

The longstanding monopoly of SLT in international services was terminated with the full liberalisation of the sector in March 2003. Over 30 EGO licenses were issued empowering recipients with the facility to carry inbound and outbound international traffic.

In the international services space, Dialog Telekom draws on the global network infrastructure strengths of its parent TM – one of the largest telecommunications operators in South East Asia.

8.6.2 Retail International Voice Services

Dialog Telekom was among the recipients of EGO licenses but distinguished itself from other new entrants through the launching of its own gateway infrastructure within days of receiving the license to operate international services. Dialog Telekom has since captured a significant and growing share of international minutes in the international services sector and earned a no. 2 slot relative to incumbent SLT within a short period of time.

8.6.3 International Bandwidth

Dialog Telekom is a provider of international connectivity (Bandwidth) on the SEA-ME-WE 3 submarine cable, through the assignment of cable capacity under an IRU capacity transfer arrangement between TM and Dialog Telekom. TM is a substantial shareholder in the SEA-ME-WE 3 cable system and is empowered to transfer its own Bandwidth to subsidiaries within the group. Dialog Telekom provides SEA-ME-WE 3 services alongside competition from SLT and VSNL Lanka (Private) Limited. Dialog also operates its own satellite earth station infrastructure.

Looking forward, Dialog Telekom will also provide services on the SEA-ME-WE 4 cable by virtue of the substantial shareholding in the said cable system by its parent Telekom Malaysia.

The bandwidth services sector is expected to experience substantial growth in the future largely due to increased competition in the sector in tandem with enhanced demand created through the rapidly growing BPO sector.

8.7 The Internet Services Sector

Sri Lanka's Internet services sector is substantially liberalised with 23 non-facilities based licenses being issued alongside 6 facilities based licenses. Dialog Telekom operates an ISP business branded as Dialog-I, based on a non-facilities based license. By virtue of the non-facilities based restriction of its prevailing Internet license, the Company has had to rely on other last mile providers (including its immediate competitors SLT, Suntel and Lanka Bell) to penetrate the dial-up services market. Dialog Telekom has however made substantial headway in the mobile internet space establishing itself as the preferred provider of Internet connectivity to mobile devices including but not limited to portable computers, personal data assistants and mobile phones.

In tandem with its growing strengths in the international Bandwidth sector, Dialog Telekom is also a provider of wholesale Internet Bandwidth to bulk users and peer service providers.

9.0 The Regulatory Framework

The telecommunication industry is governed by the Sri Lanka Telecommunications Act No.25 of 1991 as amended by the Sri Lanka Telecommunications (amendment) Act No. 27 of 1996 (the Act). Prior to the enactment of the Act, the Department of Telecommunications was the sole operator providing both local and international voice services. During this time there was no independent regulator for the local telecommunications sector. Pursuant to the Act the Department of Telecommunications was converted into a corporation under the name of Sri Lanka Telecom, which was subsequently converted to a public limited liability company. The Act also provided for the creation of a telecommunications authority entrusted with the duty of regulating the industry (the “Authority”).

The Act provides for the conversion of the Authority into the Telecommunications Regulatory Commission of Sri Lanka (the Commission). The Act gives the Commission authority to make rules which govern areas including interconnection and quality of service.

9.1 Current Telecommunication Legislation

The principal legislation governing the local telecommunication sector is the Act and the rules made thereunder. The Act provides for the establishment of the Commission, sets out its composition and demarcates its duties and powers.

It also contains the procedures for licensing of telecommunications services and operation of networks and delineates the eminent domain for operators. The Act also sets down offences related to telecommunications services and operation and provides corrective measures to be imposed when such an offence or breach is committed.

9.2 The Regulator

The Commission acts as the regulator of the domestic telecommunications sector and consists of the following parties:

- a) The Secretary to the Ministry of Post, Telecommunications and Up-Country Development ,who will act as the Chairman of the Commission;
- b) The Director General of the Commission in whom the duties of a Chief Executive are vested;
- c) Three members appointed by the Minister of Post, Telecommunication and Up-Country Development, having recognised qualifications and having distinguished themselves in the respective fields of law, finance and management.

The stated objective of the regulatory body is to facilitate sustained development in the telecommunication industry by shaping the regulatory process, protecting public interest and being responsive to imperfections in a competitive market. Within this broad context, the following issues will remain the focal points of any policymaking by the Commission:

- Availability of affordable and effective choices of communications for the citizens;
- Establishment and promotion of a modern and efficient information infrastructure for Sri Lanka;
- Independence and enforcement authority of the Commission in terms of its regulation, as well as complete transparency and public participation in its procedures;
- Transformation of telecommunications market structure and regulation towards a more liberalised, convergence sensitive technology neutral model;
- Establishment of provisions for promoting and enforcing fair competition;
- Establishment of an explicit universal access policy;
- Regulating tariffs, quality of service, and consumer protection and progressive deregulation of markets and sectors exhibiting sufficient levels of competition;
- Enabling of Sri Lankan communications service providers to become global players;
- Establishment of efficient and transparent spectrum management constructs.

9.3 Liberalisation of the Sector

In keeping with the GoSL's intention to progressively liberalise the telecommunications sector through a phased transition from monopolistic beginnings to open and competitive ownership of telecommunications infrastructures and service provisioning facilities, several reforms have been introduced in the recent past by the Commission.

Enumerated overleaf are some significant steps in the liberalisation process;

9.3.1 External Gateway Liberalisation

International gateway operations were opened up to competition terminating SLT's monopoly in international telecommunications. As of the end of 2003, approximately 30 new gateway operating licenses were issued to various local as well as foreign parties, resulting in an overall reduction in International Direct Dialling (IDD) call tariffs.

9.3.2 Completion of the Tariff Re-balancing of SLT

The final step of the tariff re-balancing of SLT as stipulated in the shareholders' agreement signed between the GoSL and NTT removed the cross subsidy from international to local call tariffs to a large extent.

9.3.3 Introduction of a 10 Digit Numbering System

An international standards compliant 10 digit numbering system was introduced to accommodate the increased demand for telecommunication services and to bring about uniformity in numbering.

9.3.4 Fiscal Incentives

An ICT development fund by the name of 'Vishwa Grama Fund' has been set up as a vehicle for the furtherance of rural network rollout and facilitation of ICT lead socio-economic development in under-served areas. The fund is designed to be endowed with stipulated contributions from external gateway operators and from donor sources.

9.4 Proposed Developments in the Sector

Further to the liberalisation of the Sector (as stated above) the Commission is in the process of formulating a policy on the Calling Party Pays Scheme.

A new interconnection policy based on the application of cost based interconnection rates is being contemplated by way of a move towards a Calling Party Pays (CPP) regime from the current Mobile Party Pays (MPP) scheme. Presently the proposed policy framework is being subject to review by the public to ascertain feedback from stakeholders of the industry and as such the date of implementation has not yet been finalised. The resulting drop in incoming call tariffs is likely to act as a catalyst for the expansion of mobile telephony to rural markets. In the sequel, enhanced completion rates with respect to mobile terminated calls and the enhanced fixed termination interconnect compensation incorporated within the proposed scheme is likely to provide significant dividends to fixed line operators.

9.5 Principal Governance Aspects

The consolidated legal framework for the domestic telecommunications sector gives prominence to the following under the purview of the Commission;

9.5.1 Licensing

In order to operate a telecommunications system, a license must be obtained from the Minister. The license is granted under the recommendation of the Commission. However, the Minister is empowered to reject any such recommendations and to use discretion in granting operating licenses. Every application made in respect of licenses must be in writing. The Commission will provide public notice of its intention to grant a recommendation for a license if it is deemed necessary or if considered to be in the interest of the public.

A licensed operator is not permitted to share the telecommunications system for which a license has been granted with any person for business purposes without prior approval from the Commission. All activities including the trade, manufacture, importation, sale, offer for sale, dealings, transfer, hire, lease, maintenance and repair of telecommunications apparatus may only be carried out under the authority of the Commission. The Commission may recommend modifications of the licence granted, to the Minister and also has powers of revocation for breach of conditions and restrictions, non-payment of fees and failure to comply with regulations set out under the Act.

Set forth below are selected extracts of the licences of the Company. As such investors are advised that these extracts should be read in conjunction with the complete license set out for inspection as per Section 17.2 hereof.

9.5.1.1 Dialog Telekom's License to provide a Cellular Mobile Telephone Service

Dialog Telekom was originally issued a licence to run a cellular mobile telephone service under the Act for a period of twenty (20) years on 28 September 1993. The Company's license currently authorises it to operate and provide domestic and international mobile telephone services and maintain the telecommunications systems.

Dialog Telekom is required to comply with the Act, the radio regulations of the ITU and any other treaty or convention to which Sri Lanka is a party.

Dialog Telekom is required to pay an annual license fee, on or before 31 January of each year of 1% of the value of all additions to capital investments made during the preceding financial year of the Company; and a cess calculated at the rate imposed under Section 22G of the Act.

9.5.1.2 Dialog Telekom's License to provide Internet Services

Dialog Telekom was issued a license to provide Internet services under the Act for a period of five (5) years on 1 November 2001. The Company's license currently authorises it to provide Internet services to customers through the Public Switched Telephone Network (PSTN) or the leased lines provided by licensed operators; to maintain the licensed system; and to install, network and operate all the equipment to provide the services.

The ISP operation of Dialog Telekom is required to comply with the Act and any other treaty or convention to which Sri Lanka is a party. Establish and maintain a set of accounts in relation to internet business that is separate from any other business carried on by Dialog Telekom.

Dialog Telekom is required to pay an annual license fee, on or before 31 January, of a cess imposed under Section 22G of the Act.

9.5.1.3 External Gateway Operator License (EGO)

Dialog was issued a EGO License under the Act for a period of ten (10) years on 28 February 2003. The Company's license currently authorizes it to provide certain International Services by means of the licensed system and any connectable system.

The terms of the license require Dialog to do inter-alia the following:-

The International Services operation of Dialog Telekom is required to comply with Act, the rules made there under and any other treaty or convention to which Sri Lanka is a party. Dialog Telekom is also required to establish and maintain a set of accounts in relation to international services business that is separate from any other business carried on by Dialog Telekom.

Dialog Telekom is required to pay an annual license fee, on or before 31 January, of a cess imposed under Section 22G of the Act.

9.5.2 Interconnection

Companies licensed to operate and provide a public telecommunications network are obliged to provide interconnection for the purposes of transmitting traffic between different operators. The TRC aims to provide a non-discriminatory and transparent Interconnection regime which will provide fair competition for all operators, in accordance with WTO principles.

Interconnection is governed by the Interconnection rules of 2003. The full and complete implementation of the rules has not been achieved to date. During the prevailing transitional period leading up to the implementation of the Interconnection Rules, PSTN service providers operate within an environment wherein no net-interconnection/traffic settlement payments are levied between operators.

As mentioned elsewhere, a CPP interconnectivity regime has been recommended.

9.5.3 Universal Service Obligation

A universal access policy delineates the right of all citizens of Sri Lanka to have access to all sources of information and means of communication. The policy also embraces the edict that the same should be reasonably affordable to all classes.

The Act does not impose a universal service obligation on service providers. However, the Commission is focused on establishing an explicit universal service obligation policy.

9.6 International Regulation

While the introduction of more flexible and straightforward licensing regimes is clearly the global trend today, regulators are nevertheless confronted with a large number of challenges and choices in their progress towards this ideal. Beyond the adoption of a converged licensing model, issues such as spectrum management, the setting of licence fees, ensuring a level playing field and the pursuit of public policy goals, including universal access, also have to be dealt with as part of the process.

9.6.1 International Telecommunication Union (ITU)

Sri Lanka is a member of the ITU. The ITU comprises three sectors: the radio communication sector, the telecommunication standardisation sector and the telecommunication development sector. The ITU telecommunication standardisation sector reviews technical, operating, tariff and accounting matters and makes recommendations on such matters with a view to standardising telecommunications worldwide.

Dialog Telekom is a member of the telecom development sector of the ITU.

9.6.2 World Trade Organisation (WTO)

Sri Lanka became a member of the WTO on 1 January 1995, and is a signatory of the General Agreement on Trade in Services (GATS).

Sri Lanka also committed to providing access to other telecommunications services such as mobile services, pay phones, radio paging and data communication services (including ISPs). Sri Lanka has also accepted WTO regulatory principles relating to competitive safeguards to prevent anticompetitive and discriminatory measures by major service providers and network operators.

Sri Lanka has also accepted the Regulatory Reference Paper (RRP). Although currently, the degrees of implementation of the various WTO regulatory principles differ, Sri Lanka's telecommunications policy and regulatory regime comply substantially with the RRP.

10.0 The Business

10.1 Introduction

Dialog Telekom Limited is the leading mobile communications provider in Sri Lanka with over 1.5 Million revenue generating mobile subscribers (end March 2005), representing approximately 60% of the industry subscriber base of 2.5 Million. Dialog Telekom is a provider of EGO Services and also operates an ISP business.

In terms of revenue earned per financial year, Dialog Telekom is the country's second largest telecommunications company recording Rs. 10.1 Billion for the year ended 31 December 2004.

Dialog Telekom Limited entered the then fledgling mobile telecommunications industry of Sri Lanka in 1995. The market entry (in the capacity of the 4th player in a competitive market) was characterised by the creation of a differentiated service brand 'Dialog', and was based on GSM technology. The Dialog Telekom network was at the time the first GSM network in South Asia and one of the first GSM networks in the whole of the South East Asian region.

Since inception the subscriber base of the Company has recorded a CAGR of 90%, exceeding the compounded annual industry growth of 56% over the same period. The Company has succeeded in maintaining profitability in tandem with subscriber growth through the deployment of market and demography sensitive business constructs and strategies. Accordingly the Company has recorded a compounded growth rate of 46% in terms of annual turnover and 66% in terms of profitability over the past 5 years. The Company records a monthly blended ARPU of Rs. 677/- together with an EBITDA margin of 54% and a net profit margin of 30%.

The Company's business focus is predominantly aimed at the provision of mobile communications services. The Company has achieved its position of strength within the mobile sector through a consistent strategy encapsulating the provision of, affordable and accessible mobile communications services to an increasing proportion of Sri Lankan citizens, quality network and customer services and continuous innovation based provision of VAS and product adaptations. The Company has also applied emphasis on the development of robust partnerships as evidenced in its nationwide distribution network and support infrastructure. The Company's success is also underpinned by the unassailable equity built into the "Dialog" brand.

The Company has been consistently committed to the achievement of universal service – i.e. the enhancement of service availability (coverage) across the entire geography of the country. The Company aims to achieve ubiquitous service availability through its on going expansion plans while simultaneously continuing its thrust to add value in terms of advanced technology solutions, localisations and adaptations. Accordingly, the Company aims to maintain current growth rates by reaching out to new markets and segments.

The Company currently provides four principal types of communication services.

10.1.1 Core Business - GSM Mobile

Dialog Telekom (www.DialogTelekom.com) has spearheaded the mobile industry in Sri Lanka since the late 90's propelling it to a level of technology on par with the developed world. The Company operates a 2.5G GSM network, supporting the latest in multimedia and mobile Internet services, and also provides Automatic International Roaming (AIR) facilities in over 190 countries. Dialog Telekom is the country's largest cellular network providing services to over 1.5 Million revenue generating customers (as at end March 2005) across all nine provinces of the island, accounting for approximately 60% share of the countries mobile sector and 40% of the total telecommunications subscribers.

10.1.2 Supplementary Businesses

Dialog Telekom has ventured into two main supplementary telecommunications related businesses based on licenses acquired from the GoSL.

- **Internet Business**

Dialog Internet was launched in 2001 with the primary intention of developing the IP infrastructure required for leadership in a convergent environment. While this objective has been achieved manifold, the Company has also established a retail ISP – Dialog Internet which currently provides services to approximately 5,900 subscribers accounting for a market share of 6%. Internet business accounts for a contribution of 0.36% to the Company's profit after tax.

- **International Business**

Dialog Telekom has been quick to capitalise on the liberalisation of the international telecommunications sector in Sri Lanka. The international services of the Company now include retail and wholesale voice services and IPLC services. Building on a rapid roll out of services and global partnerships, international services now account for 8% of the Company's profit after tax.

10.1.3 Other Supplementary Services

Dialog Telekom is the national provider for UAE based Thuraya satellite mobile telephony service in Sri Lanka and operates the service under the brand name "Dialog SAT".

10.2 History and Development

The Company was incorporated in Sri Lanka under the name of MTN Networks (Private) Limited on 27 August 1993 and was initially promoted and owned by Sun Power Systems (Private) Limited and TM.

In November 1996 the local promoter divested its stake to Telekom Malaysia Group making the Company a fully owned indirect subsidiary of TM through its international investment arm TM International Sdn. Bhd.

The Company's name was changed to Dialog Telekom Limited subsequent to its conversion to a public limited liability company on 26 May 2005.

The Company was granted its telecommunications license to operate a nationwide network for mobile telephony on a technology neutral basis, in 1993 and commenced commercial operations in 1995. The holding structure of the Company is elaborated below.

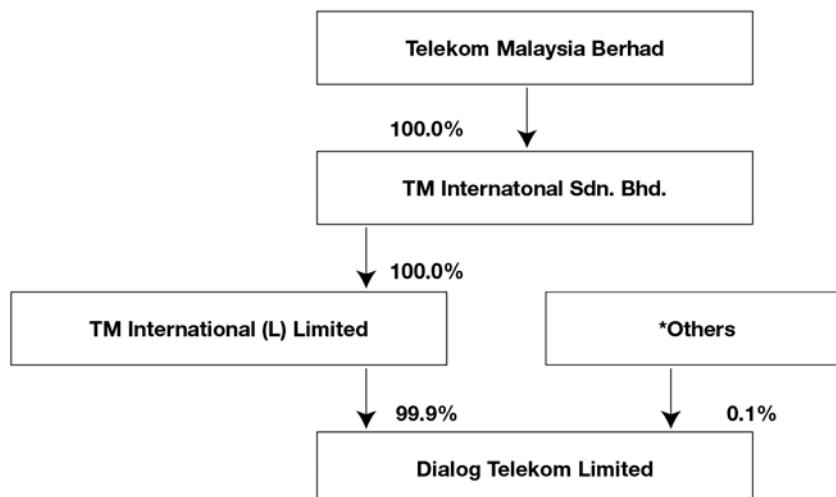


Figure 10-1: Share Ownership Structure

* Please refer section 13.4

The Company has no subsidiaries or associate companies.

The Telekom Malaysia Group has since the acquisition contributed to the high level of management and technical expertise displayed by the Company. Furthermore, the expansive global infrastructure of TM has provided the Company with requisite strengths in international connectivity, which is becoming a strategic asset of increasing value in the context of the rapid globalisation of telecommunications markets.

The Company has integrated and localised state of the art technology to provide a near nationwide infrastructure supporting the latest core as well as VAS. The resultant knowledge and service provisioning capability internalised by the Company has had a high impact on Sri Lanka's telecommunications sector. Chief among the Company's technological milestones are:

	Service	Year of Implementation	Remarks
01	Introduction of GSM Technology	1995	1st in South Asia
02	Short Messaging Service (SMS)	1998	1st in South Asia
03	Automatic International Roaming (AIR)	1997	1st in South Asia
04	WAP (Mobile Internet)	2000	1st in South Asia
05	General Packet Radio Service (GPRS)	2001	1st in South Asia
06	Location Based Services (LBS)	2003	1st in Sri Lanka
07	Missed Call Alert	2003	1st in Sri Lanka
08	Multimedia Messaging Service (MMS)	2003	1st in South Asia
09	Trial 3G Service	2004	1st in South Asia
10	Call Home Service for Outbound Roamers	2004	1st in Sri Lanka
11	EDGE Service	2004	1st in Sri Lanka

Table 10-1: Milestones in VAS Introductions

The Company has also focused on the adoption of international best practices with respect to quality management as well as business practice Internalisation. The Company has accordingly established a consistent track record in national and international recognition of its business practices as set out in chronological order below;

- **March 1999: ISO 9002:1994 Certification** – earning the distinction of being the first South Asian telecommunications operator to be awarded the certification.
 - **January 2001: ISO 9001:1994 Certification** – this was an extension to ISO 9002 certification and included new product development within the scope of the quality management system of the Company. Dialog Telekom was the first mobile operator in the region to be accredited with ISO 9001.
 - **October 2001: Winner - National Quality Award (SLNQA)** - Large Scale Service Category/The SLNQA is based on the Malcolm Baldrige Quality Award USA.
 - **June 2002: Winner – International Asia Pacific Quality Award (APQA)** - Large Scale Service Category. Winners of respective national quality awards could apply for APQA and to date Dialog Telekom is the only National Quality Award winner in Sri Lanka and only telecom operator in the region to have won this award. The APQA is an annual awards programme conducted by the Asia Pacific Quality Organization (APQO).
 - **April 2003: ISO 9001:2000** – Dialog's quality management system which was on ISO's 1994 standard was upgraded and recertified to the current version.
 - **November 2004: Overall Winner National Business Excellence Award** - Dialog Telekom won the National Business Excellence Gold Award in 2004, a recognition of the Company as one of the **best corporate entities in Sri Lanka**. Dialog Telekom also won the following category awards;
 - Winner of the National Business Excellence Award - **Extra Large Category**;
 - Winner of the National Business Excellence Awards for **the Best Tech Savvy Company** and **the Best Capacity Builder**;
- The National Business Excellence Award is an annual awards programme conducted by the National Chamber of Commerce of Sri Lanka (NCCSL).

10.2.1 Technology Rollout

Dialog Telekom's technology rollout chronology is one that characterises innovation – the evolution of which is summarised below:

- **1995–GSM:** When GSM based digital mobile telephony was pioneered in Sri Lanka by Dialog Telekom, the country already had three other players offering analogue services. Dialog Telekom has the distinction of being the first GSM operator in South Asia.
- **1997–Automatic International Roaming (AIR):** The AIR service launched by Dialog Telekom in 1997, enabled for the first time, the seamless international mobility of Sri Lankan mobile subscribers. The service enabled subscribers to retain their unique telephony identity (mobile number) across a wide range of destinations – now numbering in excess of 190 countries. Recent services additions include GPRS roaming services and MMS support for Sri Lankans travelling overseas.
- **1998–Short Messaging Service (SMS):** The service better known as SMS was first introduced to Sri Lankan mobile users by Dialog Telekom. Rapid adoption followed especially among youth segments that were quick to exploit the strengths of SMS in terms of its convenience and low cost of transmitting text based messages. SMS formed the backbone for a plethora of text based information services ranging from financial information on demand services to general information and entertainment services. Dialog Telekom currently supports a portfolio spanning in excess of 75 SMS based VAS.
- **2001–General Packet Radio Service (GPRS):** This service uses a spectrum efficient packet switching technology and was launched to offer high-speed data services to Dialog Telekom subscribers. A subscriber equipped with a GPRS enabled handset could access web content on their phone. The facilitation of GPRS – (a technology classified as 2.5G) as early as in 2001, was a major step towards the provision of cost efficient mobile internet and mobile computing facilities. GPRS forms the backbone (bearer level) for a large number of mobile Internet - based VAS – principle among which are mobile Internet portal based infotainment services, MMS and several other innovations including Push “n” Talk (one to many voice messaging) and mobile video streaming.
- **2002–Dialog SAT:** Global Mobile Personal Communications Systems (GMPCS) represent a family of systems designed to provide satellite based mobile coverage targeted at providing ubiquitous coverage encompassing areas not covered by GSM (or other cellular) systems. Dialog Telekom was appointed as the national service provider for Thuraya satellite mobile telephony services in 2002, thereby pioneering the provision of satellite mobile services in Sri Lanka. The satellite mobile service combines seamlessly with GSM networks thereby providing a cost effective extension to the coverage of the terrestrial mobile network.
- **2003–Multimedia Messaging Service (MMS):** This facility provides the capability of exchanging multimedia content between MMS enabled mobile phones and to and from the Internet.
- **2003–Dual Band:** The introduction of dual band network configuration enhanced coverage as well as call handling capacity of the network. A dual band network facilitates the seamless interchangeable usage of 1800 MHz and 900 MHz channels thereby optimising spectrum usage as well as quality of service.
- **2004–3G Demonstration:** The non-commercial launch of 3rd Generation technology by Dialog Telekom has set the stage for what would be the next revolution in digital communication. The trial system enables the Company to perform technical validation of interoperability standards and backward and forward integration and compatibility between the incumbent 2.5G network and the emerging 3G network based on the UMTS (also known as 3-GSM) standard.

10.2.2 Inclusive Technology Application

The consistent focus on exploiting state of the art technology to deliver the outcome of “inclusion” i.e. the widening of the markets and consumer groups capable of affording and having access to the products and services of the Company, has been a critical element of Dialog Telekom’s success. The following services many of which incorporate state-of-the-art technology capabilities to deliver local adaptation, are cited as examples of the overall philosophy, which has driven innovation at Dialog Telekom.

- **Sinhala/Tamil SMS**

Innovation leading to the creation of Sinhala/Tamil SMS and mobile Internet portal facilities is expected to significantly broaden the utility of SMS and mobile Internet technologies. Innovation in this area has been carried out in conjunction with one of Dialog Telekom’s key application development partners – Microimage (an award winning Sri Lankan software development company).

- **SARU- Home-Zone Solutions**

Innovation with respect to location sensitive charging has facilitated the creation of Home-Zone charging mechanisms. Home-Zone charging permits the provision of reduced call rates specific to rural localities – thereby enhancing the affordability and adoption of mobile communications by new markets.

The tariff plan is offered with a specially designed SIM card with two lines. Line 1 is programmed to work only in a home cell and line 2 provides national mobility beyond the home zone for which a standard prepaid tariff is applied.

- **Electronic Top-up for Prepaid – “eZ Reload”**

Dialog Telekom pioneered the usage of electronic recharge (top-up) technology with the objective of upgrading the status quo of distribution technology prevalent in the market. Electronic top-up serves to increase distribution efficiencies through the obliteration of paper-based vouchers, while simultaneously reducing the “minimum recharge” constraints on consumers, thereby further reducing spend commitments and encouraging adoption of mobile telephony services.

- **Dial 5**

Dial 5 is an unique “controlled usage” solution facilitating the limitation of outgoing and incoming numbers to five (or other pre-specified number). The product provides a communication solution to several niche segments including but not limited to parent-child and employer-employee controlled usage communication scenarios.

10.3 Network Infrastructure and Operations

10.3.1 Background

Dialog Telekom’s network infrastructure spans the section of mobile, international and an Internet services.

Dialog Telekom’s technology investments have over the years delivered changes in the quality of life of Sri Lankans. In particular it is important to note that Dialog Telekom is the single largest infrastructure investor in the North and East, and its investments in rural communication infrastructure development exceed USD 70 Million to date. The provision of telecommunications services to the Northern Province shortly after the ceasefire was made possible through the introduction of satellite based transmission technology – not commonly used for backhaul purposes on a GSM Network. A series of beachhead investments over the years have made significant and successive impacts on the living conditions of Sri Lankan society and the local telecom industry.

Dialog Telekom has been fast to adapt to the emerging redefinition of telephony from its basic form to a fully converged multimedia sector. The telephone (in particular the mobile telephone) has evolved into a multimedia device with video and data capabilities in addition to traditional voice functionality. Mobile telephone networks now serve as global service infrastructures that are revolutionising the way people communicate.

In keeping with emerging trend demands, Dialog Telekom has lead the GSM market in Sri Lanka by investing in the widest coverage as well as the latest multimedia technologies and providing innovative mobile solutions to its subscriber base.

10.3.2 Mobile Network and Operations

10.3.2.1 Mobile Network Infrastructure

Dialog Telekom commenced operations in 1995, and has expanded rapidly, to cover all key urban centres in Sri Lanka. Having pioneered GSM technology and digital cellular in Sri Lanka, the network has been at the forefront of technology introduction, and now offers mobile communication services on par with networks in the developed world.

Dialog Telekom's initial network rollout in 1995 covered the densely populated areas of Colombo city and its suburbs, as well as selected cities and townships in the provinces. By the end of 1997, Dialog Telekom had expanded its mobile network coverage area to regional cities such as Galle, Kandy, Anuradhapura and Kurunegala. An aggressive coverage expansion project was launched in 2000/2001 which helped Dialog Telekom to surpass other mobile operators in coverage.

Dialog Telekom continues to forge an ever-expanding network footprint across Sri Lanka and as at 31 March 2005 operated 493 base stations distributed across all 9 provinces of the country, on a dual band GSM 900 and 1800 spectrum configuration.

It is estimated that the Dialog Telekom network covers 60% of total land mass and 80% of populated land mass. This was achieved through continuous direct investments in coverage expansion technologies.

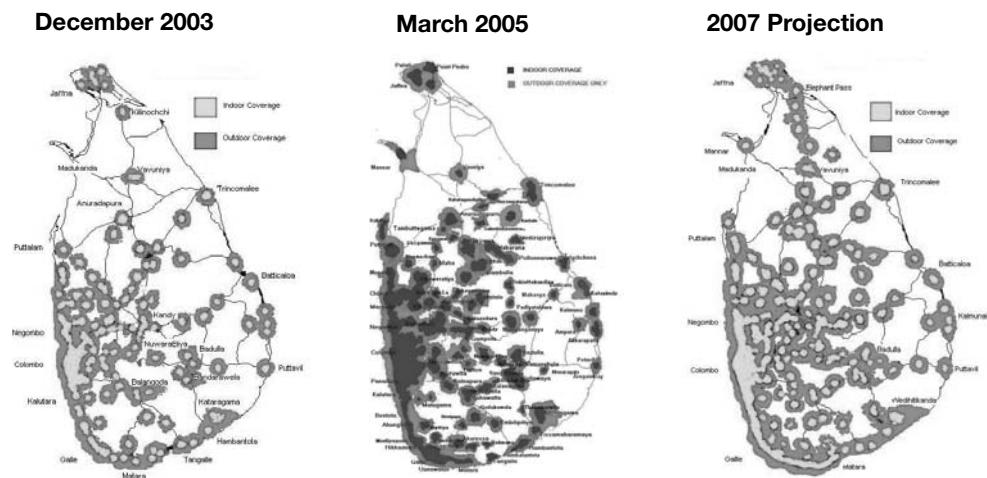


Figure 10-2: Dialog Telekom's Network Coverage and Projections

The Dialog Telekom network includes GSM equipment from two leading GSM equipment suppliers, namely, Alcatel and Ericsson. In addition Huawei from China has been selected to supply network equipment Dialog Telekom's mobile network commencing 2005.

The following table sets forth the number of mobile switching centres and base stations operated by Dialog Telekom for the period 2000-2004.

	As at end 31 December					31 March
	2000	2001	2002	2003	2004	2005
Mobile Switching Centres	3	3	4	5	5	6
Base Stations	135	177	278	371	457	493

Table 10-2: NSS and BSS Network Growth

The operations and maintenance of the Dialog Telekom Network is carried out by a highly trained Network Operations team functioning on a 24x7 basis. Operations and maintenance is centred on a Network Operations Centre (NOC) located in Colombo. The NOC regularly records, analyses and responds to a large number of network performance benchmarks relating to the quality of service provided to customers across all components and geographic regions of the network. Network performance benchmarks and Key Performance Indicators are standardised against international best practices and incorporated within the Company's service quality management indices.

Based on the overall subscriber forecasts, network growth plans are prepared to facilitate network expansion for coverage and capacity.

10.3.2.2 Value Added Services

Dialog Telekom has been consistently recognised for its dynamic and forward thinking approach to value addition. A continued focus on innovation and local adaptation of cutting edge technologies has enabled Dialog Telekom to maintain and grow a comprehensive portfolio of VAS. The service descriptions below serve to provide a broad outline of the depth of the service portfolio offered by the Company to its client base.

- **Short Message Service (SMS) based VAS**

SMS provides a convenient and user friendly communication medium for the delivery of a wide variety of VAS. SMS provides an underlying bearer for a range of Information on Demand (IoD) services spanning a wide spectrum of information categories ranging from financial information, through entertainment to sports and news. SMS is also used as a primary access medium for the request and delivery of reusable content services.

- **GPRS (Mobile Internet) Portal Services**

Dialog Telekom's GPRS portal provides a mobile Internet interface to a range of infotainment services ranging from reusable content services to information retrieval and search engine facilities.

- **Automatic International Roaming (AIR)**

Dialog Telekom has consistently enhanced the VAS available on its international roaming network, with the objective of growing its share of usage by inbound as well as outbound clients. The extension of its roaming service to encompass GPRS roaming has facilitated subscribers to use GPRS mobile data facilities (for example internet or intranet access) as well as GPRS based value added services (such as MMS, mobile TV and Push "n" Talk) while roaming overseas. The roaming-based product development efforts of the Company have also been targeted at reducing costs pertaining to international roaming services. Facilities to screen incoming calls and call Sri Lanka at preferential rates using call-back, and the advent of prepaid roaming, are some of the paradigm shifting services that has extended the applicability of international roaming to a wider segment of consumers. An aggressive approach to VAS development has ensured that the Company provides a captive product proposition to inbound and outbound roamers alike.

The latest foray of Dialog Telekom in the sale of its services and infrastructure to overseas operators is to provide turnkey solutions to foreign networks for the setting up and operation of AIR. Dialog Telekom's impressive roaming client list makes it attractive for start-up operators to access those clients via the roaming hub in Sri Lanka. This emerging line of business not only helps Dialog Telekom to open up new revenue streams, but also solidly establishes the international strengths of the Company.

- **Reusable Content (Download) Services**

Download of ring tones, games, wall papers, multimedia clips etc., are rapidly growing in popularity. The Company maintains a comprehensive and regularly updated content store, which provides consumers with access to a wide variety of novel and fully licensed content.

- **Location Based Services**

Dialog Telekom provides a suite of location based services ranging from location sensitive IoT services to corporate solutions for vehicle/fleet tracking and sales force management.

- **Local Language Services**

Dialog Telekom has pioneered the support of Sinhala and Tamil SMS and mobile portal services in the Sri Lankan mobile telephony market. The maturing of the service going forward is likely to open new vistas for the application of SMS and the mobile Internet.

- **Multi Media Messaging Service (MMS)**

Dialog Telekom was an early starter with respect to the provision of MMS (among the 1st 40 operators in the world) to Sri Lankan consumers. MMS facilitates the transmittal of pictures and short moving clips between mobile phones and/or email terminals.

- **Video Streaming Services**

Dialog Telekom has exploited the potential of underlying GPRS (and more recently EDGE) technologies to their maximum, by providing a range of video streaming applications. Principal among the latter is the mobile TV service supporting live TV streaming to compatible mobile devices.

Refer Annex D for a full list of Value Added Services offered by Dialog Telekom.

10.3.2.3 Market Segmentation

The Company's postpaid mobile service commenced in March 1995 under the "Dialog" brand name and has attained a 400,000 strong subscriber base. The Company introduced prepaid services in 1999 under the brand name "KIT". The prepaid customer base stands at approximately 1.1 Million subscribers as at 31 March 2005.

Dialog Telekom's service philosophy is underpinned by the objective of providing telecommunication solutions to all segments of the society.

The following tables provide examples of key segments and corresponding product offerings.

Segment	Product	Description
Household, Youth and Budget Conscious Consumer		Prepaid, Zero Rental, VAS, Instant Roaming
Entry Level Executive		Postpaid, Low Rental, Basic VAS
High End Individual, Middle Level Executive, SME's		Postpaid, Bundled VAS, Low Call Charges, Premier Roaming
Corporate Customers		Group solutions, Bundled VAS, Premier Roaming
Special Segments		
Rural Consumer with Limited Mobility		Prepaid dual line connection with Line 1 on Limited Mobility and Line 2 on Standard Prepaid
Controlled Usage - Niche Segments		Prepaid with pre-defined, limited incoming and outgoing access

Figure 10-3: Dialog Telekom's Mobile Telephony Product Portfolio

The size and composition of the Dialog Telekom subscriber base and usage patterns have changed over the past few years. Rapidly increasing affordability and enhanced availability (in terms of network reach) has acted as a catalyst for wide scale adoption by less affluent segments of society. The advent of prepaid services has provided a strong impetus for mobile telephony penetration growth. The low commitment attached to ownership, characteristic of prepaid services has made mobile telephony the communication method of choice for an increasing proportion of telephony users in the country. Mobile telephony continues to be used liberally by the high spend and corporate segments, markets that accounted for a large majority of mobile phone ownership during the early years of sector development.

With the growth in subscriber numbers, Dialog Telekom experienced a CAGR of 64% in total outgoing MoUs and 51% in total incoming MoUs. MoUs for the month of March 2005 approximated 306 Million reflecting a year on year growth of 109% since year 2000. Dialog Telekom has also experienced rapid growth in SMS usage with approximately 5 Million messages in December 2004 reflecting a year on year growth of 20%. Approximately 90% of Dialog Telekom subscribers were SMS users as at 31 December 2004.

Dialog Telekom's mobile revenues are derived primarily from voice traffic generated in the form of domestic and international calls. In addition to the core (voice) service, a growing proportion of revenues are derived from SMS and GPRS services and other chargeable VAS. Despite increasing system usage (in terms of total MoU) over the review period, the Company has experienced increasing pressure on the ARPU and MoU per subscriber in line with the prevailing trends of exponential market growth and the relatively limited spending patterns of incremental users.

The Company has been consistently successful in deriving maximum dividends from the market growth opportunity notwithstanding declining ARPUs and MoUs. In preparation for emerging growth opportunities within a mass market environment, the Company has long since focused on "profit per minute" and "profit per user" as lead indicators of ongoing performance as opposed to ARPU. The former measures have driven changes in the Company's cost structure and value chain formulation which in turn have ensured that the Company would continue to deliver approximately 30%+ CAGR in profitability notwithstanding the dramatic transformation evidenced with respect to the spending profile of the Company's subscriber base.

10.3.2.4 Sales and Marketing

- **Distribution Channel for GSM Subscriptions**

The Company has established a far reaching dealer network operated primarily by 11 exclusive Dialog Business Partners. Dialog Telekom's dealer network has over the years

established points of presence for the Company's products and services in all major towns and cities across the country including the Northern and Eastern provinces. Dialog Telekom's Business Partners also play a lead role in the country's mobile phone trading sector having established themselves as large-scale importers of all major brands of mobile phones and accessories.

The collaborative strength of Dialog Telekom and its Business Partners is singularly manifested in the "Arcade" concept – a unique model store featuring the collocation of all Business Partners within a Dialog sponsored showroom. The "Arcade" model store has been replicated in several major cities in Sri Lanka and provides consumers with a wide variety of mobile phones and accessories.

Dialog Telekom distribution network comprises of approximately 14 retail outlets constituting 4 Dialog Arcades and 10 service centres that are owned and managed by Dialog Telekom.

A majority of Dialog Telekom's subscriptions are contributed by its exclusive Business Partner network. Business Partners account for approximately 90% of prepaid connections and 70% of postpaid new connections. No single Business Partner accounts for more than 15% of total connections. Business Partners operate under distribution agreements termed as "Exclusive Dealer Agreements".

Most of Dialog's Business Partners represent international mobile handsets as exclusive agents in Sri Lanka. Some of the brands represented include Nokia, Motorola, Alcatel, Siemens, Samsung, Sony Ericsson and Sagem.

- **Distribution of Prepaid Top-Up**

Dialog Telekom has a prepaid subscriber base in excess of 1.1 Million customers. Since the launch of the KIT brand in 1999, Dialog Telekom has concentrated on the development of approximately 10,000 strong distribution outlet network for the top-up (recharge) of prepaid mobile phone accounts.

While Dialog Telekom has achieved wide spread distribution for traditional top-up via paper based vouchers, the Company has also pioneered the use of SMS based electronic top-up, thereby injecting unprecedented efficiency and consumer convenience in to the value chain associated with prepaid recharge.

Dialog Telekom's distribution mechanism is underpinned by 35 exclusive distributors supported by approximately 150 field sales representatives.

- **Brand Building, Advertising and Promotion**

The Company's advertising and promotions thrust is evenly distributed between product announcement/promotion and brand building. The wide portfolio of products and services supported by the Company alongside the correspondingly wide range of market segments addressed, necessitates consistent and sustained advertising and promotions activity characteristic of leading mobile operators in the region.

Dialog Telekom actively advertises on television, radio, billboards and in selected magazines and newspapers. The core advertising strategy of the Company is to consolidate and extend brand value as the undisputed leader in the mobile industry. As such Dialog Telekom focuses on quality of advertising, selecting appropriate media and ensuring consistency with the Dialog Telekom brand image of "TheFuture.Today.". Supplementary brand attributes include technological leadership, innovation, youth affinity and community consciousness. Key Brands built and sustained by the Company are: the Dialog parent brand, KIT (Prepaid), SARU (Rural Home Zone), DO SMS (SMS infotainment), GO MMS and Premier Roaming. The said "main brands" are constantly supplemented with product based sub-brands and extensions in line with the continuous innovation focus of the Company.

In addition to the branding of mobile services, Dialog Telekom actively promotes its supplementary services namely Dialog Internet, Dialog Global (International) and Dialog SAT (Satellite Services).

- **Rewards Programmes**

Dialog Telekom supports a comprehensive portfolio of customer rewards programmes focused on rewarding customers for loyalty and continued usage of Dialog Telekom services. Based on the wide spectrum of consumer segments addressed by the Company, several rewards/loyalty programmes have been designed with specific focus on key segments.

Segment	Usage	Loyalty Programme
Individual	High Usage Customers	Club Vision Programme
	Medium Usage Customers	Priority Rewards Programme
	All Customers	Nexus and Star Circle Rewards Points Programmes
Corporate	High Usage Corporate Clients	Corporate Loyalty Benefits Package
	Medium Usage Corporate Clients	Corporate Priority Rewards
	Low Users	Nexus and Star Circle Rewards Points Programmes
Corporate Individual	Frequent Travellers	Skywards Air Miles Programme

Table 10-3: Loyalty Programmes at Dialog Telekom

As set out in the table above, Dialog Telekom has built a comprehensive rewards package for its rapidly growing multi-segment client base. Strong and mutually beneficial partnerships have been established with peer loyalty rewards programmes of Sri Lankan Airlines/Emirates (Skywards) and Nexus.

10.3.2.5 Customer Care and Service Delivery

The delivery of excellent customer care and service delivery quality and efficiency is central to the Company's product delivery paradigm.

- **Service Delivery Excellence through Human - Technology Mix**

The Company has employed a strategic mix of service delivery technologies and human resource excellence in creating a service offering which is warm, consistent and reliable across all Dialog Telekom's customer contact interfaces. Specific emphasis has been placed on the development and internalisation of human and technology based processes, which address the challenges of high transaction volumes and segment heterogeneity.

Dialog Telekom's service front end is powered by approximately 500-member service team (accounting for 35% of the Company's workforce) – an investment in human capital which emphasises the Company's commitment to service delivery and the paradigm of maintaining intimate contact with its 1.5 Million strong customer base.

- **Contact Centre**

Dialog Telekom's customer contact interface has been developed on a multi-modal paradigm with customers being facilitated with service access via frontline counters, or via a state-of-the-art multi-modal contact centre supporting voice, SMS, web-chat and email. The Company's contact centre operation functions on a 24x7 basis and is billed as one of the most advanced in the country. The flagship installation, which has set the pace for contact centre technology deployment in Sri Lanka, is manned by an approximately 150 strong highly trained workforce.

Dialog Telekom's service front end is primarily tri-lingual with specialised support being available in sign language for the hearing impaired and in foreign languages for international roaming clients. Dialog Telekom's service delivery initiatives for the differently abled also encompass the provision of braille bills and the disabled parking and access facilities.

- **Automation and Self-Help**

The Company has made substantial investments towards the automation of high volume customer transaction types. Subscription and provisioning of VAS, modification of services and frequently accessed information services such as account balance enquiries have been facilitated via automated interfaces encompassing, Interactive Voice Response (IVR), SMS and web technologies.

- **Service Network**

“TheFuture.Today.” paradigm is espoused strongly in the cutting edge service delivery technologies and Customer Relationship Management (CRM) technologies deployed by the Company. All service points operated by Dialog Telekom (including those in the Northern and Eastern provinces) are wide area networked enabling a seamless service front end for customers from all parts of the country. The Company's self operated service point network is supplemented by a growing network of franchised service delivery points which in turn are subject to close developmental focus and scrutiny by Dialog Telekom, with respect to the maintenance of consistent service delivery standards. The Company also operates a network of self-service kiosks, which provide customers with convenient access to the Company's service delivery infrastructure via an user-friendly interface.

- **Training and Development**

Continuous development of front line human resources in terms of technology affinity as well as service delivery related soft skills is a pre-requisite for the maintenance of service delivery standards on the backdrop of a rapidly growing business in terms of transaction volumes as well as geographic dispersion.

The Dialog Academy is a purpose-built construct focusing on providing training and developmental assistance to Dialog Telekom and Business Partner human resources. The Dialog Academy ensures that front line human resources are consistently updated with the required competencies in order to ensure Dialog Telekom's service and business standards are implemented and maintained throughout the self-operated and franchised service delivery networks.

- **Payment Infrastructure and Technologies**

Facilitating convenience of monetary transactions between a rapidly growing consumer base and the network, has been central to the development of a cutting edge payment and settlement infrastructure encompassing post paid as well as prepaid services. A strong focus on payment technologies and customer access interfaces has facilitated multi-modal transaction convenience to customers.

The Company has established wide spread reach for its payment network through its self-operated service point network supplemented by bank branches, Business Partner operated payment centres and franchise service points. The Company prides itself with a total of over 400 payment points across the country.

Payments via ATMs, Tele Banking, Internet and through the use of prepaid vouchers (paper based and electronic) provide an added dimension of convenience and efficacy to the Company's payment infrastructure.

- **Internet Based Service and Information Delivery (Website)**

The Company's multi functional website can be accessed at www.DialogTelekom.com. The Dialog Telekom website provides an active interface to information retrieval and service delivery for existing and potential customers of the Company.

In addition to providing a comprehensive range of information on products and services, the website is also deployed in an "active" context to provide real-time access to service delivery facilities. Customers are empowered with the facility to make payments, engage in web chat with customer care agents, download reusable content and subscribe for VAS via the Dialog Telekom web site. The Company will continue to emphasise on the "active" capabilities of the website within the service delivery value chain.

10.3.2.6 Summary of Operational Results

The following table sets forth selected financial and operating information about Dialog Telekom's mobile services during the periods indicated.

	For the Year Ended 31 December				
	2000	2001	2002	2003	2004
Financial Information					
Revenue (Rs. Million)	2,267.9	3,218.2	4,589.9	7,476.9	11,406.6
Postpaid	1,462.9	2,096.8	2,671.8	3,561.7	4,931.3
Prepaid	126.6	480.2	989.6	2,262.6	4,010.0
Others	678.4	641.2	928.3	1,652.5	2,465.3
Operational Information					
Total population of Sri Lanka ('000s)	18,467	18,732	19,007	19,252	19,462
Sri Lankan mobile subscribers	430,202	667,662	931,580	1,393,403	2,211,158
National mobile penetration	2.2%	3.6%	4.9%	7.3%	11.3%
Dialog postpaid subscribers	76,682	121,198	165,632	228,496	328,785
Dialog prepaid subscribers	45,935	156,800	321,096	602,216	1,029,856
Dialog market share of total subscribers	28.5%	41.6%	52.2%	59.6%	61.4%
Dialog annual subscriber growth	154.6%	126.7%	75.0%	70.67%	63.5%
Blended ARPU (Rs.)	No info.	1,051.6	778.4	711.2	677.2
Employee retention	97.5%	97.3%	98.2%	97.1%	97.2%

Table 10-4: Selected Financial and Operating Information

Source: Central Bank Annual Report 2004 and Company Information

10.3.3 International Services Network

Following industry liberalisation and the cessation of SLT's monopoly on international services, Dialog Telekom made an entry into the international services arena, providing IPLC and voice traffic origination/termination services in primary competition with SLT.

Spurred on by the singular head start achieved through being the first international operator off the block following liberalisation in 2003, Dialog Global (the Company's international services business unit) has established a comprehensive network of international linkages facilitating the flow of traffic to and from Sri Lanka to most international destinations.

Dialog Global derives significant strength and infrastructural advantages from the global network of TM. Principal among the latter synergies derived from its parent company is the access to international bandwidth on a far reaching network of submarine fibre optic cables. Other synergies have facilitated the provision of managed services and centralised traffic clearing facilities.

Dialog Global voice termination services are provided to a range of first and second tier international operators. Partner operators include British Telecom, SingTel, Telekom Malaysia, Belgacom and several others. Revenues accruing from the provision of the said services form a healthy foreign exchange stream for the Company, with each minute terminated through Dialog Telekom's international gateway infrastructure attracting a foreign exchange inflow to the Company and country.

The Company is playing an increasingly active role in the (wholesale) international bandwidth market, by virtue of its status as a service provider for SEA-ME-WE 3 submarine cable bandwidth.

In order to aggregate originating international voice minutes from non-Dialog Telekom subscribers, the Company launched its international calling card branded as Dialog Global. These cards are distributed via Dialog Telekom's 10,000+ retail network and the mobile prepaid top-up/recharge card could be used to refill these calling card accounts.

As an extension to this calling card, Dialog Telekom launched an international calling card to aggregate terminating traffic to Sri Lanka under the brand name of Paradise. This was launched in the UK on a pilot basis and the Company plans to extend it to other markets exhibiting large Sri Lankan migrant populations.

Dialog Telekom envisions future demand for international bandwidth escalating due to the entry of Sri Lanka into the BPO space. Dialog Telekom's reach extends well beyond the locally connected SEA-ME-WE 3 cable to all major submarine cables such as APCN2, TPC-5, CHINA-USA through bridging arrangements supported by TM at its multipoint global nodes situated in all major global markets.

10.3.4 IP Network Infrastructure

Dialog Telekom has over the past years developed a mature IP infrastructure to support a large range of convergent, Internet-based services and applications.

Dialog Internet (operating under the brand name of Dialog-I) provides end-to-end retail and wholesale services to the Sri Lankan market.

The core IP infrastructure is also positioned for convergent technologies such as GPRS, 3G and WiFi.

The Company's IP infrastructure is connected to a highly reliable back bone via SEA-ME-WE 3 backed up by Satellite via IntelSat and New-Skies.

Dialog Internet also offers variety of Internet access solutions ranging from local shared Internet access to customised fibre Ethernet solutions to dedicated leased circuits with guaranteed Bandwidth via SEA-ME-WE 3 and Satellite connectivity.

10.3.5 Network Management Centre

Dialog Telekom has a 24x7 centralised monitoring system, which monitors the entire GSM/GPRS/IDD/ISP/IN/VAS networks. The real time monitoring of each and every network element is done by well trained staff operating on 24 x 7 on-site and on-call rosters.

10.4 Awards of Excellence

The relentless pursuit of excellence in high technology service provision earned the Company the distinction of being the first telecommunications operator in South Asia to receive ISO 9001 certification. The commitment of the Company to excellence in business practices led to the winning of the National Quality Award (Large Scale Service Category) in 2001, followed closely by international recognition in the form of the (Malcolm Baldrige based) Asia Pacific Quality Award in 2002.

At the National Business Excellence (NBE) Awards 2004 – Dialog Telekom won the coveted National Business Excellence Gold Award, a recognition of the Company as one of the best corporate entities in Sri Lanka. Dialog Telekom was also the winner of the National Business Excellence Award - Extra Large Category, as well as the National Business Excellence Awards for the Best Tech Savvy Company and the Best Capacity Builder. The National Business Excellence Award is an annual awards programme conducted by the National Chamber of Commerce of Sri Lanka (NCCSL) with a view to recognising business enterprises, which have demonstrated excellence in business whilst contributing to the economic progress of the country.

The Table below provides a list of awards received by the Company in chronological order.

Year	Award	Awarded By	Remarks
1999	ISO 9002:1994	DNV – Sri Lanka	1 st Telecom Operator in Sri Lanka
2001	ISO 9001:1994	DNV – Sri Lanka	1 st Telecom Operator in Sri Lanka
2001	GSM World Award for Change Trust Fund	GSM Association	Category: GSM In Community
2001	National Quality Award – Winner Large Scale Service Category	Sri Lanka Standards Institution	Based on Malcolm Baldrige Quality Award
2002	GSM World Award for SMS 112/Braille Billing	GSM Association	Among Wireless Accessibility
2002	Asia Pacific Quality Award	Asia Pacific Quality Association	Selected from among winners of National Quality Awards
2003	GSM World Award for SMS Based National Blood Donation Network	GSM Association	Wireless Accessibility
2003	ISO 9001:2000	DNV – Sri Lanka	1 st Telecom Operator in Sri Lanka
2004	Corporate Citizen Awards – Best Customer and Supplier Relations	Ceylon Chamber of Commerce	
2004	National Business Excellence Awards Overall Winner	National Chamber of Commerce of Sri Lanka	Overall winner from among 200+ applicants
	National Business Excellence Awards Winner-Extra Large Category		
	National Business Excellence Awards Best Capacity Builder		
	National Business Excellence Awards Best Tech Savvy Company		

Table 10-5: List of Awards and Accreditations

10.5 Competitive Strengths

Despite being the last entrant to the local mobile telephony arena, Dialog Telekom successfully outpaced competition to achieve a market leadership position in the year 2000 and has strengthened the said position thereafter to reach a market share of approximately 60% as at end March 2005. The Company is also the most profitable operator in the extremely competitive sector. The Company continues to reinforce its position of strength in the market, which in turn is derived from several facets as set out in the summary below.

10.5.1 Brand Equity

The brand name “Dialog” plays a critical role in customer acquisition and retention across all the principal product segments. The brand and its attributes will continue to be instrumental in differentiating the Company’s products from that of existing and new competition. Over the years, the Company has invested heavily in the building of brand equity for the Dialog brand and key sub-brands such as KIT (Keep in Touch – Prepaid Service) and SARU (budget and home zone prepaid services).

Dialog Brand equity has also been extended to the international services arena through the Dialog Global Brand and to the Internet services market through Dialog Internet.

10.5.2 Innovation Focus

As espoused in its signature, "TheFuture.Today.", the Company prides itself on its commitment to and achievement trail in research, development and new technology introduction. Dialog Telekom has made significant investments in Research & Development (R&D) making it one of the largest investors in this sector. Dialog Telekom's R&D projects are carried out through its in-house R&D arm making it unique in the Sri Lankan telecom industry. R&D investments have sustained Dialog Telekom's ability to innovate and has guaranteed it's market leadership position. Innovations originating from Dialog Telekom have been recognised both locally and globally and have achieved many regional "firsts" for the country.

The Company spent \$1.75 Million, \$2.00 Million and \$1.44 Million during the years 2002, 2003 and 2004 respectively.

10.5.3 Research and Development – Applied Research

Dialog Telekom has continuously innovated in all aspects of its product/service portfolio. Most products earned the distinction of being first in Sri Lanka and in some cases in the South Asian region.

Due to the dynamism of technology evolution and its impact on technology enabled services, Dialog Telekom's corporate structure features separate divisions focusing internal resources on macro product innovations involving technology integration and core network upgrades and micro product innovations, such as segment specific VAS.

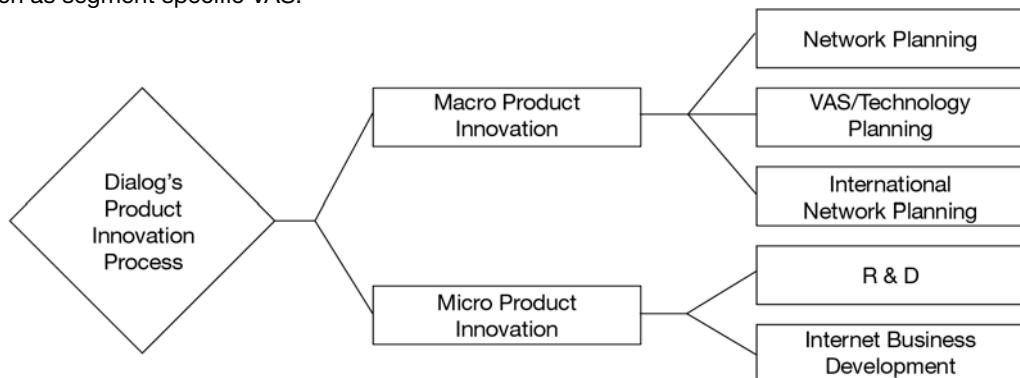


Figure 10-4: Innovation in Structure

a. Macro Product Innovation – Core Network

Dialog Telekom has been in the forefront of network innovation. The following is a list of technology/service classes that were introduced with a large scale technological upgrades of the network and a significant degree of localisation and integration.

- GPRS/mobile Internet
- MMS
- EDGE
- Intelligent network services

b. Micro Product Innovation – Value Added Services

Some of the VAS developed on the above technologies include;

- **SMS** base applications such as banking, downloads and Information on Demand services
- **GPRS/WAP** based applications such as WAP games, content downloads and mobile video streaming
- **Voice based** applications such as greetings, sports update via IVR and voice chat
- **Location Based Services** and Interactive Cell Broadcasting

Refer Annex D for a comprehensive list of Value Added Services.

10.5.4 Established Customer Base

Dialog Telekom has established a significant market share in the local mobile market. Dialog Telekom estimates it has approximately 60% market share with a subscriber base of over 1.5 Million as of end March 2005 accounting for approximately 40% of the total telecommunications market in Sri Lanka.

The established and loyal customer base in its core markets, places Dialog Telekom in good competitive stead relative to existing competition and new entrants.

10.5.5 Breadth of Product Range

Dialog Telekom offers a wide range of communications products and solutions spanning from core voice services to text and image based VAS, mobile data services and mobile Internet services. As alluded to in preceding sections of this Prospectus, the Company pays equal emphasis to the development of value-adapted products and services targeted at low spend and/or special needs segments, as it does to the development of high-end VAS. Product innovations targeted at low end segments are typically characterised by the minimisation of entry costs and usage commitments. Products which provide local language interfaces thereby ensuring applicability to a majority of Sri Lankan consumers have been the focus of recent developments carried out by the Company.

The breadth of its product range enables the Company to compete effectively in a large spectrum of market segments ranging from high-end niche markets to the mass markets emerging from recently covered territories.

10.5.6 Effective Distribution Network

Dialog Telekom has applied consistent emphasis to the development and strengthening of its Business Partner driven distribution network, as a crucial element of its recipe for growth. The Company is committed to the long standing business collaborations established with its Business Partners and distributors through the provision of ongoing technical and marketing support, human resource development and sustainable incentive schemes targeted at spawning robust and long term partnerships. The Company's philosophy with respect to channel development has delivered the desired results as evidenced by the robust mobile telephony retail operations carried out by the main exclusive business partners of the Company.

Dialog Telekom's distribution network consists of three categories of resellers – exclusive GSM Business Partners, prepaid voucher distributors and distributors of Dialog Telekom's Internet services and international calling card services. At present, the GSM channel operation is carried out through 11 exclusive Business Partners. The sub-distribution networks established and maintained by the exclusive Business Partners have provided Dialog Telekom with a strong retail presence in all parts of the country.

Dialog Telekom's 1.1 Million prepaid subscriber base is served through a prepaid voucher distribution network comprising of over 10,000 retail points. The retail network is accessed through a wholesale layer comprising of 35 exclusive distributors. Dialog Telekom pioneered the usage of electronic recharge (top-up) technology with the objective of upgrading the status quo of distribution technology prevalent in the market.

In addition to the distribution of its core (mobile) services, Dialog Telekom harnesses the strength of Business Partners in order to distribute its Internet services as well as its international calling card services. The Company has established reselling partnerships with 39 Business Partners in the Internet arena.

10.5.7 Strong Management Team

The Company's senior management team possesses technological know how and multinational exposure necessary for a mobile operator within an industry gearing towards intense competition. The management team is particularly competent in the areas of cutting edge technology application and development, innovative service creation, marketing and brand building, operational excellence and financial management and planning. The senior management team has been instrumental in creating a dynamic and fast moving business formulation built on the sound foundation of an efficient operation, leading to the market leadership position it currently enjoys.

A majority of the current senior management have been part of the leadership team established in 1997, which drove the Company's aggressive advancement through Sri Lanka's mobile sector, from a fourth placed position to being the market leader.

10.6 Business Strategy and Future Plans

The Company's business paradigms have been focused on the provision of affordable and high quality (in terms of quality of service as well as value addition) mobile communications services to a wide spectrum of Sri Lankan citizens, supported by a robust customer care and service delivery infrastructure. Fiscal prudence and close attention to revenue assurance, credit management and quality assurance provide a sound foundation for the conversion of success at the product and market levels of the business into quantifiable business results and shareholder value enhancements. The Company has consistently applied focus to the development and maintenance of quality systems within all spheres of activity. Significant investments are made on a continuing basis towards the development of high-class human resources leading to a highly skilled workforce, which provides the foundation for a dynamic operation notwithstanding its scale and magnitude.

Dialog Telekom's developmental focus has been regularly evidenced to extend well beyond Company boundaries. The Company applies significant focus to its ongoing contribution to community and social development through high impact programs primarily addressing the spheres, of empowering the differently abled, education and national sports.

Dialog Telekom's business philosophy has been closely tethered to its signature "TheFuture.Today." – i.e. a technology paradigm and consumer promise to base product and service offerings on cutting edge technologies and the internalisation of a continuous innovation focus to all aspects of the business.

Dialog Telekom's associate lines of business (international services and Internet services) have been developed along lines similar to the well-matured mobile operation.

Going forward the Company seeks to establish and implement development and business constructs, which would enable the capture and operation of emerging markets on a viable and profitable basis.

Regionalisation of operations in keeping with increasing depolarisation of operations and subscriber distribution are among the key strategies to be adopted by the Company in future periods, thereby ensuring fiscal and operational efficacy as well as proximity to the consumer in line with the Company's service ethic.

Technology strategies going forward are aligned to a two-pronged approach/emphasis. While cost efficient and expedient network expansion remains a clear priority, the Company is also ready to embrace the convergent opportunities presented by technology advancements especially in the realms of mobile multimedia technologies and the advent of the next (3rd) Generation of mobile communications.

The Company will continue to apply a balanced approach to its business incorporating a mix of fiscal prudence and assurance, market aggression, product and service quality development and maintenance and a close focus on the development of human resource capital and community/social development.

10.7 Statutory Information Pertaining to the Company and Its Business

10.7.1 Customers and Suppliers

The Company purchases materials, equipment, software and maintenance services to expand, upgrade and maintain its network. Network related materials and equipment consist of towers, base stations, switching and transmission equipment and subscriber apparatus. The two main suppliers of NSS and BSS telecommunications equipment are Ericsson and Alcatel. The other elements such as VAS, microwave equipment, tower infrastructure are procured from several local as well as foreign suppliers.

Network equipment is purchased under competitive bidding processes, involving the inviting of a pre-selected number of suppliers to submit bids. All procurements are processed through the Central Procurement Unit (CPU) of the Company.

The Company has emphasised the adoption of a standards based and internationally recognised technology roadmap. As such the network infrastructure of the Company has steered away from proprietary technologies and enjoys a wide breadth of vendor choice due to the high degree of standardisation of GSM infrastructure. The latter approach also applies to supporting infrastructures such as microwave transmission equipment and IP infrastructure.

The Company is thereby not overly reliant on any particular vendor and has been and will continue to be placed in a position of choice with respect to the procurement of extensions and advancements to its infrastructure.

10.7.2 Property Owned by the Company

Details of the properties owned on a leasehold basis by the Company are given in Annex B herein.

TM International Lanka (Private) Limited owns all premises and buildings indicated in Annex B, which have been leased to the Company. Dr. Shridhir Sariputta Hansa Wijayasuriya is a Director of TM International Lanka (Private) Limited. No other Directors of the Company either individually or collectively hold any interests in properties acquired, disposed or leased by the Company during the two years preceding the date of the initial listing application to the CSE. There have been no transactions in the acquisition or disposal of properties listed in Annex B during the two years preceding the date of the intial listing application to the CSE.

10.7.3 Details of Material Indebtedness

As at 31 December 2004, total loan capital and borrowings of the Company is given in Note 16 and 23 of the Audited Financial Statements ended 31 December 2004 on pages 111, 112 and 115.

As at 31 December 2004, total lease commitments of the Company is given in Note 16 of the Audited Financial Statements ended 31 December 2004 on pages 111 and 112.

As at 31 December 2004, total material capital commitments of the Company is given in Note 21 of the Audited Financial Statements ended 31 December 2004 on pages 113 and 114.

There are no mortgages and charges on the assets of the Company as at the date of the listing application.

There are no guarantees outstanding as at 31 December 2004.

10.7.4 Working Capital

The Board is of the opinion that the working capital of the Company is sufficient for the purpose of normal day to day operations of the Company.

10.7.5 Disaster Recovery Management/Business Continuity Planning

The Company applies an ongoing emphasis to contingency planning at an operational as well as network infrastructure level to secure the provision of uninterrupted services in the wake of equipment failure or destruction.

Operational and infrastructure level disaster recovery plans currently in place as well as under development for the future, are supplemented by a comprehensive suite of insurance policies providing loss replacement as well as business replacement coverage.

The Company ensures that its assets are secured through a transfer of risks, by obtaining diverse and comprehensive insurance policies over and above the robust initiatives to avoid, prevent and reduce risks. The policies (totalling to 16 at present) indemnifies the Company from all risks including terrorism, sabotage, material damage, business interruption, hospitalisation, injury to staff, fraud, third party liability and Acts of God. The commitment towards loss prevention through the successful implementation of risk management initiatives since 1999 has resulted in a decline in all loss ratios through minimisation of risks (excluding the tsunami in 2004). This has enabled the Company to obtain commercially attractive and at times lower premiums and service value additions from insurers over the years. Dialog Telekom is insured under the following insuring agreements;

All risks material and physical damage – cover is provided for all physical losses caused by:

- Fire
- Human beings – negligence, intentional damage, theft, burglary, robbery
- Water – tide water, flooding, ground water, rain water, corrosion and other types of liquid
- Natural phenomena/Acts of God – earthquake, volcanic eruption, seaquake or tsunami, hurricane, typhoon, cyclone, tornado, storm, wind, storm tide, avalanche, rock slide
- Technology – errors in construction, material defects, manufacturing discrepancies, damage through indirect lightning
- Data media cover – all data and media throughout the respective insured company premises and the backup centre. Backup data files and data media for external storage are also insured to and from the Company premises to the backup storage facilities.
- Business Interruption/Loss of Profit Cover (LOP) - The object of insurance under LOP is the amount of profit the Company loses due to physical damage to an insured item causing downtime of the equipment.

10.7.5.1 Enterprise Risk Management (ERM)

ERM at Dialog Telekom was initiated with the main objectives of gaining a better understanding of risks across functions and business units and safeguarding the organisation against earnings related risks and surprises. Over the years ERM initiatives have contributed in improving Dialog Telekom's Earnings Per Share (EPS) and cost of capital. The ERM team is tasked with the minimisation of risk and the implementation of performance improvements across business operations.

A key element of the ERM framework is the ranking of actions according to the level of risk so that management can prioritise and allocate resources on a consistent, objective and sound basis. If an identified risk associated with a project or operation is unacceptable then suitable management action is taken according to a focused action plan.

10.7.5.2 Business Continuity Planning

The Disaster Recovery (DR) and Business Continuity (BC) plans focus on key post loss events and procedural changes required to minimise these risks. The DR approach adopted by Dialog Telekom is based on internationally recognised standards.

The effectiveness of Dialog Telekom's operational disaster recovery plans were evidenced during the tsunami disaster when the Company's infrastructure was maintained in an operational state throughout the affected areas notwithstanding the destruction of supporting infrastructures such as electricity, in addition to some of Dialog Telekom's own installations.

10.7.6 Dividend Policy

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of the Company. The dividend policy will be based on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition.

10.7.7 Litigation, Disputes and Contingent Liabilities

As at the date of this Prospectus there is no material litigation by or against the Company. As at the date there are no penalties imposed by any regulatory and state authority against the Company.

As at the date there are no contingent liabilities that would affect the current and future profits of the Company.

10.7.8 Material Contracts

The Company has not entered into any material contracts other than those contracts entered into as part of the ordinary course of business.

10.7.9 Management Agreements

There are no management agreements in force as of the date of the Prospectus.

10.7.10 Intellectual Property

Tabulated below are trademarks owned by the Company, detailing status of registration.

TRADEMARK NAME	TM NUMBER	DATE OF FILING	PRESENT STATUS
SARU (SIN)	92694/K	06/05/1999	Pending
KIT	92695	06/05/1999	Registered
DIALOG (ENG)	92818/K	18/05/1999	Registered
E-VOLUTION	96485/K	11/02/2000	Registered
CHANGE	97091/K	29/03/2000	Pending
W@P	97620/K	04/05/2000	Registered
DIALOG - I INTERNET (DEVICE)	102301/K	20/02/2001	Pending
DIAL 5 (SIN)	104244/K	24/07/2001	Pending
DIAL 5 (ENG)	104245/K	24/07/2001	Pending
THE FUTURE TODAY (SIN)	104451/K	02/08/2001	Pending
THE FUTURE TODAY (ENG)	104452/K	02/08/2001	Pending
I	106516/K	25/01/2002	Pending
DO GAMES	106517/K	25/01/2002	Pending
DO CHAT	106518/K	25/01/2002	Pending
DO SMS	106519/K	25/01/2002	Pending
RING TONES	106607/K	31/01/2002	Pending
ARCADE	108312/K	21/06/2002	Pending
SARU (TAM)	108411/K	02/07/2002	Pending
DIALOG (TAM)	108412/K	02/07/2002	Pending
DIALOG (SIN)	108413/K	02/07/2002	Pending
DIALOG SAT	108427/K	04/07/2002	Pending
KIT CHALLENGE	112211	26/02/2003	Pending
DIALOG GLOBAL (TAM)	115045	29/08/2003	Pending
DIALOG GLOBAL (ENG)	115046	29/08/2003	Pending
DIALOG GLOBAL (SIN)	115090	02/09/2003	Pending
3G - 3 rd GENERATION	118327	16/03/2004	Pending
GAME ZONE	118328	17/03/2004	Pending
EDGE	118330	16/03/2004	Pending
FUNKEY	118331	16/03/2004	Pending
CRAZY IDD	118329	17/03/2004	Pending
ZERO77 LIVE	118332	17/03/2004	Pending
DIAL 777 HOWZZAT	119079	12/5/2004	Pending
DIALOG. THE FUTURE. TODAY (Tamil)	119753	21/06/2004	Pending
PRIORITY	121714	04/10/2004	Pending
PRIORITY - CORPORATE	121715	04/10/2004	Pending
DIALOG 3G	124227	03/03/2005	Pending
DIALOG (word mark)	124938	15/04/2005	Pending

Table 10-6: List of Trademarks

Source: Company Information

11.0 Corporate Structure

11.1 The Board of Directors

The Company's business and operations are managed under the supervision of the Board of Directors comprising of five (5) non executive directors and one (1) executive director. The Board has the power to appoint executive directors including the Chief Executive. As at the date of this Prospectus, the Board consists of the following six (6) Directors:

Name of Director	Age (As at 31 March 2005)	Address
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	63	07, Lorong Setiarasa, Bukit Damansara, 50490 Kuala Lumpur, Malaysia.
Dato' Dr. Abdul Rahim bin Haji Daud	56	43, Jalan 14/3, Taman Tun Abdul Razak, 68000 Ampang, Selangor Darul Ehsan, Malaysia
Ir. Prabahar s/o Nagalingam Kirupalasingam	43	33, Jalan BU4/9, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Jaffa Sany bin Md Ariffin	39	29, Persiaran 5B, Kemensah Heights, 68000 Hulu Kelang, Selangor Darul Ehsan, Malaysia.
Moksevi Rasingh Prelis	68	3/3, Maitland Crescent, Colombo 07, Sri Lanka.
Dr. Shridhir Sariputta Hansa Wijayasuriya	36	19, Bagatelle Road, Colombo 03, Sri Lanka.

11.2 Biographical information of the Board of Directors

11.2.1 Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, Chairman, Nominated Non-Executive Director

Tan Sri Dato' Ir. Muhammad Radzi was appointed to the Board as Chairman of Dialog Telekom on the 6 August, 1999. He graduated with a Diploma in Electrical Engineering in 1962 from Faraday House Engineering College, London and a Masters in Science in Technological Economics from the University of Stirling, Scotland in 1975.

Tan Sri Radzi is a Chartered Professional Engineer registered with the Board of Engineers, Malaysia and the Engineering Council, United Kingdom. He is also a corporate member of the Institution of Engineers, Malaysia, the Institution of Electrical Engineers, United Kingdom and the Institute of Management, United Kingdom.

He has served in various engineering and management capacities in the former Telecommunications Department of Malaysia for a period of 22 years and retired as Director General of Telecommunication upon the corporatisation of the Telecommunications Department. He is currently the Chairman of the Board of TM.

11.2.2 Dato' Dr. Abdul Rahim bin Haji Daud, Nominated Non-Executive Director

Dato' Dr. Abdul Rahim bin Haji Daud was appointed to the Board of Dialog Telekom on the 20 August, 1998. He obtained a Bachelor of Engineering (Hons.) in Electronics from the University of Liverpool, United Kingdom, Masters in Science (Telecommunications Engineering) from University of Birmingham, United Kingdom and a Doctorate in Engineering (Telecommunication) from the University of Bath, United Kingdom. He also obtained a Master of Business Administration degree from University of Ohio, USA. He has completed the Advanced Management Programme (AMP) of the Harvard Business School and Senior Executive Programme from Wharton School of Business, University of Pennsylvania, USA.

Dato' Dr. Abdul Rahim has wide experience in managing operations in relation to Telecommunications and Information Technology spanning a period of 30 years. He joined TM in 1973. In 1998, he was appointed Executive Director and he held the position of Group Deputy Chief Executive and Executive Director of TM until June 2004 and he remains a Non-Executive Director of TM. He was the first Malaysian to be elected as Chairman of the Commonwealth Telecommunications Organisation (CTO) comprising 35 countries for three terms from the year 1999 to 2001.

He is a Fellow of the Institution of Engineers, Malaysia and he is a Professional Engineer registered with the Board of Engineers, Malaysia.

11.2.3 Ir. Prabahar s/o Nagalingam Kirupalasingam, Nominated Non-Executive Director

Ir. Prabahar was appointed to the Board of Dialog Telekom on the 25 September 2000. He is an Engineer by profession and holds a Bachelor of Science degree in Civil Engineering from Portsmouth Polytechnic, United Kingdom in 1985. He is a member of the Institution of Engineers, Malaysia and he is a Professional Engineer registered with the the Board of Engineers, Malaysia.

As a professional Engineer Ir. Prabahar has wide experience in the civil engineering sector especially, in the areas of consultancy, contracting, project management and project financing. He has been a Director of TM since 2000.

11.2.4 Jaffa Sany bin Md Ariffin, Nominated Non-Executive Director

Mr. Jaffa Sany bin Md Ariffin was appointed to the Board of Dialog Telekom on the 7 August 2004. Mr. Jaffa holds a Bachelor of Economics in Accounting and Finance (Hons.) from the London School of Economics, United Kingdom. He is a Fellow member of the Chartered Association of Certified Accountants, United Kingdom and is also a member of the Malaysian Institute of Accountants.

He has previously acted as the Chief Financial Officer of Pernas International Holdings Berhad, and Pelabuhan Tanjung Pelepas Sendirian Berhad. He has been trained as an Accountant with PricewaterhouseCoopers and has served Tenaga Nasional Berhad and the Renong Group, Malaysia. He was the Group Chief Financial Officer of TM for two years prior to joining P.T. Exelcomindo Pratama as the Director of Finance in May 2005.

11.2.5 Moksevi Rasingh Prelis, Independent Non-Executive Director

Mr. Prelis was appointed to the Board of Dialog Telekom on the 15 September 2004. He holds a Bachelors degree with Hons. in Mechanical Engineering from the University of Ceylon and a Masters degree in Industrial Engineering & Management from Purdue University USA, a postgraduate Certificate in Industrial Administration from Astron University Birmingham and has completed the International Senior Management Program of the Harvard Business School, USA. He is a Chartered Engineer of UK and a Fellow of the Institute of Bankers Sri Lanka.

Initially he worked for 16 years as an Engineer and Manager in automobile manufacturing and steel industries. Subsequently he changed over to banking and has 27 years experience in the banking sector out of which 21 years was in the capacity of CEO/Director. He has also held the posts of Chairman – Ceylon Electricity Board, Chairman – National Institute of Business Management and Chairman Association of Development Finance Institutions of Asia & Pacific, headquarters in Manila. He has served as a Director on the boards of 20 companies and 5 state institutions.

11.2.6 Dr. Shridhir Sariputta Hansa Wijayasuriya, Chief Executive/Executive Director

Dr. Wijayasuriya was appointed to the Board of Dialog Telekom on the 19 January 2001. He graduated from the University of Cambridge, United Kingdom with a Masters in Electronic Engineering. In addition he holds a Doctorate in Digital Mobile Communications from the University of Bristol United Kingdom and a Masters in Business Administration from the University of Warwick, United Kingdom. He is a fellow of the Institution of Electrical Engineers (IEE), UK and a Chartered Engineer.

Dr. Wijayasuriya has over 12 years of experience in technology related business management. He has acted as the Chief Executive Officer of Dialog Telekom for a period of 8 years. In addition, he has held the honorary post of Chairman of the Arthur C Clarke Institute, Sri Lanka and Directorships of the Sri Lanka Institute of Information Technology and the Information and Communication Technology Agency of Sri Lanka.

11.3 Interests of Directors

As at the date of this Prospectus the directors' shareholdings are as follows;

Name of Director	Number of Shares Held of Rs. 1/- each
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	10
Dato' Dr. Abdul Rahim bin Haji Daud	10
Ir. Prabahar s/o Nagalingam Kirupalasingam	10
Moksevi Rasingh Prelis	10
Dr. Shridhir Sariputta Hansa Wijayasuriya	10

The Directors' Interest in contracts that the Company is materially interested in, has been set out in the Note 26 of the Financial Statements for the period ended 31 December 2004 on page 116 and 117 herein.

The directors hold no interests in assets acquired, disposed or leased by the Company during the two years preceding listing on the CSE, save for that which has been set out in Section 10.7.2. Furthermore, it is not proposed that the Directors will hold any interest in assets to be acquired, disposed or leased by the Company in the two years succeeding the listing.

11.4 Other Directorships held by the Board

Enumerated below are the Directorships held by the Board in other institutions;

Name of Director	Other Directorships Held
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	Director and Chairman of TM, Malaysia Director and Chairman of Celcom (Malaysia) Berhad, Malaysia. Director and Chairman of TM International Sdn Bhd, Malaysia. Director and Chairman of Menara Kuala Lumpur Sdn Bhd, Malaysia. Director and Chairman of TM International (Cayman) Limited, Cayman Island. Director and Chairman of TM International Leasing Incorporated, Malaysia. Director and Chairman of TMI Mauritius Limited, Republic of Mauritius. Director of Telekom Network Malawi Limited, Malawi. Director of Societe Des Telecommunications De Guinée S.A., Republic of Guinea. Director of Tess International Ltd, Republic of Mauritius. Director of Radzi-San Enterprise Sdn Bhd, Malaysia.

Dato' Dr. Abdul Rahim bin Haji Daud	<p>Director of TM, Malaysia.</p> <p>Director and Chairman of GITN Sdn Bhd, Malaysia.</p> <p>Director and Chairman of Fiberail Sdn Bhd, Malaysia.</p> <p>Director and Chairman of Telekom Sales & Services Sdn Bhd, Malaysia.</p> <p>Director and Chairman of Meganet Communications Sdn Bhd, Malaysia.</p> <p>Director and Chairman of Telekom Smart School Sdn Bhd, Malaysia.</p> <p>Director of Intelsec Sdn Bhd, Malaysia.</p> <p>Director of TM International (Cayman) Limited, Malaysia.</p> <p>Director of Universiti Telekom Sdn Bhd, Malaysia.</p> <p>Director of TM Net Sdn Bhd, Malaysia.</p> <p>Director of TM Cellular (Holdings) Sdn Bhd, Malaysia.</p> <p>Director of Telekom Research & Development Sdn Bhd, Malaysia.</p> <p>Director of Societe Des Telecommunications De Guineea S.A., Republic of Guinea.</p> <p>Director of Badai Permata Sdn Bhd, Malaysia.</p>
Ir. Prabahar s/o Nagalingam Kirupalasingam	<p>Director of TM, Malaysia.</p> <p>Director of Telekom Research & Development Sdn Bhd, Malaysia.</p> <p>Director of Menara Kuala Lumpur Sdn Bhd, Malaysia.</p> <p>Director of Telekom Applied Business Sdn Bhd, Malaysia.</p> <p>Director and Chairman of TM Facilities Sdn Bhd, Malaysia.</p> <p>Director of TM Land Sdn Bhd, Malaysia.</p> <p>Director of TM International (Bangladesh) Ltd, Bangladesh.</p> <p>Director of Samart Corporation Public Company Ltd, Thailand.</p> <p>Director of Antara Integrated Sdn Bhd, Malaysia.</p> <p>Director of Modal Ehsan Sdn Bhd, Malaysia.</p> <p>Director of PS Sinaran Sdn Bhd, Malaysia.</p>
Jaffa Sany bin Md Ariffin	<p>Director of Labuan Reinsurance (L) Ltd, Malaysia.</p> <p>Director of TM International (Cayman) Limited, Malaysia.</p> <p>Director of Indocel Holding Sdn Bhd, Malaysia.</p> <p>Director of Omni-Ed Consolidated Sdn Bhd, Malaysia.</p> <p>Director of SME & MEG Engineering Sdn Bhd, Malaysia.</p> <p>Director of SME Consultancy Sdn Bhd, Malaysia.</p>
Moksevi Rasingh Prelis	<p>Chairman of St. John National Association of Sri Lanka.</p> <p>Director of BNP-Paribas South Asia Investments Co. Limited, Mauritius</p> <p>Director of Lanka Ventures Limited, Sri Lanka.</p> <p>Director of Ceylon Glass Company Limited, Sri Lanka.</p> <p>Director of Lanka Industrial Estates Limited, Sri Lanka.</p> <p>Director of National Engineering Research and Development Centre, Sri Lanka.</p>
Dr. Shridhir Sariputta Hansa Wijayasuriya	<p>Director of Sri Lanka Institute of Information Technology (SLIIT), Sri Lanka.</p> <p>Director of AT&T Cellular (Private) Limited, India.</p> <p>Director of TM International Lanka (Private) Limited, Sri Lanka.</p>

11.5 Directors' Emoluments

Directors' emoluments for FY 2004 amounted to Rs. 6.2 Million. It is estimated that for FY 2005 Directors' emoluments would amount to approximately Rs. 8.2 Million.

11.6 Statement

No director or a person nominated to become a director of the Company has been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification;
- Had been subject to any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

11.7 Human Resources

The Company currently employs a workforce of 1,283 (as at 31 March 2005) who in turn are considered pivotal to the organisation's growth and success.

The Human Resource Management and Development (HRM&D) architecture at Dialog Telekom is strategically connected to the successful realisation of the Company's short and long term corporate objectives. The strategic link is strengthened through the integration of core HR processes as detailed below and merged with a core competency framework which is directly correlated to the key business drivers of the Company.

11.7.1 Organisation Design

The Company's organisation structure is regularly adjusted to facilitate the realisation of the Company's strategic objectives, on the backdrop of the financial position of the Company and volume of business activities transacted by the human resources of the Company.

The current organisation design provides for the sound management of sustainable growth, ensures organisational effectiveness and the creation and retention of future leaders.

11.7.2 Manpower Planning & Recruitment

Annual manpower planning is carried out in parallel with the business plan preparation. The capabilities required by potential employees are based on the requirements of the business plans applicable to respective departments of the Company in any given year. Quarterly reviews lead to on-going refinement of the manpower plan throughout the year.

Recruitment to the Company is governed by several policies. The core policy on filling vacancies spells out the Company's intention to attract the best with the aim of exploiting the individual's potential while providing career development opportunities irrespective of communal or gender differences. Furthermore, from its inception the Company has adopted an "internal first" approach when filling vacancies and source for external resources only as a last resort. Assessment frameworks are implemented as part of the selection process for all positions and include psychometric, management and technical assessments.

11.7.3 Training and Development

Dialog Telekom recognises that its main source of differentiation and competitiveness is its people.

Training interventions are in place across all levels of staff. Employees are given the opportunity to attend internal, external and overseas training in line with the emphasis placed on enhancing the skills of the staff to meet the challenges of the dynamic market place. Training provided is broad based with 75% of the overseas training budget and 50% of the local training budget utilised for technical training.

A series of internally developed programmes have been initiated to develop the potential of the staff. These include service skills, people management interventions, team leader development interventions and outdoor team building activities.

Seven percent (7%) of the total HR cost is devoted to training and development. The training needs for individuals and teams are identified from the competency requirements arising from the Company's business plan and employees' annual performance review.

The Company has recently formed the Dialog Academy, which administers a schedule of purpose built programmes for Dialog Telekom's business partner employees.

11.7.4 Performance Management

The Company strongly believes in permeating a performance driven learning culture. The performance management systems within Dialog Telekom ensures the effective engagement of staff to continually enhance their contribution towards the achievement of overall business goals of the Company. The performance management system within the Company has led to the establishment and achievement of industry best performance standards resulting in improved shareholder value.

The employee performance review process is integrated within the Company's overall performance management system and performs as an integral component in the management and development of the workforce. The performance review assesses both the achievement of assigned deliverables and the competencies displayed by individuals in the achievement of the established targets.

In order to ensure adequate recognition of contributions made by individual employees towards cross-functional initiatives and activities, a cross functional performance assessment is incorporated into individual performance reviews.

11.7.5 Performance based Rewards and Recognition

The vision of achieving recognition as a preferred employer through the fostering of a highly skilled and motivated workforce alongside the Company's product excellence objectives underpin the reward/compensation and employee recognition strategies.

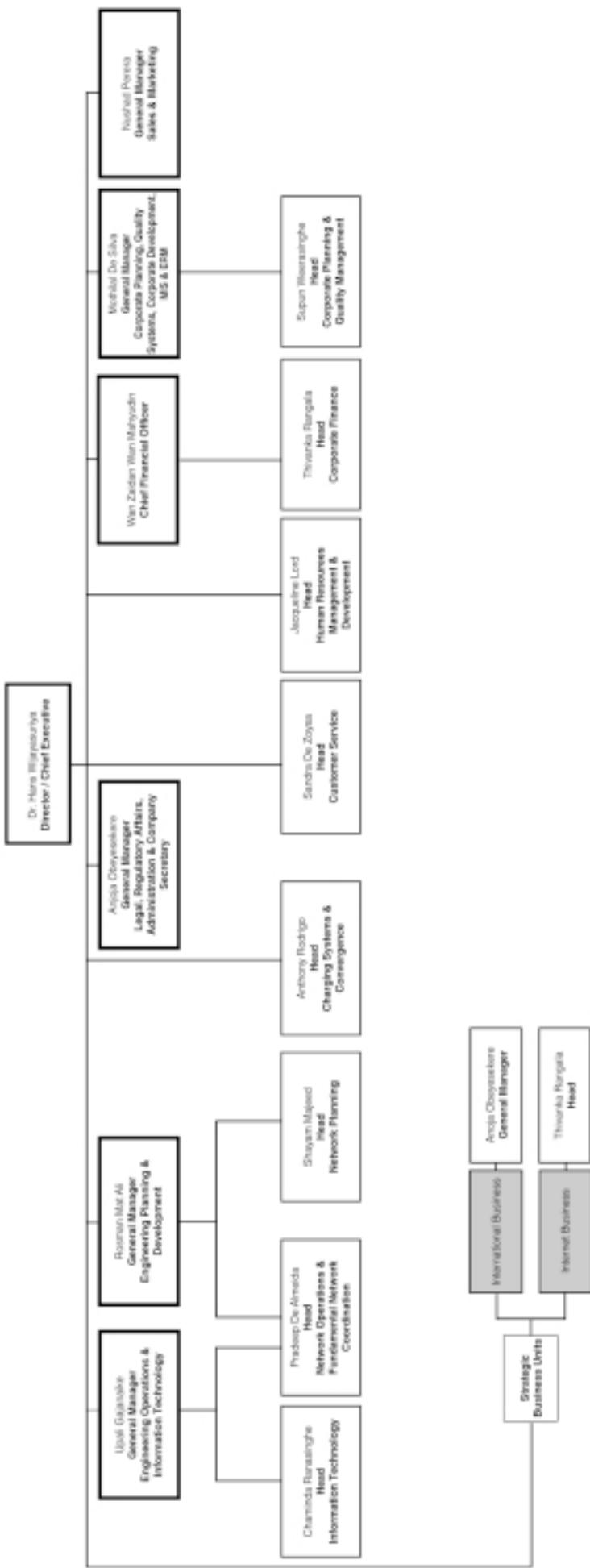
The overall strategy is designed to align employee behaviour, performance and personal objectives/goals with those of the Company.

The Company applies the following remuneration and incentive mechanisms to reward employees based on the level of contribution made towards the achievement of divisional and corporate goals.

- An annual performance based revision of remuneration is granted to employees based on their year end performance ratings.
- The quantum of remuneration bonuses granted is dependent on the performance of the Company and on the performance rating obtained by the individual.
- In addition to the above the Company also grants performance linked incentives to staff throughout the year in order to continuously engage staff in high performance work activities aligned to the achievement of corporate goals.
- A comprehensive and industry best benefit portfolio has been developed for each staff member, thus ensuring retention and consistent recognition of performance.
- The Company has also addressed the issue of ergonomics and general staff comfort through a series of welfare initiatives launched with the objective of making all staff comfortable and secure in their working environment.
- The Company has recognized the importance of providing opportunities for enjoyment and relaxation. Thus, in order to create a climate of 'work life balance', special blends of motivational activities are organised throughout the year.

DIALOG TELEKOM LIMITED

Senior Management Team



11.8 The Senior Management

Name	Designation	Age (as at 31 March 2005)	Years of Service
Dr. Shridhir Sariputta Hansa Wijayasuriya	Director/Chief Executive	36 years	11 years
Wan Zaidan Wan Mahyudin	Chief Financial Officer	42 years	5 years
Mohamed Rosman Mat Ali	General Manager - Engineering, Planning and Development	42 years	4 years
Thevera Hennedige Vyjayantha Mothilal Amaradasa de Silva	General Manager - Corporate Planning, Quality Systems, Corporate Development, Management Information Systems and Enterprise Risk Management	48 years	8 years
Upali Gajanaike	General Manager - Engineering Operations and Information Technology	37 years	11 years
Anoja Arunajani Jayamaha Obeyesekere	General Manager - Legal, Regulatory Affairs, Administration and International Business/ Company Secretary	37 years	9 years
Nushad Mario Jayasingha Arachchige Perera	General Manager – Sales and Marketing	39 years	7 years
Palliyarallaloge Don Vincent Pradeep Kumar de Almeida	Head - Network Operations and Fundamental Network Coordination	34 years	8 years
Sandra Marlene de Zoysa	Head - Customer Service	37 years	7 years
Jacqueline Marina Lord	Head - Human Resources Management and Development	36 years	7 years
Mohamed Zuraish Shayam Majeed	Head - Network Planning	38 years	8 years
Chethiya Thivanka Rangala	Head – Corporate Finance and Internet Business	32 years	7 years
Ransinghe Aratchige Chaminda Ranasinghe	Head – Information Technology	34 years	3 months
Nirmal Anthony Rodrigo	Head – Charging Systems and Convergence	37 years	5 months
Wewage Viranga Supun Dep Weerasinghe	Head - Corporate Planning and Quality Management	29 years	6 years

11.8.1 Dr. Shridhir Sariputta Hansa Wijayasuriya

Dr. Hans Wijayasuriya has functioned in the capacity of the Chief Executive of the Company since 1997. An engineer by profession, Dr. Wijayasuriya joined the employ of the Company in 1994 as a member of the founding management team of the Company. Dr. Wijayasuriya was appointed to the Board of Dialog Telekom on 19 January 2001.

Dr. Wijayasuriya graduated with a degree in Electrical and Electronic Engineer (MA Cantab) from the University of Cambridge, United Kingdom in 1989. He subsequently read for, and was awarded a PhD. in Digital Mobile Communications at the University of Bristol, United Kingdom. Dr. Wijayasuriya also holds a Masters in Business Administration from the University of Warwick, United Kingdom.

A Fellow of the Institution of Electrical Engineers of the United Kingdom (IEE), Dr. Wijayasuriya is a Chartered Professional Engineer registered with the IEE UK. He is also a member of the Institution of Electrical & Electronic Engineers (IEEE), USA.

Dr. Wijayasuriya has published widely on the subject of digital mobile communications, including research papers in publications of the Institution of Electrical and Electronic Engineers (IEEE) USA, Royal Society and the Institution of Electrical Engineers (IEE) UK. He has also made several key note presentations at International conferences on digital mobile communications.

Dr. Wijayasuriya is a past Chairman of GSM Asia Pacific – the regional interest group of the GSM Association representing 22 Asia Pacific member countries, and has earned the distinction of being included in the GSM 100 Role of honour for his contribution to GSM in the Asian Region. Dr. Wijayasuriya was also the recipient of the CIMA-Janashakthi Business Leader of the Year Award in its inaugural year of presentation in 2003.

In addition to leading Dialog over the past 8 years, Dr. Wijayasuriya has contributed significantly to the domestic ICT sector on an honorary basis. He has held the (Non-Executive) positions of Chairman of the Arthur C Clarke Institute for Modern Technology, Director of the Sri Lanka Institute of Information Technology and Director of the Information and Communications Technology Agency (ICTA).

11.8.2 Wan Zaidan Wan Mahyudin

Mr. Wan Zaidan has rendered his expert services as the Company's Chief Financial Officer (CFO) since 2000. He holds a Bachelor of Science in Finance from the University of San Francisco, USA and a Masters in Business Administration (Finance) from the Golden Gate University, San Francisco, USA.

Mr. Wan Zaidan's portfolio at Dialog Telekom covers Financial Operations, Corporate Finance, Business Process Control, Financial Management and Financial Accounts, Revenue Assurance & Billing Operations.

An employee of Telekom Malaysia, he counts twelve years of experience in the telecommunication industry with seven years of experience in the sphere of Finance & Quality Assurance in Malaysia. His career also includes exposure in the Banking Industry with Perwira Habib Bank for four years and as an Internal Auditor with Bank Bumiputra Malaysia Berhad for two years.

11.8.3 Mohamed Rosman Mat Ali

Mr Rosman Ali, was appointed as General Manager, Engineering Planning and Development of Dialog Telekom in 2001, and is responsible for the planning and development of the Company's mobile telecommunication network and international services infrastructure.

Mr. Rosman Ali graduated with a Bachelor of Science in Engineering from the University of Missouri, Columbia, USA.

An employee of Telekom Malaysia, his tenure of service prior to his appointment at Dialog Telekom totals to seventeen (17) years during which he has accumulated extensive experience in Telecommunication Planning, Development and Operations in the fields of Transmission which includes Microwave and Fibre Optic Systems and other services such as NMT Mobile System, VHF/UHF systems and Broadcast systems. He is also a certified Auditor (IRCA) for ISO 9002 and Quality System Review (QSR) at Telekom Malaysia.

11.8.4 Thevera Hennedige Vyjayantha Mothilal Amaradasa de Silva

Mr. de Silva functions as the General Manager, Corporate Planning, Quality Systems, Corporate Development, Management Information Systems and Enterprise Risk Management.

Mr de Silva holds a Bachelor of Science in Production Engineering from the University of Peradeniya, a Master of Science in Information Technology from University of Keele, UK, MBA from the Post Graduate Institute of Management, University of Sri Jayewardenepura, Post Graduate Diploma in Strategic Management from Netherlands International Institute of Management, Maastricht and a Post Graduate Diploma in Marketing from the Post Graduate Institute of Management, University of Sri Jayewardenepura.

As the Head of Quality Systems, Mr. de Silva has been instrumental in obtaining ISO 9002(1994) in 1999, ISO 9001(1994) in 2001 encompassing Product Development and ISO 9000(2000) in 2003. Dialog became the first mobile telecommunication company in the South Asian region to obtain ISO 9000 under his expert guidance. He spearheaded the corporate image building programme through community based developmental projects that enhanced the social responsibility aspects of the Company.

11.8.5 Upali Gajanaike

Mr. Gajanaike functions as the General Manager of Engineering Operations and Information Technology.

Mr Gajanaike graduated with a Bachelor of Science in Electronics and Telecommunications Engineering from the University of Moratuwa in 1994. He subsequently obtained a Master of Business Administration from the University of Colombo in 2001. Mr Gajanaike is currently a member of the Institution of Electrical Engineers, UK and the Australian Computer Society, Australia.

Mr. Gajanaike is one of the Senior Management members who has been with Dialog Telekom since the inception of the Company. He joined Dialog Telekom as a Junior Engineer in 1994 and within a period of 8 years of joining the Company was appointed as the General Manager of Engineering Operations and IT. His portfolio includes Network Operations, Switching and Pre-paid Operations, International VAS Operations, ISP Operations, Infrastructure Maintenance and Information Technology.

11.8.6 Anoja Arunajani Jayamaha Obeyesekere

Mrs. Obeyesekere functions as the General Manager Legal, Regulatory Affairs, Administration and International Business of the Company. She also functions as the Secretary to the Board of the Company.

Mrs. Obeyesekere joined Dialog Telekom as its first Manager Legal designated as General Counsel in June, 1996 and she was appointed to manage the International Roaming operation in April 1997. She was entrusted with the additional responsibilities of heading the Company's Human Resources Management & Development and Administration functions in the formative stages of the Company in 1998 and served as the General Manager Human Resource Management & Development of Dialog Telekom till February 2004.

Mrs. Obeyesekere is a Lawyer by Profession with over 12 years experience. She graduated with Honours from the Sri Lanka Law College and was subsequently called to the Bar in November, 1992. She was appointed a Commissioner for Oaths in 1993 and is a registered Notary Public. She holds a Master of Law in Information Technology and Telecommunication from the University of Strathclyde, United Kingdom. She is presently reading for a Master of Science in Communication Management.

As a representative of Dialog Telekom on the Regional Interest Groups of the GSM Association, she functions when required as a key contact point for Legal and Regulatory Affairs for GSM South Asia and GSM Asia Pacific Interest Groups. She has also represented the Company as a speaker at several international seminars/conferences conducted by the GSM Association and International Telecommunication Union.

11.8.7 Nushad Mario Jayasingha Arachchige Perera

Mr. Perera functions as the General Manager Sales and Marketing. Mr. Perera is responsible for ensuring strategic collaboration of the various Sales and Marketing functions including Direct Sales, Dealer Channels, Distribution, Marketing & Marketing Communications, Churn Management & Loyalty, Market Development & Expansion and Account Management.

Mr. Perera graduated with a Diploma in Marketing Management and holds a Certificate in Sales Management from the Chartered Institute of Marketing (CIM). He holds a Masters Degree in Business Administration (Marketing) from the University of Leicester, UK. He is a Certified Professional Marketer with the Asia Pacific Marketing Federation and has won the Gold Award from the CIM Marketers Awards in 2001. He was also awarded the South East Asia IBM Marketing Manager prize and was named the Most Outstanding Employee in John Keells Holdings (Keells Business Systems).

Mr. Perera has 22 years of marketing and sales experience and has worked at Glaxo, John Keells, Masters Advertising Ltd. and Lanka Bell prior to joining Dialog Telekom Limited.

11.8.8 Palliyarallaloge Don Vincent Pradeep Kumar de Almeida

Mr. de Almeida functions as the Head of Network Operations and Fundamental Network Coordination of the Company. He joined the Company in 1996 as an Assistant Engineer and progressed in his career as Engineer, Manager and to the current post he holds as Head of Operations and Fundamental Network Coordination (FNC). Mr. de Almeida also functions as the Chairman of the Technology Strategic Management Committee of Dialog Telekom.

Mr. de Almeida graduated with a Bachelor of Science in Electronic and Telecommunication Engineering from the University of Moratuwa and is a Member of the Institution of Engineers, Sri Lanka. He also holds the Accreditation Certificate from the Institution of Engineers Australia (IE Aust).

Mr. de Almeida has nine years experience in ensuring the smooth operations and maintenance of the Company's GSM network. Further, his scope of work involves fundamental coordination activities pertaining to network design, rollout management and budgeting pertaining to key elements of the network. He has also gained international exposure at overseas subsidiaries and business ventures of Dialog Telekom's Parent Company in India, Africa and Sri Lanka.

11.8.9 Sandra Marlene de Zoysa

Ms. de Zoysa functions as the Head of Customer Service of the Company. Having achieved ISO 9002 certification in 1999, the Company's service function has grown under her leadership to a proficient and reliable 24 x 7 operation driven by a 350 strong highly competent workforce. Providing the service backbone to the Company's 1.5 Million strong customer base, the Company's customer service operation spans outlet operations across all 9 provinces of Sri Lanka and a state of the art Contact Centre.

Ms. de Zoysa has been instrumental in introducing cutting edge service delivery initiatives focused on broad basing and decentralisation of customer contact points, introduction and internalising of International best practices in Customer Relationship Management and the deployment of multimodal customer contact technologies.

Ms. de Zoysa also functions as the Chairperson of the Service Delivery Strategic Management Committee of Dialog Telekom. She counts 13 years of cumulative experience in Customer Service Management within the mobile telecommunications industry.

11.8.10 Jacqueline Marina Lord

Ms. Lord functions as the Head of Human Resources Management and Development (HRM&D) of Dialog Telekom. She joined Dialog Telekom in 1997 as Manager Human Resources & Administration. Ms. Lord also holds the position of Chairperson of the Company's Strategic Management Committee for the Support Services Divisions.

Ms. Lord obtained a Post Graduate Diploma in Management Studies from the University of Portsmouth, UK in 1991 and is currently reading for a MSc. in Human Resource Management at the University of Leicester, UK. She is also a member of the Executive Committee of the Association of Human Resource Professionals in Sri Lanka.

Commencing her career as a Trainee Executive in the sphere of Human Resources, she has over 13 years experience in this field. During her career she has gained expertise in the development and execution of human resource strategies, business plans & budgeting whilst engaging in the implementation of strategic initiatives including restructuring of divisions, automation of HR processes, service campaigns etc. During her tenure at Dialog Telekom, she has played a pivotal role in developing the Human Resource function in the Company including the implementation of best practices in HRM&D. External to the Human Resource field, she has gained expertise in the field of infrastructure management, procurement, risk management, security, insurance and health and safety.

11.8.11 Mohamed Zuraish Shayam Majeed

Mr. Majeed functions as Head of Network Planning at Dialog Telekom. He also functions as the Vice Chairperson of the Technology Strategic Management Committee of the Company. Mr. Majeed joined Dialog Telekom in 1997 and his current scope of responsibilities involves radio network planning and optimisation, site acquisition and BSS procurement management.

Mr. Majeed graduated with a Master of Science in Electrical Engineering specialising in Wireless Communication from the University of Texas, Arlington, USA in 1996 and holds a Bachelor of Science in Computer Systems specialising in Telecommunication from the University of Houston, Clear Lake, USA (1991). He is a Member of the Institution of Electrical and Electronic Engineers (IEEE), USA and Institution of Electrical Engineers (IEE), UK.

Prior to joining Dialog Telekom, Mr. Majeed worked as a RF Engineer at Primeco Personal Communications, Texas, USA.

11.8.12 Chethiya Thivanka Rangala

Mr. Rangala functions as Head of Corporate Finance and Internet Business. He also functions as the Chairperson of the Business and Finance Strategic Management Committee of Dialog Telekom. He joined the Company in 1997.

Mr. Rangala holds a Masters in Business Administration from the University of Western Sydney and is also the recipient of a Diploma in Computer Studies. He is a direct Fellow of the Chartered Institute of Management Accountants (FCMA) and has also followed an executive management programme at INSEAD [YMP]. He is a Member of the Institute of Management (Sri Lanka). In May 2004, Mr. Rangala was awarded the Pinnacle Award for 'Business Manager of the Year 2003' by CIMA, Sri Lanka. Mr. Rangala also holds two external positions in the capacity of Director cum Treasurer of Lanka Internet Service Providers Association (LISPA) and Director of the Infotel Council; both organisations are involved in ICT development for the country.

Mr. Rangala counts over 14 years experience in the accountancy field having exposure in Trading, Construction, Aqua Culture, Hospitality, Manufacturing and Service industries. His experience covers securing large parcel financing with international lending institutions, management of complex cross-border foreign exchange exposure and cash management. As the Head of Internet Business he has also gained experience in project management, customer relationships management, content management and general management of the Company's Research and Development activities.

11.8.13 Ranasinghe Aratchige Chaminda Ranasinghe

Mr. Ranasinghe functions as Head of Information Technology. As a member of the senior management team, he is responsible for the design, execution and on-going assessment of the Company's IT strategies whilst ensuring an unhindered and secure operation of all IT systems within the Company.

Mr. Ranasinghe obtained a BSc (Hons.) Degree in Computer Science from the University of Colombo in 1997 and a Diploma in Marketing from the Chartered Institute of Marketing (UK) (DipM.ACIM) in 1995. He is presently reading for his PhD in Software Agent Technology. He is also a visiting lecturer at the IT Faculty of the University of Moratuwa and University of Colombo School of Computing.

Mr. Ranasinghe has gained extensive exposure in the Information Technology industry spanning over eight years. Prior to joining Dialog Telekom, he was employed at Millennium Information Technology as a Team Leader for Real-time Telecommunication Solutions since 1997. In 2001, he joined Interblocks Limited as the Head of Research & Development wherein he was responsible for the development of Banking Transaction Gateways and Switches.

11.8.14 Nirmal Anthony Rodrigo

Mr. Rodrigo was appointed Head of Charging Systems and Convergence. His scope of work involves development of Customer Care and Billing Systems of the Company with particular focus on consistent maintenance of system availability and their convergence.

Mr. Rodrigo holds a B.Eng (Hons.) from King's College London and a Masters in Business Administration (Hons.) from Regis University, Denver, Colorado. He is a Chartered Engineer by profession and is a member of the Institution of Electrical Engineers (IEE), UK.

Mr. Rodrigo has gained extensive exposure in the telecommunications industry spanning over 15 years. He was a Senior Programme Manager at Nokia Networks California - USA responsible for the product development of core networks, with a team of around 300 persons located in three continents. He also headed charging and service management strategy for Nokia in Finland, Helsinki. Mr. Rodrigo holds several patents in the area of charging and speech recognition. Prior to Nokia, he held the position of operations manager at AT&T Asia Pacific - Sri Lanka, Head of the software engineering department at Nexus Software/Hayleys and Electronic Information Systems Consultant at British Telecom, London, UK.

11.8.15 Wewage Viranga Supun Dep Weerasinghe

Mr. Weerasinghe functions as Head of Corporate Planning and Quality Management. He joined Dialog Telekom in 1999 and currently also holds the position of Vice Chairperson of the Business and Finance Strategic Management Committee of Dialog Telekom.

Mr. Weerasinghe holds a Bachelor of Science degree in Accountancy and Financial Management (Special) Honours from the University of Sri Jayewardenepura, Sri Lanka and also holds a Masters in Business Administration from the University of Western Sydney, Australia. Mr. Weerasinghe has the distinction of being awarded the Best Student Prize by the International College of Business & Technology Colombo for his exemplary performance at his MBA. He is also a passed finalist of the Chartered Institute of Management Accountants (CIMA), UK.

Mr. Weerasinghe has gained exposure in the development of business plans for the Company and its strategic business units including tariff designing, feasibility evaluations on new products & new markets. He has also accumulated extensive experience in Total Quality Management systems such as ISO, Six Sigma and COPC during his five year tenure at Dialog Telekom. In addition, he has obtained international exposure by working with Telekom Malaysia International's business ventures and subsidiaries.

11.9 Corporate Governance Practices

Giving due emphasis to the importance of corporate governance that has been highlighted world wide as a way to improve economic dynamism faced by business entities, the Company has taken the initiative to adopt a corporate governance framework to encourage the creation of value through entrepreneurship, innovation, development and exploration while providing for accountability and the internalisation of control systems commensurate with the risks involved in the Company's business operations.

The following outline forms part and parcel of the code of corporate governance of the Company which serves as a framework within which the Board may conduct its business and not as a set of legally binding obligations.

The Company's corporate governance framework encapsulates the following fundamental principles/elements:

11.9.1 Establishment of the Charter of the Board

The Charter stipulates the responsibilities of the Board members and the framework required for the effective discharge of the said responsibilities. The said Charter constitutes the following key elements:

- 11.9.1.1 Effective Board** - The Company should be headed by an effective Board, which is collectively responsible for the sustainable growth and success of the Company.
 - 11.9.1.2 Constitution of the Board** - There should be a clear division of responsibilities at the head of the Company, which will ensure balance of power and authority between the running of the Board and the executive responsibility for the running of the Company's business. No individual should have unfettered powers of decision.
 - 11.9.1.3 Board Balance and Independence** - To be effective, Independent Directors should form at least one fourth of the membership of the Board.
 - 11.9.1.4 Appointments to the Board** - There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board that would promote investor understanding and confidence in that process (The process of Board appointments shall be lead by the Board Nomination Committee).
 - 11.9.1.5 Access to Information** - The Board and key executives should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.
 - 11.9.1.6 Performance Evaluation & Professional Development** - The Board should undertake a formal and rigorous annual evaluation of its own collective and individual performance, the key executives of the management and that of its committees.
 - 11.9.1.7 Re-election** - All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board.
- 11.9.2 Remunerate fairly and responsibly** to ensure that the level and composition of remuneration of the Board members and key individuals is sufficient to attract and retain the calibre of professionals required for the successful management and operation of the Company.
- 11.9.2.1 The Board Nomination and Remuneration Committee**
The Board Nomination and Remuneration Committee shall formulate, develop, review, approve and recommend policies on remuneration packages of executive directors and identified members of senior management. It is also in its purview to select, evaluate and recommend qualified individuals for election or appointment to the Board. In addition, the committee shall assess the performance of the existing directors and the effectiveness of the Board. The committee comprises of at least three members of whom the majority are non-executive Directors.

11.9.3 Accountability, Audit & Safeguard the integrity in financial reporting through the formulation of a structure to independently verify and safeguard the integrity of the Company's financial reporting.

11.9.3.1 The Board Audit Committee

The Board Audit Committee was formed to ensure that the Company complies with applicable financial standards and laws. In addition, it ensures high standards of transparency and corporate disclosure and endeavours to maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. The Board Audit Committee consists of at least four members, with at least one member being of financial and accounting background.

11.9.4 Promote ethical and responsible decision-making through the establishment and observance of standards of ethical behaviour required of the directors and key executives who have the opportunity to materially influence the integrity, strategy and operation of the business.

11.9.5 Recognise and manage risk through the establishment of a sound system of enterprise wide risk management and internal control, designed to identify, assess, monitor and manage risk and inform investors of material changes to the Company's risk profile.

11.9.6 Respect the rights of shareholders and facilitate the exercise of those rights by engaging in regular and effective communication with shareholders.

11.9.7 Recognise the legitimate interests of stakeholders including obligations to non-shareholder stakeholders such as employees, clients/customers, the community as a whole and demonstrate its commitment to appropriate corporate practices.

11.9.8 Make timely and balanced disclosure through the establishment of mechanisms designed to provide investors with adequate and timely access to material information concerning the Company while ensuring compliance with the disclosure requirements of all laws and regulations including those stipulated in the listing rules of the CSE.

11.10 Collective Agreements and Labour Unions

The Company's employees have not arrived at any collective agreements and are not unionised.

11.11 Statement

The Chief Executive of the Company has not been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification;
- Had been subject to any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

12.0 Management Discussion and Analysis

12.1 Operating Results

Salient extracts from the Income Statement and the Balance Sheet highlighting the historical performance of the Company during the five year period ended 31 December 2004 and the three months ended 31 March 2005 are given below.

Profit and Loss

(All Figures in Rs '000)	YEAR ENDED 31 DECEMBER					FOR 3 MONTHS ENDED MARCH	
	2000	2001	2002	2003	2004	2004	2005
	Audited	Audited	Audited	Audited	Audited	Unaudited	Unaudited*
Revenue	2,267,973	3,218,267	4,589,909	7,476,924	11,406,685	2,494,111	3,852,646
YoY %		41.90%	42.62%	62.90%	52.56%		54.47%
Direct Cost	1,152,802	1,300,165	2,031,900	2,973,094	3,931,917	901,635	1,320,656
YoY%		12.78%	56.28%	46.32%	32.25%		46.47%
Gross Profit	1,115,171	1,918,102	2,558,009	4,503,830	7,474,768	1,592,476	2,531,990
YoY%		72.00%	33.36%	76.07%	65.96%		59.00%
Administration & Distribution	602,141	1,036,037	1,191,190	1,854,156	3,152,495	527,271	807,571
YoY%		72.06%	14.98%	55.66%	70.02%		53.16%
EBITDA	842,331	1,238,637	1,984,750	3,650,267	5,774,514	1,424,943	2,191,054
YoY%		47.05%	60.24%	83.92%	58.19%		53.76%
NPBT	539,120	955,310	1,305,738	2,413,787	4,139,901	1,039,484	1,739,691
YoY%		77.20%	36.68%	84.86%	71.51%		67.36%
NPAT	539,120	732,735	1,083,163	2,858,937	4,100,519	1,039,484	1,721,814
YoY%		35.91%	47.82%	163.94%	43.43%		65.64%
Earnings Per Share (Rs)	14.57	16.89	26.36	74.35	107.90	27.37	46.53
YoY%		15.92%	56.07%	182.06%	45.12%		70.00%

*As per limited review figures, carried out by Auditors

Table 12-1: Profit and Loss for FY 2000 - 2004 and Period ended 31 March 2004 & 2005

Balance Sheet

(All Figures in Rs '000)	AS AT 31 DECEMBER					AS AT 31 MARCH	
	2000 Audited	2001 Audited	2002 Audited	2003 Audited	2004 Audited	2004 Unaudited	2005 Unaudited*
Fixed Assets	3,232,272	4,971,267	8,106,140	10,985,133	13,465,892	11,185,983	14,099,755
Current Assets	1,799,958	1,362,812	2,801,276	2,331,898	5,688,435	4,183,716	4,275,630
Total Assets	5,032,230	6,334,079	10,907,416	13,317,031	19,154,327	15,369,699	18,375,385
Capital & Reserves	422,041	2,064,179	3,111,342	5,477,922	8,712,156	6,517,406	7,575,034
Non Current Liabilities	3,401,160	2,802,429	5,677,584	5,791,301	6,600,404	7,128,235	6,526,714
Current Liabilities	1,209,029	1,467,471	2,118,490	2,047,808	3,841,767	1,724,058	4,273,637
Total Liabilities	5,032,230	6,334,079	10,907,416	13,317,031	19,154,327	15,369,699	18,375,385

*As per limited review figures, carried out by Auditors

Table 12-2: Balance Sheet at 31 December 2000 - 2004 and 31 March 2004 & 2005

12.2 Performance of Operations for five years ended 31 December 2004

12.2.1 Revenue

In 2004, Dialog Telekom recorded a revenue of Rs. 11.4 Billion, representing a growth of 52% relative to FY 2003. Revenue growth during the preceding year is representative of the company's consistent Year on Year (YoY) revenue growth trend over the past 5 years. Revenue growth during the period Year 2000 to 2004 exhibits a CAGR of 50% fuelled by parallel growth in the key revenue drivers of subscriber base and network reach. International services introduced in 2003 following the liberalisation of the sector, has also helped to boost revenue for 2003 and 2004.

Revenue growth has been driven by the consistent growth in both pre-paid and post-paid subscriber base. In 2004, the post-paid active subscriber base increased by 44% from 228,496 to 328,785. In parallel, the pre-paid active subscriber base increased by 71% from 602,216 to 1,029,856. Domestic revenues, which consist mainly of pre-paid and post-paid revenue, accounted for approximately 80% of total revenue in 2004. **The Company reached the One Million subscriber milestone in May 2004.**

The total subscriber base of 1.36 Million as at 31 December 2004 consists of pre-paid and post-paid customers with proportions of 76% and 24% respectively.

No. of Subscribers	31-Dec-03	Mix	31-Dec-04	Mix
Post-paid	228,496	27%	328,785	24%
Pre-paid	602,216	73%	1,029,856	76%
Total	830,712	100%	1,358,641	100%

Table 12-3: Domestic Subscribers

Following the achievement of the one Million subscriber milestone in May 2004, the Company consolidated its market leadership position in Sri Lanka's mobile telephony sector with a market share of approximately 60%. The growth in revenue during the past 5 year period is depicted below.

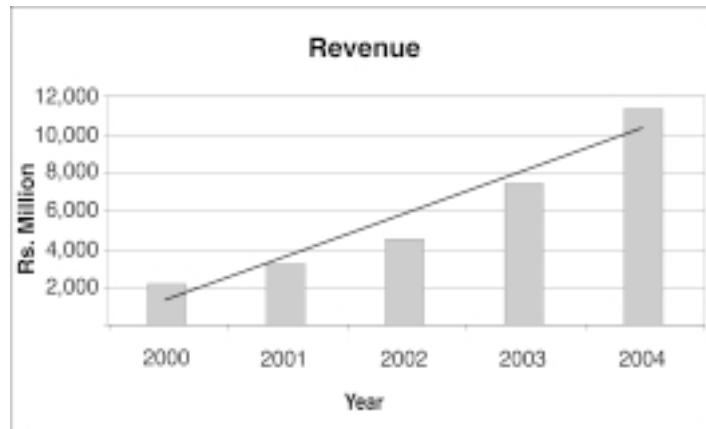


Figure 12-1: Revenue Growth

12.2.2 Revenue Mix

Total revenue is composed of 43% from post-paid revenue, 35% from pre-paid revenue and 15% from AIR revenue. When compared to results of 2003 pre-paid contribution has increased from 30% to 35% with a growth in subscriber base from 0.6 Million to over 1.0 Million.

The revenue mix for the years 2003 and 2004 respectively is depicted in the ensuing table:

Revenue Composition (Rs. Million)	31-Dec-03	Mix	31-Dec-04	Mix
Post-paid Revenue	3,562	48%	4,931	43%
International Roaming Revenue	1,323	18%	1,703	15%
Pre-paid Revenue	2,263	30%	4,010	35%
Equipment, Accessories + other Revenue	209	3%	218	2%
International Termination Revenue	120	1%	544	5%
Total Revenue	7,477	100%	11,406	100%

Table 12-4: Revenue Breakdown

12.2.3 Direct Costs

Total direct costs for the year 2004 amounted to Rs. 3.93 Billion compared to Rs. 2.97 Billion in the previous year, which is a 32.2% increase. Direct costs to revenue for the years 2003 and 2004 were 39% & 34% respectively exhibiting a decrease in relative terms. Direct costs for the year 2004 are classified below:

Description of Direct Cost - 2004	Rs. Million
Network Related Costs	716.2
Marketing Related Costs	1,665.7
Customer Related Costs	876.8
Others	673.2
Total Direct Cost	3,931.9

Table 12-5: Composition of Direct Costs

The direct cost over the five year period is given in the chart below.

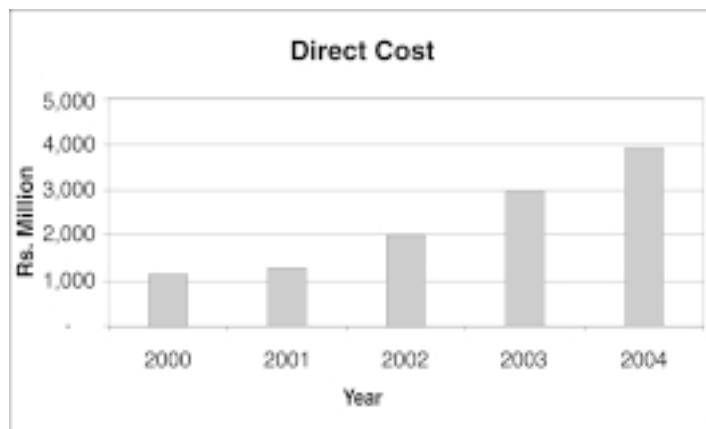


Figure 12-2: Direct Costs

12.2.4 Administration and Distribution Expenses

Administration and Distribution expenses in FY 2004 totalled Rs. 3,152 Million in comparison to Rs. 1,854 Million in FY 2003. Operating expenses consist mainly of selling expenses, manpower, incidental expenses including community development and maintenance expenses. The composition of administration and distribution expenses is depicted below:

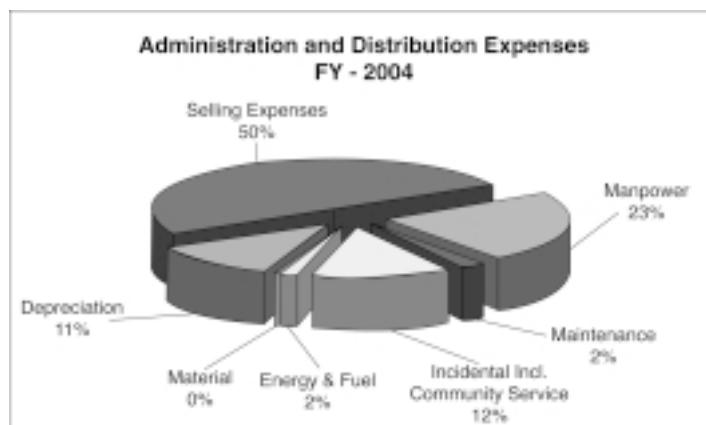


Figure 12-3: Administration and Distribution Expenses FY 2004

Administration and Distribution expenses as a percentage of revenue increased from 25% in 2003 to 28% in 2004.

12.2.5 Depreciation

The Company has recorded a depreciation charge of Rs.1,452.2 Million for the FY 2004 against Rs.1,000.59 Million for FY 2003. The increase is mainly due to additional depreciation impact caused by the capitalisation of 86 additional base stations.

12.2.6 Finance Costs

Interest costs increased by 83.5% from Rs.182 Million in 2003 to Rs.334 Million in 2004 mainly due to a syndicated loan facility that was obtained from Citibank and Commercial Bank (lead bankers in the syndication) to facilitate network expansion.

12.2.7 Taxation

Dialog Telekom has been granted flagship investor status by the Board of Investment (BOI) of Sri Lanka by virtue of the quantum of inward infrastructure investments made by TM. The terms of the flagship Investor agreement bestow a 15 year tax exemption period on the Company, which terminates in the year 2012. Upon the expiry of the tax holiday, the Company would be liable to pay corporation taxes at a concessionary rate of 2% on revenue for 15 years to follow, or at the prevailing coporation tax rate, whichever is lower.

Dialog Telekom however, is liable to pay taxes on interest earnings on Rupee deposits and is also subject to the Economic Service Charge (ESC) of 0.25% with effect from January 2005.

12.2.8 Profitability

- Gross Profit**

The annual gross profits of the Company over the past five years are demonstrated below.

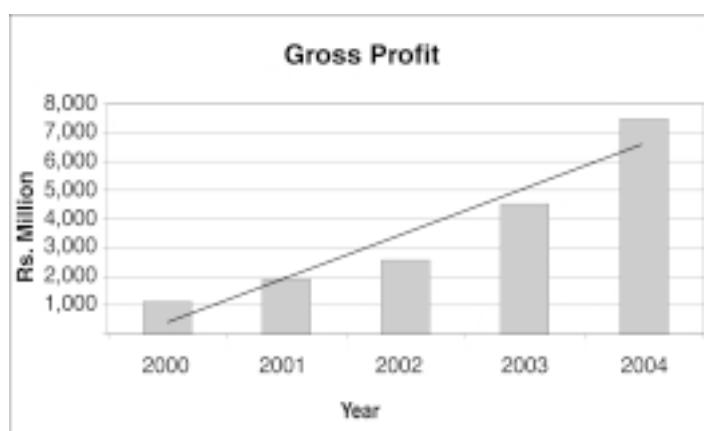


Figure 12-4: Gross Profit

The gross profit of Rs. 7.47 Billion has increased by 65.96% compared to Rs. 4.50 Billion in 2003.

- **EBITDA**

The Company also showed similar growth in earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as depicted below. EBITDA was recorded at Rs. 5.80 Billion in 2004 compared to Rs. 3.67 Billion in 2003 representing a growth of 57%. EBITDA for the Company has grown at a CAGR of 62% over the five year period.

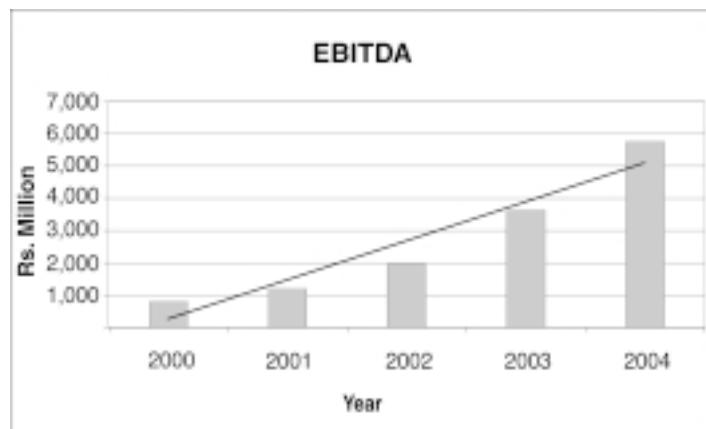


Figure 12-5: EBITDA

- **NPAT**

Dialog Telekom recorded a profit of Rs. 4.10 Billion, in 2004 representing a 43.4% earnings growth relative to the 2003 figure of Rs 2.86 Billion.

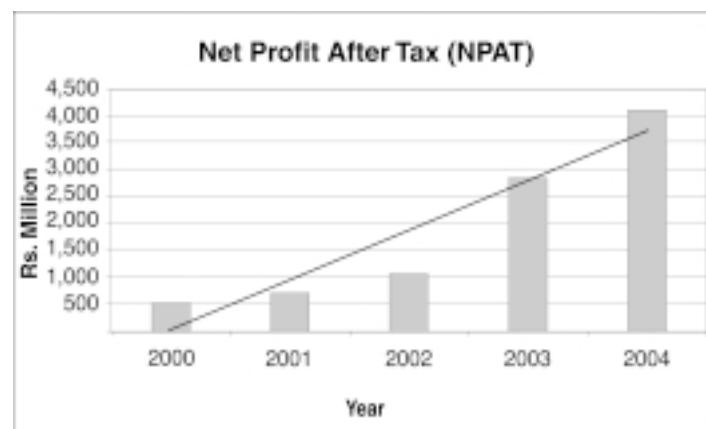


Figure 12-6: Net Profit After Tax

Dialog Telekom's earning growth is underpinned by revenue growth (CAGR of 50%) combined with enhancements in operational efficiencies as demonstrated by the fact that gross profit and net profit after tax have displayed CAGR of 61% and 66% respectively.

Return On Capital Employed (ROCE) for 2004 was 26.59% compared to 20.67% in 2003. Asset turnover increased from 0.56 in 2003 to 0.58 in 2004 showing a marginal improvement in the utilisation of assets.

12.2.9 Churn Rates

The overall churn rate is calculated by expressing the number of customers who disconnect the services permanently, during the relevant period as a percentage of the total number of customers. The churn rate as at the end of 2004 was 6% recording a marginal improvement in performance by 8% compared to 6.5% for the financial year 2003.

12.2.10 Cash Flow

The net cash flow generated from operating activities was Rs.6,970 Million in 2004 compared to Rs.3,476 Million in 2003, representing an increase of 100.5% mainly due to the expansion of operations, improved collections and overall improvement in net margins.

12.3 Performance for the Quarter ended 31 March 2005

12.3.1 Revenue

For the quarter ended 31 March 2005, Dialog Telekom recorded a revenue figure of Rs. 3.85 Billion, representing a growth of 51% relative to the comparative period in 2004. Growth in revenue of 51.41% was a result of the increase in subscriber base from 0.9 Million to 1.5 Million, increase in usage per customer and expansion in international business.

The post-paid and pre-paid subscriber mix as at the quarter ended 31 March 2005 is shown below:

Subscribers	3 months ended 31 March 2004	Mix	3 months ended 31 March 2005	Mix
Post-paid	247,620	26%	361,025	23%
Pre-paid	696,108	74%	1,178,355	77%
Total	943,728	100%	1,539,380	100%

Table 12-6 : Domestic Subscribers

12.3.2 Direct Costs

Total direct costs for the period amounted to Rs. 1,320.6 Million compared to Rs. 901.6 Million as at 31 March 2004. Direct costs to revenue for the quarter ended 31 March 2005 and 2004 were 34% & 36% respectively. The table below depicts the direct cost composition for the three months ended 31 March 2005.

Description of Direct Cost	Rs. '000
Network Related Costs	611,387
Marketing Related Costs	489,966
Customer Related Costs	184,233
Others	35,070
Total	1,320,656

Table 12-7: Composition of Direct Costs

12.3.3 Administration and Distribution expenses

Administration and Distribution expenses for the three months ended 31 March 2005 were Rs. 807.57 Million which amounted to 20.96% of revenue. The comparative figure for three months ended 31 March 2004 is 21.14%.

12.3.4 Depreciation

The Company recorded a depreciation charge of Rs. 466.6 Million for the three months ended 31 March 2005. The comparative figure for 31 March 2004 was Rs. 359.74 Million.

12.3.5 Finance Costs

Interest cost amounted to Rs. 52.3 Million while interest received from deposits amounted to Rs. 39.4 Million as at 31 March 2005. The interest cost and interest income in the corresponding period in 2004 was Rs. 57.9 Million and Rs. 11.8 Million respectively.

As a result the net interest cost dropped from Rs. 46.1 Million to Rs.13.0 Million from last year to 1st quarter in 2005, mainly due to most of the planned capital expenditure cash out flows not being materialised (due to improved payment terms negotiated with the telecommunication suppliers) and realisation of fixed deposit interest.

12.3.6 Taxation

The Economic Service Charge (ESC) amounted to Rs.6.9 Million for the period ended 31 March 2005. (ESC came into effect in January 2005).

12.3.7 Profitability

Dialog Telekom recorded a net profit after tax of Rs.1,721.8 Million for 31 March 2005 as against the comparative figure of Rs.1,039.5 Million for 2004, which represents an increase in profit for the period by 65.6%.

In summary, profit after tax performance is above 1st quarter 2004, mainly due to the favourable variances with respect to revenue, improved efficiencies in operating expenses, net Interest expense and gross contribution from international business unit.

ROCE for the three months ended 31 March 2005 was 48% compared to 30% for the comparative period in 2004 on an annualised basis. Asset turnover increased from 0.64 in 2004 to 0.81 in 2005, whilst return on shareholder's equity increased from 64% in 2004 to 91% in 2005 on an annualised basis.

12.3.8 Churn Rate

Churn rate for the period was 1.4%.

12.3.9 Cash Flow

The Company has generated net operating cash flow of Rs. 2,344 Million for the three months ended 31 March 2005 compared to Rs.1,863.7 Million in 2004.

13.0 Capital Structure

As at the date of this Prospectus, the authorised share capital of the Company is Sri Lanka Rupees Ten Billion (Rs. 10,000,000,000) divided into Ten Billion (10,000,000,000) Ordinary Shares of Rs.1/- each and the issued share capital of the Company is Sri Lanka Rupees Six Billion Nine Hundred and Thirteen Million Four Hundred and Sixty Eight Thousand One Hundred and Ninety (Rs. 6,913,468,190) divided into Six Billion Nine Hundred and Thirteen Million Four Hundred and Sixty Eight Thousand One Hundred and Ninety (6,913,468,190) Ordinary Shares of Rs. 1/- each.

13.1 Overview of Capital Structure

An overview of the capital structure of the Company is set forth below.

	Number of Preference Shares	Par Value of Preference Shares Rs.	Value of Preference Shares Rs.	Number of Ordinary Shares	Par Value of Ordinary Shares Rs.	Value of Ordinary Shares Rs.
As at 31 December 2002						
Authorised share capital	21,759,646	60.00	1,305,578,760	469,442,124	10.00	4,694,421,240
Issued and fully paid share capital	21,149,646	60.00	1,268,978,760	37,000,000	10.00	370,000,000
As at 31 December 2003						
Authorised share capital	21,759,646	60.00	1,305,578,760	469,442,124	10.00	4,694,421,240
Issued and fully paid share capital	21,149,646	60.00	1,268,978,760	37,000,000	10.00	370,000,000
As at 31 December 2004						
Authorised share capital	21,759,646	60.00	1,305,578,760	469,442,124	10.00	4,694,421,240
Issued and fully paid share capital	21,149,646	60.00	1,268,978,760	37,000,000	10.00	370,000,000
As at date of Prospectus						
Authorised share capital (par Rs.1/-)	-	-	-	10,000,000,000	1.00	10,000,000,000
Issued and fully paid share capital (par Rs.1/-)	-	-	-	6,913,468,190	1.00	6,913,468,190

Table 13-1: Capital Structure

The Transition of Capital

The allotments detailed below are the result of a capital restructuring exercise undertaken by the Company. The par value of Ordinary Shares has been changed from Rs. 10/- to Rs. 1/- on 20 May 2005 as part of the capital restructuring process.

Date on which Ordinary Shares were Allotted	Number of Ordinary Shares Allotted	Cumulative Ordinary Shares in Issue	Par Value Rs.	Issue Price Rs.	Reason for Transition
20 May 2005	50	370,000,050	1.00	1.00	Sponsor shares issued on conversion to a public company
20 May 2005	1,903,468,140	2,273,468,190	1.00	1.00	Conversion of preference shares
20 May 2005	954,190,000	3,227,658,190	1.00	1.00	Capitalisation of subscription in advance
20 May 2005	3,685,810,000	6,913,468,190	1.00	1.00	Capitalisation of reserves

Table 13-2: Changes in Capital Structure

There are no convertible debt securities outstanding at the date of this Prospectus.

There are no securities of the same or other class subscribed or sold privately in conjunction with this Offering.

13.2 Free Transferability of Securities

There are no statutory restrictions on the free transferability of the issued shares.

13.3 Take-over Offers

There have been no take-over offers by third parties in respect of the issued shares of the Company. The Company has not made offers to take over shares of a third party.

13.4 Shareholders prior to the Offering

Shareholder	Number of Ordinary Shares Held of Rs. 1/- each	% Shareholding to the nearest second decimal point
TM International (L) Limited	6,913,468,130	99.99
TM International Sdn. Berhad	10	0.01
Tan Sri Dato'ir. Muhammad Radzi bin Haji Mansor	10	
Dato'Dr. Abdul Rahim bin Haji Daud	10	
Ir. Prabahar s/o Nagalingam Kirupalasingam	10	
Mr. Moksevi Rasingh Prelis	10	
Dr. Shridhir Sariputta Hansa Wijayasuriya	10	
Total	6,913,468,190	100.00

Table 13-3: Shareholders prior to the Offering

13.5 Shareholding Structure of the Company after the Offering

Shareholder	Number of Ordinary Shares held of Rs. 1/- each	% Shareholding to the nearest second decimal point
TM International (L) Limited	6,491,205,819	87.67
The public	712,336,293	9.62
ESOS Trust	199,892,741	2.70
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	10	
TM International Sdn. Berhad	10	
Dato' Dr. Abdul Rahim bin Haji Daud	10	
Ir. Prabahar s/o Nagalingam Kirupalasingam	10	
Mr. Moksevi Rasingh Prelis	10	
Dr. Shridhir Sariputta Hansa Wijayasuriya	10	
Total	7,403,434,913	100.00

Table 13-4: Shareholders after the Offering

14.0 Investment Considerations

Before investing in the Shares, prospective investors should pay particular attention to the fact that the Company and to a large extent its business activities are subject to a number of risk factors which may be within or outside the control of the Company.

The risk factors that follow can be considered material to investors in making an informed judgment on the Company. Prospective investors should carefully evaluate each of the following considerations and all of the other information set forth in this Prospectus before deciding to invest in the Shares. If any of the considerations and uncertainties develops into actual events, the Company's business, financial conditions or results of operations and prospects could be adversely affected. In such a case, the trading price of the Shares could decline due to any of these considerations.

Risks Relating to Sri Lanka

14.1 The Company's operational activities may be susceptible to changes in national security

The Government of Sri Lanka ("GoSL") was engaged in a protracted civil war since 1983, primarily in the North and East regions of the country, with the Liberation Tigers of Tamil Eelam ("LTTE"). On 22 February 2002, the GoSL and the LTTE signed a Norwegian facilitated cease-fire agreement, leading to a cessation of hostilities. In April 2003, the LTTE suspended their participation in peace talks. Despite the suspension of peace talks, both sides have maintained the cessation of hostilities. In recent times, the GoSL and the LTTE have indicated their willingness to re-commence the negotiation process to agree on a political settlement to the conflict.

If the conflict resumes, the Company's plans for the expansion of its service in the North and East regions could be cancelled or suspended, resulting in a loss of revenues and investments in those regions. It is also expected to reduce aggregate economic activity in other parts of the country. The resulting reduction in GDP and per capita income growth levels may reduce the Company's profitability.

It should be noted however that the Company's revenues, subscribers, and capital investments are largely concentrated outside the Northern and Eastern Provinces. Ongoing network expansion in other provinces of the country is expected to further reduce the relative contribution from the Northern and Eastern regions in terms of revenues and net contribution. The net impact of resumption in the conflict is expected to be a one off loss of assets in the North and East, and slower earnings growth rates. It should be noted that the Company continued to grow rapidly even during the period of civil war.

Risks Related to the Company

14.2 The telecommunications industry is subject to rapid technological change

Ongoing changes in telecommunications technology can affect the competitive landscape of the mobile telecommunications sector. It is critical to accurately assess both new technologies to be adopted and the timing of such technology adoptions. Misjudgment in either of these two factors may result in weakening returns on investment and/or loss of market share to competitors.

There is a time lag of a few years between the emergence of a new telecommunications technology and its adoption in Sri Lanka. The Company monitors adoption rates and the financial impact from emerging technologies on mobile operators in other countries prior to committing itself to adoption. Furthermore, the Company has a successful track record in exploiting emerging technologies in the past.

14.3 The Company is exposed to increasing competition

Competition in the Sri Lankan telecommunication market continues to intensify. Mobile service providers compete on several dimensions including the variety of services and features offered, network capacity and coverage, customer services and product pricing. Competitive strategies of mobile operators continue to evolve and the future impact of such strategies is uncertain.

14.4 The Company's business is reliant on the reliability of its network infrastructure and is exposed to risks related to network expansion

Dialog Telekom provides mobile and other services via networks that rely on a common core network to varying degrees. The provision of services by the Company depends on the reliability of this integrated network. Any failure of this network that results in disruptions in operations or provision of any service over a prolonged period could diminish the perception of the Dialog brand amongst subscribers.

14.5 The Company may not be able to successfully extend or launch new products and services into new markets

The Company expects to extend its mobile network to achieve near ubiquitous coverage over the next 3 years. In addition Dialog Telekom intends to continue developing new products and services, especially VAS, local language services and low cost telecommunications solutions. The Company also expects to expand its global linkages to its international services business. There is no guarantee that new products, services, or geographical markets served will prove remunerative to the Company.

14.6 The success of the Company's operations depends on its ability to utilise its current spectrum and its ability to acquire additional spectrum

Spectrum allocation and its adequacy is a critical success factor for a mobile network operation. The Commission allocates spectrum to telecommunications operators. The Company's mobile network operates in the 900 MHz and 1800 MHz spectrum bands, within which it has an allocation of 7.5 MHz and 6.5 MHz respectively. Higher spectrum availability yields a competitive advantage as it enables a mobile operator to transmit higher traffic volumes in urban areas at a lower cost. There is no guarantee that sufficient spectrum allocations will be made to support increasing traffic volumes in the future.

14.7 The Company's business depends on interconnection with other operators' networks and disruption in interconnection with those networks would jeopardise its operations

The Company's telephone services are dependent on interconnection with the networks of other telecommunications operators. Disruption under such interconnection arrangements could adversely affect the Company's ability to originate/terminate traffic to/from such networks.

14.8 Borrowings and covenants may limit the Company's operating and financing activities

The Company has obtained financial facilities from lenders. The terms of such borrowings include covenants governing capital expenditures, debt: equity ratios, total borrowings and dividend payments. Such covenants may constrain future operating, financing and investing activities.

14.9 The Company's business is subject to regulatory oversight

The Company's business is subject to governmental regulation including but not limited to licensing, spectrum allocation, site development, competition, pricing and diversification in the domestic telecommunication sector. Changes in laws, telecommunication regulations or governmental policy affecting the business activities of the Company could affect its financial position and operational results.

14.10 Exchange rate risk

The Company has assets, liabilities, revenues and expenses denominated in foreign currencies, primarily the United States Dollar. Adverse movements in exchange rates between such foreign currencies and the Sri Lankan Rupee may affect Company's profitability and solvency.

14.11 Sri Lanka has wide-ranging labour laws

Sri Lankan companies are subject to wide-ranging labour laws regulating retrenchment, termination benefits, workman's compensation, pensions, wages and hours of work, among others. Changes in laws, regulations or governmental policies affecting the Company's ability to manage its workforce, could adversely affect the business, financial condition, results of operations and prospects of the Company.

Capital Market Related Risks

14.12 No prior market exists for the Offered Shares

Prior to the Offering, there has been no public market for the Company's shares. There can be no assurance that an active trading market for the Offered Shares will develop or, if developed, will be sustained, or that the market price of Offered Shares shall not decline below the Share Offer Price. The Share Offer Price may not be indicative of the market price for the Offered Shares after the completion of this Offering.

14.13 Price volatility of shares on the secondary market

Secondary market prices of the Company's shares may be volatile arising from a range of factors including temporary spikes in demand or supply for such shares, the Company's financial performance, investor sentiment, or fluctuations in the aggregate market.

15.0 The Colombo Stock Exchange

The information presented in this section has been extracted from or based on publicly available documents, which have not been prepared or independently verified in connection with the Offering. The information is included for the convenience of investors and is not intended to be a complete description of all information about the Sri Lankan capital market that may be material to investors.

15.1 Governance

The CSE is a duly incorporated legal entity in the form of a company limited by guarantee. The board of directors of the exchange is the main policymaking body of the exchange and consists of five (5) directors elected by member firms and four (4) directors appointed by the Minister of Finance recommended by the SEC, the statutory body for the regulation of the country's capital market.

The CSE is structured as a self-regulatory organisation and is a member of the World Federation of Exchanges. The CSE provides the infrastructure and the regulatory framework required for the trading of quoted securities.

A mutualised exchange, the CSE has fifteen (15) members and three (3) trading members. Each member is licensed to perform the duties of a stockbroker. All members are corporate entities and, in some cases, subsidiaries of large financial conglomerates such as merchant, commercial and investment banks.

15.2 The Branches of the CSE

The CSE at present operates with a network of three branches. The CSE opened its third branch office in Kurunegala on 14 February 2005 in addition to the existing branches in Matara and Kandy.

15.3 Stock Market Indices

The CSE currently maintains two price indices and two total returns indices. The All Share Price Index (ASPI) tracks the movement of all listed securities with a base index of 100 set in 1985. The Milanka Price Index (MPI) tracks price changes of 25 selected company stocks based on market capitalisation and liquidity.

In January 2004, the CSE also launched two total return indices designed to reflect both price changes and dividend income, in respect of both price indices. The ASPI calculated on a total returns basis results in the All Share Total Returns Index (ASTRI). The MPI calculated on a total returns basis results in the Milanka Total Returns Index (MTRI).

15.4 Trading on the CSE

The CSE operates an order driven market using a fully automated screen based trading system and a fully automated clearing and settlement system. Facilities for clearing and settlement of securities are provided by Central Depository Systems (Private) Limited (CDS) which is a wholly owned subsidiary of the CSE.

15.4.1 Trading Sessions

Trading takes place from 9.30 a.m. to 2.30 p.m. from Monday to Friday, except for Public and Bank Holidays.

15.4.2 Pre-Open

During pre-open (9.00 a.m. to 9.30 a.m.), the system accepts orders. These orders can be amended and cancelled during pre-open. However, no trades take place during this stage. Orders during this period are held in the Automated Trading System and will be forwarded to the execution engine at open auction time.

15.4.3 Open-Auction

During open-auction (9.30 a.m.), the system temporarily closes the order book and starts matching orders. It establishes the opening price and determines the orders to be executed according to the rules for the open-auction period.

15.4.4 Regular Trading

During regular trading (9.30 a.m. to 2.30 p.m.), new orders are continually matched to existing orders in the order book. If an order cannot be executed, it may be stored in the order book, depending on the type of the order.

15.4.5 Size of Trades

The number of shares traded must be in multiples of one hundred and any number less than this will be traded on the Odd Lot board.

15.4.6 Settlement Procedures

Equity transactions are settled on a T + 5 (buyer settlement) and T+ 6 (seller settlement) time frame. All parties wishing to trade on the CSE must have CDS accounts.

15.4.7 Transaction Costs

For lots up to Rs. 1.0 Million, a total transaction cost of 1.225 percent, is charged on either a buy or sell order. If the value of the trade was higher than Rs. 1.0 Million, a transaction cost of 1.025 percent would be charged.

The transaction cost break up is as follows;

On transactions up to Rs. 1.0 Million		On transactions over Rs. 1.0 Million	
Brokerage Fees	1.000%	Brokerage Fees	0.800%
SEC Cess	0.090%	SEC Cess	0.090%
CSE Fees	0.105%	CSE Fees	0.105%
CDS Fees	0.030%	CDS Fees	0.030%
Total	1.225%	Total	1.025%

Table 15-1: Transaction Cost

In addition a Government Tax of 0.2% will apply to all transactions.

15.5 Recent Performance

The three year period of 2002-2004 has seen increased activity on the CSE with average daily turnover increasing from Rs. 127 Million to Rs. 246 Million. The ASPI and MPI reflected a CAGR of 36% and 23%, respectively, during this period.

Market activity has historically reacted keenly to the volatile political and economic environment of the country. The cessation of violence in the North and East of the country and improvement in general socio-political environments, continued growth in corporate earnings, funds inflow from low return yielding investments, improved macroeconomic fundamentals and influx of foreign funds made way for increased activity and positive sentiment during 2004.

The ASPI recorded an annual growth of 42% whilst the MPI recorded a 9% growth in 2004. The CSE became the fourth best performing market in the world in the first quarter of 2005.

The table below provides market related statistics for the period 2002 to March 2005.

End of Period	2002	2003	2004	Jan-Mar 2005
Annual Turnover, Rs. Million.	30,183	73,657	59,052	27,627
Average Daily Turnover, Rs. Million.	127	307	246	485
Cumulative Trades, No.	280,681	481,269	645,083	287,050
Listed Companies, No.	238	244	242	241
Foreign Turnover/Total Turnover	20.7%	18.7%	18.2%	15.7%
Net Foreign Flow, Rs. Million.	2,442	209	1,106	31
Cumulative Foreign Purchases, Rs. Million.	7,477	13,944	11,278	4,354
Cumulative Foreign Sales, Rs. Million.	5,035	13,735	10,172	4,323
CSE All Share Price Index	815.1	1,062.1	1,506.9	1,751.9
CSE Milanka Price Index	1,374.6	1,897.8	2,073.7	2,392.2
Market Price Earning Ratio (PER)	12.1	11.1	10.8	12.6
Market Dividend Yield %	4.3	3.1	3.2	2.8

Table 15:2 Market statistics 2002 to March 2005

Source: Colombo Stock Exchange and Monthly Market Report, March 2005

15.6 Foreign Investment in Sri Lankan Capital Market

Foreign investment in local equity is open to the following parties;

- Country funds approved by the SEC
- Regional funds approved by the SEC
- Corporate bodies incorporated outside Sri Lanka, and
- Individuals resident outside Sri Lanka (inclusive of Sri Lankans resident outside Sri Lanka).

Foreign investors are required to open a SIERA at a commercial bank in Sri Lanka for the purpose of buying and selling shares. Please refer Section 7.13 for details pertaining to foreign currency remittance.

15.7 Foreign Investment Limits

Foreign investors may invest in up to 100% of issued capital of a limited company in Sri Lanka subject to certain limitations. Please refer Section 16.12 for more details with regard to Exchange Controls.

16.0 Taxation and Exchange Controls

The following information is an overview of selected taxation and other regulations that may be relevant to share transactions in the Democratic Socialist Republic of Sri Lanka. The discussion does not claim to be a comprehensive explanation of regulations and considerations that pertain to the purchase, ownership and disposition of the Offered Shares. The explanations are based on provisions effective in Sri Lanka at the time of printing of this Prospectus. Investors are advised to consult their own advisors prior to engaging in transactions related to the Offering.

16.1 Corporate Taxation

A rate of 30% inclusive of a contribution to the human resources endowment fund of 2.5% applies to corporate profits earned by resident quoted public companies consisting of 300 or more shareholders and having a taxable income of over Rs. 5 Million.

Corporate profits of unlisted resident companies having a taxable income of over Rs. 5 Million are taxed at a rate of 32.5%, inclusive of contribution to human resource endowment fund of 2.5%.

Profits from all sources of income, excluding dividend income, are aggregated to comprise taxable profit.

In the case of income sources such as fixed deposit and interest income, tax at 10% is withheld at source by the respective banks or financial institutions on interest paid. Credit is available for such tax withheld.

16.2 Withholding Taxation of Dividends

In general, dividends distributed by resident companies out of taxable income to resident or non-resident shareholders are subject to withholding tax at the rate of 10%. The Company is required to deduct dividend tax at source and remit the same to the Department of Inland Revenue.

Other than the withholding tax referred to above, dividends paid on shares to shareholders of the Company will not be subject to any other Sri Lankan tax. Dividend income received by a company resident in Sri Lanka from another company resident in Sri Lanka does not form part of assessable income and is, therefore, not taxable in the hands of the recipient company.

16.3 Economic Service Charge

An Economic Service Charge (ESC) will be applicable to every person or partnership that carries on a trade, business, profession or vocation in Sri Lanka, with the exception of the following:

- a) Those with a turnover of Rs. 50 Million or below
- b) Those whose business had not commenced commercial operations during the 36 months preceding 1 April of the relevant year of assessment
- c) Societies registered under Co-operative Societies Law No. 5 of 1972
- d) BOI companies for the assessable year ended 31 March 2005.

Companies exempt from income tax and BOI companies other than those exempted from the ESC would be taxed at a rate of 0.25%. A rate of 1% applies to entities paying normal income tax rates. A rate of 0.5% applies to entities paying concessionary income tax rates.

16.4 Taxation of Share Transactions

All profits earned from the sale of shares within two years from the date of purchase, including rights, bonuses, warrants as well as shares in BOI companies was liable to tax at the rate of 15% with effect from 1 April 2004.

However, the above tax of 15% has been withdrawn as of 1 January 2005 and replaced with a 0.2% transaction tax on the sale and purchase of all share transactions.

16.5 Stamp Duty

There is no stamp duty payable on the issuance or transfer of shares of a quoted company.

16.6 Imputation Tax System and Advance Corporation Tax

There is no imputation tax system in Sri Lanka since the advance corporation tax was abolished.

16.7 Turnover Tax

Turnover tax is a sales tax payable on the total amount received or receivable from business transactions at the provincial level. Proceeds from the sale of shares are exempt from turnover tax.

16.8 Remittance Tax

Every non-resident company is liable to pay tax on remittances amounting to 10% of its remittances abroad. Remittances do not include any dividends paid by a resident company to such non-resident company.

16.9 Value Added Tax

VAT will be charged at the rate of 15% for utilities such as telecommunication services.

16.10 Mobile Subscriber Levy (MSL)

MSL will be charged at the rate of 2.5% on all charges on mobile telecommunication services.

16.11 Other Sri Lankan Taxes

At present, there are no inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of shares.

16.12 Exchange Controls

Dividends to foreign shareholders, including non-resident Sri Lankan shareholders, can be remitted without restriction. Proceeds from the sale of shares too can be remitted without exchange control restrictions if the funds for purchase of the said shares have been effected through a SIERA. The operation of the SIERA is governed by the rules and regulations of the Controller of Exchange.

All funds for purchase cost, brokering and bank charges including inward remittances and repatriation of dividends and all credits, sale proceeds and dividend proceeds should be channeled through the SIERA. Remittances out of SIERA should be backed by documentary evidence of the transaction, giving rise to the remittance (i.e. dividend warrant, contract note). Such documentation should be produced to the commercial bank at which the respective SIERA is held. A tax clearance certificate from the Department of Inland Revenue is not required for remittances in respect of remittance of dividends and sale proceeds of shares held in listed companies.

17.0 Additional Information

17.1 Memorandum of Association and the Articles of Association

Extracts of the Memorandum of Association and the Articles of Association are set out in Annex C. Both documents are available on the Company's web site (www.DialogTelekom.com) and the web site of the CSE (www.cse.lk). The documents can also be inspected at the Registered Office of the Company during normal working hours, from the date hereof until the subscription list closes or up to fourteen (14) market days from the opening of the subscription list on 7 July 2005 whichever is later.

17.2 Inspection of Documents

The Memorandum of Association, the Articles of Association, the Auditors' Report, Audited Financial Statements for the year ended 31 December 2003, Audited Financial Statements for the year ended 31 December 2004 and the documents enumerated below to which references are made herein are open for inspection by the public during normal working hours at the Registered Office of the Company from the date hereof, until the subscription list closes or up to fourteen (14) market days, whichever is later.

The agreements available for perusal in addition to the Memorandum of Association, the Articles of Association and Auditors' Report are as follows;

- a) The Operating License
- b) The Internet Services License
- c) The External Gateway Operations License
- d) The BOI Agreement

17.3 Hosting of Prospectus and Application Form on the web

The Prospectus and Application Form are available on the Company's website (www.DialogTelekom.com) and the website of the CSE (www.cse.lk). From the date hereof, until the subscription list closes or up to fourteen (14) market days, whichever is later.

17.4 Brokerage

Brokerage at the rate of zero point seven percent (0.7%) of the Share Offer Price will be paid in respect of the number of shares allotted/allocated on Applications bearing the seal of any bank operating in Sri Lanka, the seal of a member of the CSE or other intermediary appointed by the Company involved in the placement/marketing of the Offering. The Selling Shareholder shall bear the cost of brokerage incurred on the sale of Vendor Shares.

17.5 Approvals and Waivers

17.5.1 Approval under Section 28A of the Securities and Exchange Commission Act No.36 of 1987

Approval has been granted by the SEC under Section 28 A of the Securities and Exchange Commission Act No.36 of 1987, for allotment of shares during the preceding twelve months of the initial listing application to the CSE.

17.5.2 Exemption from Rule 1.6-1d(iii) of the Listing Rules of the Colombo Stock Exchange

Rule 1.6-1d of the listing rules of the CSE specifies the following eligibility criteria in order for a company to be listed on the Main Board.

- i) An issued and paid up capital of Rupees Seventy Five Million (Rs.75,000,000) or where the company is incorporated /established outside Sri Lanka a value equivalent thereto;

- ii) A profit before tax for three consecutive years immediately preceding the date of application;
- iii) 25% of issued capital must be held/offered to the public.

The Company has fulfilled criteria i) and ii) above. The CSE in and by virtue of a letter dated 26 May 2005 has granted a waiver for the application of Rule 1.6-1(d) (iii) subject to the following;

- a) The Company's public float being at least 9.6%;
- b) A relevant disclosure with reference to the granting of the waiver being made in the Prospectus.

17.6 Underwriting

The Offering is not underwritten. In the event of the Offering being under subscribed, the Company shall seek a listing nonetheless.

As the proceeds raised by the Offering is to be utilised by the Company for capital expenditure as elaborated upon in Section 7.4 - "Objectives of the Offering", in the event of an under subscription the Company is confident that the short-fall can be financed through internally generated cash.

18.0 Statutory Declarations

18.1 Statutory Declaration by the Directors

We, the undersigned, who are named in the Prospectus as directors of Dialog Telekom Limited, hereby declare and confirm that we have read the provisions of the Companies Act No. 17 of 1982 and the Colombo Stock Exchange listing rules and any amendments to it relating to the issue of this Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of Dialog Telekom Limited have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to Dialog Telekom Limited and making assumptions that are considered to be reasonable at the present point in time in our best judgment.

Name of Director	Place	Signature	Date
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	Colombo	Signed	08.06.05
Dato' Dr. Abdul Rahim bin Haji Daud	Colombo	Signed	08.06.05
Ir. Prabahar s/o Nagalingam Kirupalasingam	Colombo	Signed	08.06.05
Dr. Shridhir Sariputta Hansa Wijayasuriya	Colombo	Signed	10.06.05
Jaffa Sany bin Md Ariffin	Indonesia	Signed	09.06.05
Moksevi Rasingh Prelis	Colombo	Signed	08.06.05

18.2 Statutory Declaration by the Manager

10 June 2005

We, NDB Investment Bank Limited, of No. 40, Navam Mawatha, Colombo 02 being the Manager to the Initial Public Offering of Dialog Telekom Limited, hereby declare and confirm that we have read the provisions of the Securities and Exchange Commission Act No. 36 of 1987 (as amended) relating to this Share Offer and that to the best of our knowledge and belief the Prospectus constitutes full and true disclosure of all material facts about the Share Offer and Dialog Telekom Limited, whose Ordinary Shares are being issued.

Signed

18.3 Statutory Declaration by the Company

08 June 2005

An application has been made to the Colombo Stock Exchange for permission to deal in and for a quotation for all of the Ordinary Shares of the Company. Such permission will be granted when the Company has been admitted to the official list of the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official list is not to be taken as an indication of the merits of the Company or of the securities issued.

Signed

19.0 Financial Statements and Auditors' Report



PricewaterhouseCoopers
P. O. Box 918
100, Braybrooke Place
COLOMBO 2
SRI LANKA
Telephone : 94-11-4-719838 (Hunting)
Facsimile : 94-11-2342389

SG/130/2005

16 June 2005

The Board of Directors
Dialog Telekom Limited
475 Union Place
Colombo 2

Dear Sirs

Accountants' report for inclusion in the prospectus

- 1 T M International (L) Limited which presently owns 99.99% of the issued share capital of Dialog Telekom Limited, formerly known as MTN Networks (Private) Limited, now wishes to divest 422,262,311 ordinary shares to the public by way of and offer for sale. In addition the Company will issue 290,073,982 new ordinary shares to the public by way of and offer for subscription. This Accountants' report, accordingly, has been prepared for inclusion in the prospectus to be issued in connection with this regard.

Incorporation

- 2 Dialog Telekom Limited was incorporated in Sri Lanka on 27 August 1993 as a limited liability company under the Companies Act, No. 17 of 1982 and commenced operations in August 1995. The principle activities of the Company are to establish, maintain and operate an islandwide cellular mobile telephone network, internet service and external gateway operations and to deal in connected activities.
- 3 As part of the divestment process, the Company received approval on its application to the Registrar of Companies to change its status to a public limited liability company on 25 May 2005 under section 20(1) of the Companies Act, No. 17 of 1982. In accordance to the certificate issued by the Registrar of Companies, dated 25 May 2005, MTN Networks (Private) Limited, thereon changed its name to Dialog Telekom Limited.

Financial statements

Five - year summary of financial statements

- 4 A summary of the income statements, statements of changes in equity, balance sheets and cash flow statements for the financial years ended from 31 December 2000 to 31 December 2004, of Dialog Telekom Limited, based on the audited financial statements are set out on pages 92 to 95.

Statutory financial statements

- 5 The financial statements of Dialog Telekom Limited for the period from 27 August 1993, the date of incorporation, to 31 December 1994 and for each of the financial years ended thereafter up to 31 December 2004 have been audited by us.

- 6 The income statement, balance sheet, cash flow statement and the statement of changes in equity along with the accounting policies and notes to the financial statements for the year ended 31 December 2004 are set out on pages 97 to 117. We have audited these financial statements, and our report issued on 24 February 2005 is set out on page 96.

Financial statements for the three months ended 31 March 2005

- 7 Our review report on the financial statements for the three months ended 31 March 2005 comprising the balance sheet and income, changes in equity and the cash flow statements and notes thereon is given on pages 118 to 125.

Audit reports

- 8 Unqualified audit opinions have been expressed on the financial statements issued for each of the financial years 2000 to 2004.

Accounting policies

- 9 Financial statements referred to in paragraph 8 are prepared in accordance with Generally Accepted Accounting Principles and the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. The said financial statements are prepared under the historical cost convention. Specific policies are explained in pages 101 to 104 of the financial statements for the year ended 31 December 2004.
- 10 There were no significant changes in the accounting policies adopted during the period referred to in paragraph 8.

Taxation

- 11 Dialog Telekom Limited, having entered into an agreement with the Board of Investment of Sri Lanka (BOI under Section 17 of Board of Investment Law No. 4 of 1978), is exempt from income tax on its main business activities for fifteen years (initial tax exemption period of seven years was extended to fifteen years as per the amendment made to the BOI agreement on 17 April 2003) commencing 1 January 1998 until 31 December 2012.

Dividends

- 12 The dividends declared by the Company over the past five years are given below:

Year	Preference dividends (Rs.)	Ordinary dividends (Rs.)
2000	Nil	132,788,000
2001	130,000,000	132,788,000
2002	335,000,000	162,474,000
2003	236,570,423	629,714,850
2004	107,863,195	2,751,072,805

Yours truly

PricewaterhouseCoopers
Chartered Accountants
Colombo

MTN NETWORKS (PRIVATE) LIMITED

Income statement

(all amounts in Sri Lanka Rupees Thousands)

Year ended 31 December

	2004	2003	2002	2001	2000
Sales	11,406,685	7,476,924	4,589,909	3,218,267	2,267,973
Cost of sales	(3,931,917)	(2,973,094)	(2,031,900)	(1,300,165)	(1,152,802)
Gross profit	7,474,768	4,503,830	2,558,009	1,918,102	1,115,171
Other operating income	30,092	16,994	31,539	21,166	16,285
Administrative expenses	(1,597,415)	(991,609)	(528,037)	(371,476)	(234,668)
Distribution costs	(1,555,080)	(862,547)	(663,153)	(664,561)	(367,473)
Operating profit	4,352,365	2,666,668	1,398,358	903,231	529,315
Finance (cost)/income	(212,464)	(252,881)	(92,620)	52,079	9,805
Profit before tax	4,139,901	2,413,787	1,305,738	955,310	539,120
Tax	(39,382)	445,150	(222,575)	(222,575)	Nil
Net profit	4,100,519	2,858,937	1,083,163	732,735	539,120
Earnings per ordinary share	108	74	26	20	15

MTN NETWORKS (PRIVATE) LIMITED

Balance sheet - 31 December 2004

(all) amounts in Sri Lanka Rupees Thousands)

ASSETS	As at 31 December			
	2004	2003	2002	2001
Non - current assets				
Capital work-in-progress				809,284
Property, plant and equipment				2,422,988
Intangible assets				Nil
Current assets				3,232,272
Inventories				454,905
Receivables and prepayments				4,516,362
Cash and cash equivalents				Nil
Total assets	13,465,892	10,985,133	8,106,140	4,971,267
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary shares				370,000
Preference shares				1,268,979
Retained earnings				425,200
Revaluation reserve				Nil
Non - current liabilities				422,041
Subscription in advance				370,000
Borrowings				1,268,979
Deferred Tax Liabilities				52,041
Retirement benefit obligations				Nil
Current liabilities				3,401,160
Trade and other payables				1,124,281
Current tax liabilities				Nil
Borrowings				343,190
Total liabilities	10,442,171	7,839,109	7,796,074	4,269,900
Total equity and liabilities	19,154,327	13,317,031	10,907,416	6,334,079

MTN NETWORKS (PRIVATE) LIMITED

Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

	Ordinary shares capital	Revaluation Reserve	Retained Earnings	Total
Balance at 1 January 2000	370,000	Nil	(487,079)	(117,079)
Net Profit	Nil	Nil	539,120	539,120
Balance at 31 December 2000	370,000	Nil	52,041	422,041
Balance at 1 January 2001	370,000	Nil	52,041	422,041
Net Profit	Nil	Nil	732,735	732,735
Dividends Proposed	Nil	Nil	(395,576)	(395,576)
Balance at 31 December 2001	370,000	Nil	389,200	759,200
Balance at 1 January 2002	370,000	Nil	389,200	759,200
Net Profit	Nil	Nil	1,083,163	1,083,163
Balance at 31 December 2002	370,000	Nil	1,472,363	1,842,363
Balance at 1 January 2003	370,000	Nil	1,472,363	1,842,363
Revaluation surplus	Nil	5,117	Nil	5,117
Net Profit	Nil	Nil	2,858,937	2,858,937
Dividend paid	Nil	Nil	(497,474)	(497,474)
Balance at 31 December 2003	370,000	5,117	3,833,826	4,208,943
Balance at 1 January 2004	370,000	5,117	3,833,826	4,208,943
Depreciation Transfer	Nil	(221)	221	Nil
Net Profit	Nil	Nil	4,100,519	4,100,519
Dividend paid	Nil	Nil	(866,285)	(866,285)
Balance at 31 December 2004	370,000	4,896	7,068,281	7,443,177

MTN NETWORKS (PRIVATE) LIMITED

Cash flow statement

(all amounts in Sri Lanka Rupees Thousands)

	Year ended 31 December				
	2004	2003	2002	2001	2000
Operating activities					
Cash generated from operations	7,151,974	3,628,692	1,878,201	1,459,280	417,783
Interest received	100,914	22,691	27,112	41,454	30,919
Interest paid	(276,112)	(174,835)	(210,064)	(70,393)	(107,461)
Tax paid	(6,528)	Nil	Nil	Nil	Nil
Retirement benefit obligations paid	(165)	Nil	Nil	Nil	Nil
Net cash from operating activities	6,970,083	3,476,548	1,695,249	1,430,341	341,241
Investing activities					
Purchase of property, plant and equipment	(645,310)	(493,177)	(391,433)	(236,265)	(66,841)
Purchase of intangible assets	(136,830)	(91,368)	Nil	Nil	Nil
Expenditure incurred on capital work-in-progress	(3,285,736)	(3,354,746)	(3,202,369)	(1,846,839)	(878,289)
Proceeds from sale of property, plant and equipment	7,248	1,521	485	627	958
Net cash used in investing activities	(4,060,628)	(3,937,770)	(3,593,317)	(2,082,477)	(944,172)
Financing activities					
Subscription in Advance	Nil	Nil	1,632,700	Nil	1,148,100
Repayment of finance lease	(18,564)	(21,888)	(11,637)	(6,587)	(3,882)
Repayment of long term borrowings	(424,498)	(430,803)	(136,974)	(65,772)	(148,627)
Proceeds from long term borrowings	1,054,737	904,519	1,365,140	553,717	Nil
Dividend Paid	(866,285)	(760,262)	(132,788)	Nil	Nil
Net cash used in financing activities	(254,610)	(308,434)	2,716,441	481,358	995,591
Increase / (decrease) in cash and cash equivalents	2,654,845	(769,656)	818,373	(170,778)	392,660
Movement in cash and cash equivalents					
At start of year	515,490	1,285,146	466,773	637,551	244,891
Increase / (decrease)	2,654,845	(769,656)	818,373	(170,778)	392,660
At end of year	3,170,335	515,490	1,285,146	466,773	637,551

Report of the auditors

To the members of MTN Networks (Private) Limited

1 We have audited the accompanying balance sheet of MTN Networks (Private) Limited as at 31 December 2004, and the related income, changes in equity and cash flow statements for the year then ended, together with the accounting policies and notes as set out on pages 97 to 117.

Respective Responsibilities of Directors and Auditors

2 The directors are responsible for preparing and presenting these financial statements in accordance with Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Opinion

3 We conducted our audit in accordance with Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements and determining whether the said financial statements are prepared and presented in accordance with Sri Lanka Accounting Standards. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

4 In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 December 2004 and to the best of our information and according to the explanations given to us, the said balance sheet and the related income, changes in equity and cash flow statements and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 December 2004 and of the results of its operations, and its cash flows and changes in equity for the year then ended.

Directors' Interests in Contracts with the Company

5 According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31 December 2004, except as stated in note 26 to these financial statements.

24th February 2005

COLOMBO

PricewaterhouseCoopers

CHARTED ACCOUNTANTS

MTN NETWORKS (PRIVATE) LIMITED

Income statement

(all amounts in Sri Lanka Rupees Thousands)

	Notes	Year ended 31 December	
		2004	2003
Sales	2	11,406,685	7,476,924
Cost of sales		(3,931,917)	(2,973,094)
Gross profit		7,474,768	4,503,830
Other operating income		30,092	16,994
Administrative expenses		(1,597,415)	(991,609)
Distribution costs		(1,555,080)	(862,547)
Operating profit	3	4,352,365	2,666,668
Finance cost	5	(212,464)	(252,881)
Profit before tax		4,139,901	2,413,787
Tax	6	(39,382)	445,150
Net profit		4,100,519	2,858,937
Earnings per ordinary share (Rs)	7	107.90	74.35

The accounting policies on pages 101 to 104 and the notes on pages 105 to 117 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Balance sheet - 31 December 2004

(all amounts in Sri Lanka Rupees Thousands)

	Notes	31 December	
		2004	2003
ASSETS			
Non - current assets			
Capital work-in-progress	9	1,650,328	1,226,149
Property, plant and equipment	10	11,733,264	9,682,329
Intangible assets	11	82,300	76,655
		13,465,892	10,985,133
Current assets			
Inventories	12	229,410	173,579
Receivables and prepayments	13	2,268,281	1,546,397
Cash and cash equivalents	14	3,190,744	611,922
		5,688,435	2,331,898
Total assets		19,154,327	13,317,031
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	22	370,000	370,000
Preference shares	23	1,268,979	1,268,979
Retained earnings		7,068,281	3,833,826
Revaluation reserve	24	4,896	5,117
		8,712,156	5,477,922
Non - current liabilities			
Subscription in advance	17	3,414,190	3,414,190
Borrowings	16	3,137,717	2,347,662
Retirement benefit obligations	19	48,497	29,449
		6,600,404	5,791,301
Current liabilities			
Trade and other payables	15	3,483,757	1,515,342
Current tax liabilities		32,854	Nil
Borrowings	16	325,156	532,466
		3,841,767	2,047,808
Total liabilities		10,442,171	7,839,109
Total equity and liabilities		19,154,327	13,317,031

The Board of Directors is responsible for the preparation and presentation of these financial statements.
These financial statements were approved by the Board on 24 February 2005.

Signed)
.....) Directors
Signed

The accounting policies on pages 101 to 104 and the notes on pages 105 to 117 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

	Note	Ordinary Share Capital	Revaluation Reserve	Retained Earnings	Total
Balance at 1 January 2003		370,000	Nil	1,472,363	1,842,363
Revaluation surplus	24	Nil	5,117	Nil	5,117
Net profit		Nil	Nil	2,858,937	2,858,937
Dividend paid	8	Nil	Nil	(497,474)	(497,474)
Balance at 31 December 2003		370,000	5,117	3,833,826	4,208,943
Balance at 1 January 2004		370,000	5,117	3,833,826	4,208,943
Depreciation transfer		Nil	(221)	221	Nil
Net Profit		Nil	Nil	4,100,519	4,100,519
Dividend paid		Nil	Nil	(866,285)	(866,285)
Balance at 31 December 2004		370,000	4,896	7,068,281	7,443,177

The accounting policies on pages 101 to 104 and the notes on pages 105 to 117 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Cash flow statement

(all amounts in Sri Lanka Rupees Thousands)

	Notes	Year ended 31 December	
		2004	2003
Operating activities			
Cash generated from operations	25	7,151,974	3,628,828
Interest received		100,914	22,691
Interest paid		(276,112)	(174,835)
Tax paid		(6,528)	Nil
Retirement benefit obligations paid	19	(165)	(136)
Net cash from operating activities		6,970,083	3,476,548
Investing activities			
Purchase of property, plant and equipment		(645,310)	(493,177)
Purchase of intangible assets		(136,830)	(91,368)
Expenditure incurred on capital work-in-progress		(3,285,736)	(3,354,746)
Proceeds from sale of property, plant and equipment		7,248	1,521
Net cash used in investing activities		(4,060,628)	(3,937,770)
Financing activities			
Repayment of finance leases		(18,564)	(21,888)
Repayment of long term borrowings		(424,498)	(430,803)
Proceeds from long term borrowings		1,054,737	904,519
Dividend paid		(866,285)	(760,262)
Net cash used in financing activities		(254,610)	(308,434)
Increase / (decrease) in cash and cash equivalents		2,654,845	(769,656)
Movement in cash and cash equivalents			
At start of year		515,490	1,285,146
Increase / (decrease)		2,654,845	(769,656)
At end of year	14	3,170,335	515,490

The accounting policies on pages 101 to 104 and the notes on pages 105 to 117 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1 Basis of accounting

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are prepared under the historical cost convention except for the revaluation of buildings.

2 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

3 Intangible assets

All intangible assets are stated at historical cost less accumulated amortisation. Amortisation is calculated on the straight line method to write off the cost of each asset over their estimated useful lives, over one year from the date of purchase.

Cost associated with the maintenance of existing computer software programmes are expensed as incurred.

4 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Buildings are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for property. All other property, plant and equipment is stated at historical cost less depreciation.

Increase in the carrying amount arising on revaluation are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from revaluation and other reserves to retained earnings.

Cost in the case of telecommunication network comprises expenditure incurred up to and including the last distribution point before customers' premises and includes contractors' charges, materials, direct labour and related overheads. A fee of 1% payable on addition to capital investments, to Sri Lanka Telecommunication Regulatory Commission, is capitalised along with the property, plant and equipment.

Depreciation is calculated to write off the cost or valuation of property, plant and equipment on a straight line basis over the expected useful lives of assets concerned.

MTN NETWORKS (PRIVATE) LIMITED

Accounting policies (Contd)

4 Property, plant and equipment (Contd)

The principal annual depreciation rates used are :

	% per annum
Buildings	2.5 - 2.59
Building - electrical installation	12.5
Building - leasehold property	33 1/3
Computer equipment	20
Telecom equipment - other than prepaid system	10
- prepaid system	10 and 20
Office equipment	20
Furniture and fittings	20
Toolkits	10
Motor vehicles	20

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

5 Accounting for leases where Company is the lessee.

Leases of property, plant and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance easing contracts is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all expenses incurred in bringing the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

MTN NETWORKS (PRIVATE) LIMITED

Accounting policies (Contd)

7 Trade receivables

Trade receivables are carried at anticipated realisable values. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

10 Current taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act.

11 Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates excluding any surcharges are used to determine deferred income tax.

Under this method the Company is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

12 Trade and other payables

Liabilities classified as trade and other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

MTN NETWORKS (PRIVATE) LIMITED**Accounting policies (Contd)****13 Defined benefit plan**

Terminal benefits are provided for all employees of the Company at the rate of one half of the basic or consolidated wage or salary, applicable to the last month of the financial year, for each year of completed service.

14 Defined contribution plans

All employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company contributes 12% or 15% and 3% respectively, of such employees' basic or consolidated wage or salary.

15 Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts.

Other revenues earned by the Company are recognised on the following bases :

Interest income - as it accrues (taking into account the effective yield on the asset)
unless collectibility is in doubt.

Rental income - on an accrual basis.

16 Comparatives

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

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees Thousands unless otherwise stated)

General information

1 MTN Networks (Private) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 475, Union Place, Colombo 2.

Sales

2	2004	2003
Local call revenue	6,583,988	4,240,643
International call revenue	199,399	138,789
International roaming revenue	1,703,855	1,323,313
Rental income	1,273,758	883,344
Value added services	153,734	108,799
Other billing income	44,314	43,421
ISP revenue	20,098	22,461
Thuraya revenue	12,606	11,214
Sales of phones and accessories	512,220	319,818
Revenue from reconnection charges	2,945	4,383
International terminating revenue - EGO	544,215	120,908
ILAC revenue	320,759	255,211
Other income	39,861	7,036
	11,411,752	7,479,340
Less : Turnover Tax	(5,067)	(2,416)
	11,406,685	7,476,924

Operating profit

3 The following items have been charged / (credited) in arriving at operating profit :

	2004	2003
Directors' emoluments		
- as directors	2,040	195
- for management services	4,190	3,150
Auditors' remuneration		
- Audit fees	750	660
- Other professional services	1,275	250
Amortisation of computer software (Note 11)	142,706	79,008
Depreciation on property, plant and equipment (Note 10)		
- owned assets	1,433,305	983,221
- leased assets under finance leases	18,936	17,372
Repair and maintenance expenditure on property, plant and equipment	454,317	242,776
Provision for bad debts	277,919	247,588
Operating lease rentals		
- office	49,572	39,260
- base stations and lease circuits	547,004	462,235
Cost of inventories (included in 'cost of sales')	403,821	377,087
Staff costs (Note 4)	420,760	260,624
Profit on disposal of property, plant and equipment	(3,153)	(358)

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Staff costs	2004	2003
4		
Wages and salaries	338,035	214,675
Social security costs	20,589	8,892
Pension costs - defined contribution plans	42,923	25,937
Pension costs - defined benefit plan (Note 19)	19,213	11,120
	420,760	260,624
Average number of persons employed during the year		
- Full time	1,215	815
- Part time	60	20
Finance cost	2004	2003
5		
Net foreign exchange transaction gain / (loss)	14,712	(94,742)
Interest income on call deposits	107,005	24,338
Interest expense on:		
- bank overdrafts	(250)	(2,460)
- term loans	(319,289)	(170,365)
- parent company loan	(2,128)	(2,010)
- finance leases	(12,514)	(7,642)
	(334,181)	(182,477)
	(212,464)	(252,881)

Tax

6 Under the agreement entered into between the Company and the Board of Investment of Sri Lanka, the Company is exempt from income tax for fifteen years (initial tax exemption period of seven years was extended to fifteen years as per the amendment made to BOI agreement on 17 April 2003) commencing either from the year in which it first makes a profit, or in the fifth year subsequent to the start of commercial operations whichever is earlier. The Company commenced commercial operations during the year 1995 and profits were first recorded during the year ended 31 December 1998. Accordingly, the tax exemption period commenced from 1 January 1998 and the Company has current tax liability only for the interest income earned from fixed and call deposits for the year under review.

	2004	2003
Current tax	39,382	Nil
Deferred tax (Note 18)	Nil	(445,150)
	39,382	(445,150)

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Earnings per share

7 Basic earning per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2004	2003
Net profit after tax	4,100,519	2,858,937
Preference share dividend (8.5%)	(107,863)	(107,863)
Net profit attributable to ordinary shareholders	3,992,656	2,751,074
Weighted average number of ordinary shares in issue (thousands)	37,000	37,000
Basic earnings per share (Rs)	107.90	74.35

Dividend

8 Dividend for the year ended 31 December 2004 is to be proposed at the Annual General Meeting. Dividends for the year ended 31 December 2003 were declared and paid during the year are as follows :

Ordinary share dividends of Rs 629,714,850 (Rs17.02 per share)

Cumulative preference share dividends of Rs 236,570,423.

Capital work-in-progress

9	2004	2003
As at 1 January	1,226,149	1,217,713
Expenditure incurred during the year	3,285,736	3,354,746
Amount capitalised as property, plant and equipment (Note 10)	(2,850,036)	(3,309,383)
Amount transferred to intangible assets (Note 11)	(11,521)	(36,927)
As at 31 December	1,650,328	1,226,149

MTN NETWORKS (PRIVATE) LIMITE

Notes to the financial statements (Contd)

Property, plant and equipment

10 (a)	Buildings	Computer Systems	Telecom equipment	Furniture, fittings & Other equipment	Motor vehicles	Total
Year ended 31 December 2003						
Opening net book amount	193,650	511,160	6,021,798	67,861	66,590	6,861,059
Revaluation	5,117	Nil	Nil	Nil	Nil	5,117
Additions	97,154	256,772	77,250	56,778	20,572	508,526
Transferred from capital WIP (Note 9)	Nil	272,470	3,036,913	Nil	Nil	3,309,383
Disposals	Nil	Nil	Nil	Nil	(1,163)	(1,163)
Depreciation charge (Note 3)	(16,205)	(143,238)	(795,026)	(23,857)	(22,267)	(1,000,593)
Closing net book amount	279,716	897,164	8,340,935	100,782	63,732	9,682,329
At 31 December 2003						
Cost / valuation	299,280	1,146,776	10,694,676	161,932	136,173	12,438,837
Accumulated depreciation	(19,564)	(249,612)	(2,353,741)	(61,150)	(72,441)	(2,756,508)
Net book amount	279,716	897,164	8,340,935	100,782	63,732	9,682,329
Year ended 31 December 2004						
Opening net book amount	279,716	897,164	8,340,935	100,782	63,732	9,682,329
Additions	90,753	166,766	247,589	87,070	65,057	657,235
Transferred from capital WIP (Note 9)	Nil	266,518	2,583,518	Nil	Nil	2,850,036
Disposals	Nil	(2,036)	Nil	(196)	(1,863)	(4,095)
Depreciation charge (Note 3)	(18,700)	(201,304)	(1,166,525)	(37,321)	(28,391)	(1,452,241)
Closing net book amount	351,769	1,127,108	10,005,517	150,335	98,535	11,733,264
At 31 December 2004						
Cost / valuation	390,033	1,577,410	13,525,783	242,832	192,107	15,928,165
Accumulated depreciation	(38,264)	(450,302)	(3,520,266)	(92,497)	(93,572)	(4,194,901)
Net book amount	351,769	1,127,108	10,005,517	150,335	98,535	11,733,264

(b) The Company's buildings were revalued during the year ended 31 December 2003, by a professional independent valuer. Valuations were made on the basis of the market value for existing use. The book value of the properties were adjusted to the revalued amount and the surplus arising was credited to revaluation reserve in shareholders' equity.

If the buildings were stated on the historical cost basis, the amount would be as follows:

	2004	2003
Cost	389,928	299,175
Accumulated depreciation	(43,055)	(24,487)
Net book amount	346,873	274,688

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Property, plant and equipment (Contd)

- (c) Property, plant and equipment includes motor vehicles acquired under finance leases, the net book value of which is made up as follows :

	2004	2003
Cost	100,567	91,497
Accumulated depreciation	(58,870)	(39,934)
Net book value	41,697	51,563

- (d) Property, plant and equipment includes fully depreciated assets still in use, the cost of which amounted to Rs 398,366,185 (2003 - Rs 107,248,090) at the balance sheet date.
- (e) Borrowing cost of Rs 25,728,452 arising on financing specifically for the construction of telecom equipment, were capitalised during the year and is included in additions to property, plant and equipment shown in note 9. Capitalisation rates of LIBOR + 0.7% and AWPLR + 0.1% were used representing the borrowing cost of the loans used to finance the project.

Intangible assets

11	2004	2003
Computer software	76,655	27,368
Year ended 31 December		
Opening net book amount	136,830	91,368
Additions	11,521	36,927
Transferred from capital WIP	(142,706)	(79,008)
Amortisation charge (Note 3)	82,300	76,655
Closing net book amount		
At 31 December		
Cost	329,474	181,123
Accumulated amortisation	(247,174)	(104,468)
Net book amount	82,300	76,655

Inventories

12	2004	2003
Phone stock	48,916	35,020
Accessories and consumables	180,494	138,559
229,410	173,579	

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Receivables and prepayments

13	2004	2003
Trade receivables	1,748,525	1,267,358
Prepayments	170,406	90,429
Amount due from parent company (Note 27)	1,000	1,000
Amounts due from related companies (Note 27)	12,740	14,174
Other receivables	335,610	173,436
	2,268,281	1,546,397

Cash and cash equivalents

14	2004	2003
Cash at bank and in hand	884,399	271,779
Short term bank deposits	2,306,345	340,143
	3,190,744	611,922

The weighted average effective interest rate on short term bank deposits was 5.64%. For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following :

	2004	2003
Cash and bank balances	3,190,744	611,922
Bank overdrafts (Note 16)	(20,409)	(96,432)
	3,170,335	515,490

Trade and other payables

15	2004	2003
Trade payables	596,546	387,125
Amount due to parent company (Note 27)	24,461	100,780
Amount due to related companies (Note 27)	264,845	113,083
Accrued expenses and provisions	1,607,233	217,591
Customer deposits	780,170	515,420
Other payables	210,502	181,343
	3,483,757	1,515,342

Amount due to parent company is unsecured, interest free and is payable on demand.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Borrowings

16

2004

2003

Current

Bank overdrafts	20,409	96,432
Bank borrowings	269,698	408,103
Loan from ultimate parent company	12,780	11,762
Lease liabilities	22,269	16,169
	325,156	532,466

Non current

Bank borrowings	3,102,216	2,291,812
Loan from ultimate parent company	13,408	21,017
Lease liabilities	22,093	34,833
	3,137,717	2,347,662

Maturity of non current borrowings (excluding finance lease liabilities):

Between 1 and 2 years	2,235,754	1,177,891
Between 2 and 5 years	812,446	803,855
More than 5 years	67,424	331,083
	3,115,624	2,312,829

The bank loans and the overdrafts are secured on the letter of comfort given by Telekom Malaysia Berhad, the ultimate parent company.

The term loan has been obtained from Public Bank Berhad. This loan is repayable in US Dollars and the final instalment of US \$ 771,685 was paid during the year.

A syndicated loan has been obtained from commercial banks in order to purchase and construct telecommunication equipment and network. This loan is secured by a letter of guarantee from Telekom Malaysia Berhad. Facilities have been obtained in Rupee and Dollar terms. The balance outstanding as at the balance sheet date amounted to Rs 1,097,329,640 and US \$ 3,041,379. The loans will be settled in 29 quarterly instalments commencing from March 2003.

A loan has been obtained from Standard Chartered Bank in order to meet working capital requirements including licensing and other related acquisition costs in relation to the international gateway licence. The loan is secured by a Corporate Guarantee for LKR equivalent of US \$ 25 Mn from Telekom Malaysia Berhad. The balance outstanding as at the balance sheet date amounted to Rs 1,956,000,000. Loan will be repaid at final maturity.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Borrowings (Contd)

16

The loan obtained from Telekom Malaysia Berhad, the ultimate parent company is repayable in US Dollars and the balance outstanding as at 31 December 2004 amounted to US \$ 250,000 (2003 - US \$ 340,000). The loan is repayable in five equal annual instalments commencing 24 months from the first draw down period (i.e. 19 August 1999).

	2004	2003
Weighted average effective interest rates :		
- bank overdrafts	12%	10%
- bank borrowings - term loan	SIBOR + 1.25%	SIBOR + 1.25%
- lease liabilities	12.61%	15.12%
- bank borrowings - syndicated rupee loan	AWPLR + 0.1%	AWPLR + 0.1%
- bank borrowings - syndicated US\$ loan	LIBOR + 0.7%	LIBOR + 0.7%
- loan obtained from ultimate parent company	LIBOR + 3.5%	LIBOR + 3.5%
- bank borrowings	AWPLR + 0.35%	AWPLR + 0.35%

Finance lease liabilities - minimum lease payments:

	2004	2003
Not later than one year	26,844	21,613
Later than one year and not later than five years	24,397	43,100
	51,241	64,713
Future finance charges on finance leases	(6,879)	(13,711)
	44,362	51,002
Present value of finance lease liabilities		
Representing lease liabilities:		
- Current	22,269	16,169
- non current	22,093	34,833
	44,362	51,002

Subscription in advance

17

	2004	2003
At beginning of year	3,414,190	3,414,190
Received during the year	Nil	Nil
At end of year	3,414,190	3,414,190

Subscription in advance represents cash received from the parent company, TM International Sdn. Bhd. The Company intends to issue shares for the rupee value of the advances received. No interest is payable on the amount received as subscription.

MTN NETWORKS (PRIVATE) LIMITED**Notes to the financial statements (Contd)****Deferred income taxes**

18 Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30%. As per the amendment to BOI agreement made on 17 April 2004 initial tax exemption period of 7 years was extended to 15 years. Accordingly the Company has no tax liability until 31 December 2012. Hence no deferred tax liability arises at the balance sheet date.

The movement on the deferred income tax account is as follows :

	2004	2003
At the beginning of the year	Nil	445,150
Credited to income statement (Note 6)	Nil	(445,150)
	Nil	Nil

Retirement benefit obligations

	2004	2003
At beginning of year	29,449	18,465
Current service cost (Note 4)	19,213	11,120
Contributions paid	(165)	(136)
At end of year	48,497	29,449

This obligation is not externally funded nor actuarially valued.

Contingencies**20 Contingent liabilities**

There were no material contingent liabilities outstanding at the balance sheet date.

Commitments**21 Capital commitments**

The Company has following commitments to pay for the supply of telecommunication equipment and services.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Commitments (Contd)

21

Name of the Company	Amount (Rs)
Alcatel CIT - France	2,239,574,764
Ericson AB - Sweden	888,853,801
ETA Melco - UAE	2,403,500
ERICO	19,077,625
DANCOM - Malaysia	39,744,799
Shayam Telecom - India	5,656,794
Powerware Intl - India	673,691
Stratex Networks	111,620,483
HAZE Company Limited - China	4,820,376
Gemplus - Singapore	15,152,500
Avitec - Sweden	10,042,868
Comba Telecom - Hong Kong	1,567,500
LPG Allogan - Sweden	18,162,100
Delta Energy Systems	16,618,498
Carmanah Technology	8,757,100
Microqual Techno - India	682,239
Eagle Press - India	10,841,875
ESTA France	11,110,492
Richardson	23,742,424
NAPS Systems - Finland	9,496,876
Allam Marine - UK	3,060,410
	3,441,660,715

There were no other material capital commitments outstanding at the balance sheet date.

Financial commitments

The Company has an annual commitment to pay Sri Lanka Rupees equivalent of US \$ 4,000 as annual fee to the Board of Investment of Sri Lanka.

The Company has an annual commitment to pay Rs 77,735,952 as rent to base station site owners.

The Company has an annual commitment to pay Rs 7,920,000 as rent to TM International Lanka (Private) Limited.

The Company has an annual commitment to pay 1% on the value of all the additions to property, plant and equipment and 0.3% of the annual turnover to Sri Lanka Telecom Authority.

There were no other material financial commitments outstanding at the balance sheet date.

Ordinary shares

22

	Number of shares (thousands)	Value of shares (thousands)
At 31 December 2003	37,000	370,000
At 31 December 2004	37,000	370,000

The total authorised number of ordinary shares is 469,442,124 shares (2003 - 469,442,124) with a par value of Rs 10 per share. All issued shares are fully paid.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Preference shares

23

US \$	Rs	Issue date	Date of Redemption	Dividend Rate
6,000,000	323,400,000	01 August 1997	The date of redemption was initially agreed as 31 December 2000 (renewable on a yearly basis subject to the approval of shareholders) but extended to 31 December 2005 amount during the period.	8.5% per annum from the date of issue and for any dividend not paid on the dividend payment date, an additional dividend will be payable at a rate of 8.5% per annum on any such outstanding amount during the period.
10,000,000	597,703,800	01 July 1998	The date of redemption was initially agreed as 31 December 2001 (renewable on a yearly basis subject to the approval of shareholders) but extended to 31 December 2005 amount during the period.	8.5% per annum from the date of issue and for any dividend not paid on the dividend payment date, an additional dividend will be payable at a rate of 8.5% per annum on any such outstanding amount during the period.
5,500,000	347,874,960	01 December 1998	The date of redemption was initially agreed as two years from the date of allotment (renewable on a yearly basis subject to the approval of shareholders) but extended to 1 December 2005	8.5% per annum from the date of issue and for any dividend not paid on the dividend payment date, an additional dividend will be payable at a rate of 8.5% per annum on any such outstanding amount during the period.
21,500,000	1,268,978,760			

The total authorised number of redeemable, cumulative and convertible preference shares is 21,759,646 (2003 - 21,759,646) with a par value of Rs 60 per share. All issued shares are fully paid.

These shares are redeemable at par or convertible into fully paid ordinary shares of Rs 10 each of the Company.

All preference shares and ordinary shares in issue at the balance sheet date are held by the parent company, TM International Sdn. Bhd. Total amount of cumulative preference share dividend in arrears was paid during the year.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

Revaluation reserve

24

	2004	2003
Buildings :		
At beginning of year	5,117	Nil
Revaluation surplus	Nil	5,117
Transfer of depreciation to retained earnings	(221)	Nil
At end of year	4,896	5,117

The revaluation reserve is non-distributable.

Cash generated from operations

25 Reconciliation of profit before tax to cash generated from operations :

	2004	2003
Profit before tax	4,139,901	2,413,787
Adjustments for :		
Exchange loss / (gain) on borrowings	35,167	(1,515)
Profit on sale of property, plant and equipment [Note 3]	(3,153)	(358)
Interest expense [Note 5]	334,181	182,477
Interest income [Note 5]	(107,005)	(24,338)
Depreciation [Note 10]	1,452,241	1,000,593
Amortisation [Note 11]	142,706	79,008
Retirement benefit obligation [Note 19]	19,213	11,120
Changes in working capital		
- trade and other receivables	(715,793)	(551,436)
- inventories	(55,830)	35,994
- payables	1,910,346	483,496
Cash generated from operations	7,151,974	3,628,828

Directors' interests in contracts with the Company

26 The directors of the Company are also directors of the following companies.

	Telekom Malaysia Bhd	TM International Lanka (Private) Limited
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	X	-
Dato' Dr Abdul Rahim bin Haji Daud	X	-
Ir. Prabahar Nagalingam Kirupala Singam	X	-
Dr Shridhir Sariputta Hansa Wijayasuriya	-	X
Jaffa Sany bin Md Arffin	-	-
Moksevi Prelis	-	-

"X" denotes the companies of which each of the persons mentioned was a director.

Dr Shridhir Sariputta Hansa Wijayasuriya is a trustee of Change Trust Fund.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the financial statements (Contd)

The nature of the transactions are summarised below :

		2004	2003
i)	Sales of services TM International Lanka (Private) Limited - Management Services	2,700	2,700
ii)	Purchase of services TM International Lanka (Private) Limited - Rental	7,920	7,920
iii)	Telekom Malaysia Berhad. - Lease rental	67,587	35,142

The above transactions were carried out on commercial terms and conditions and at a price agreed upon by the management.

Related party transactions

27 Related party disclosures, other than those disclosed in Note 26 to the financial statements are as follows :

The Company is a fully owned subsidiary of TM International (L) Limited. TM International Lanka (Private) Limited is also a fully owned subsidiary of TM International (L) Limited. The ultimate parent company is Telekom Malaysia Berhad.

Outstanding balances arising from related party transactions are as follows:

		2004	2003
Amount due from parent company TM International Sdn.Bhd.	(Note 13)	1,000	1,000
Amounts due from related companies	(Note 13)		
- Sotelgui S.A.		140	446
- TM International Lanka (Private) Limited		12,062	13,728
- Telecom Malaysia - Bangladesh		538	Nil
		12,740	14,174
Amount due to parent company TM International Sdn.Bhd.	(Note 15)	24,461	100,780
Amounts due to related companies	(Note 15)		
- Telekom Malaysia Berhad		162,698	112,029
- Change Trust Fund		102,147	1,054
		264,845	113,083
Loan from ultimate parent company, Telekom Malaysia Berhad	(Note 16)	26,188	32,779

Parent Company

28 TM International (L) Limited is the parent company of MTN Networks (Private) Limited. The ultimate parent company is Telekom Malaysia Berhad.

Post balance sheet events

29 No material events have occurred since the balance sheet date which require adjustments to, or disclosure in, the financial statements.

SG/131/2005

16 June 2005

The Board of Directors
Dialog Telekom Limited
475 Union Place
Colombo 2

Dear Sirs

Dialog Telekom Limited (previously known as MTN Networks (Private) Limited)

Limited review report as at 31 March 2005

We have reviewed the accompanying balance sheet of Dialog Telekom Limited as at 31 March 2005, and the related statements of income, cash flow and changes in equity for the three months period then ended. These financial statements are the responsibilities of the Company's management. Our responsibility is issue a report on these financial statements based on our review.

We conducted our review in accordance with the Sri Lanka Auditing Practice Statement on audit applicable to review engagements. This guidance requires that we plan and perform of the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurances 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 do not give a true and fair view in accordance with Sri Lanka Accounting Standards.

PricewaterhouseCoopers
Chartered Accountants
Colombo

MTN NETWORKS (PRIVATE) LIMITED

Income statement

(all amounts in Sri Lanka Rupees Thousands)

	3 Months ended 31 March	Year ended 31 December
	2005	2004
Sales	3,852,646	11,406,685
Cost of sales	(1,320,656)	(3,931,917)
Gross profit	2,531,990	7,474,768
Other operating income	7,568	30,092
Administrative expenses	(350,317)	(1,597,415)
Distribution costs	(457,255)	(1,555,080)
Operating profit	1,731,986	4,352,365
Finance cost	7,705	(212,464)
Profit before tax	1,739,691	4,139,901
Tax	(17,877)	(39,382)
Net profit	1,721,814	4,100,519

The notes on pages 123 and 125 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Balance sheet - 31 March 2005

(all amounts in Sri Lanka Rupees Thousands)

	3 Months ended 31 March	Year ended 31 December
	2005	2004
ASSETS		
Non - current assets		
Capital work-in-progress	1,554,628	1,650,328
Property, plant and equipment	12,448,492	11,733,264
Intangible assets	96,635	82,300
	14,099,755	13,465,892
Current assets		
Inventories	237,199	229,410
Receivables and prepayments	2,508,833	2,268,281
Cash and cash equivalents	1,529,598	3,190,744
	4,275,630	5,688,435
Total assets	18,375,385	19,154,327
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shares	370,000	370,000
Preference shares	1,268,979	1,268,979
Retained earnings	5,931,159	7,068,281
Revaluation reserve	4,896	4,896
	7,575,034	8,712,156
Non - current liabilities		
Subscription in advance	3,414,190	3,414,190
Borrowings	3,058,045	3,137,717
Retirement benefit obligations	54,479	48,497
	6,526,714	6,600,404
Current liabilities		
Trade and other payables	3,862,544	3,483,757
Current tax liabilities	43,825	32,854
Borrowings	367,268	325,156
	4,273,637	3,841,767
Total liabilities	10,800,351	10,442,171
Total equity and liabilities	18,375,385	19,154,327

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

These financial statements were approved by the Board on 16 June 2005

Signed)
.....) Directors
.....) Signed

MTN NETWORKS (PRIVATE) LIMITED

Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

	Ordinary Share Capital	Revaluation Reserve	Retained Earnings	Total
Balance at 1 January 2004	370,000	5,117	3,833,826	4,208,943
Depreciation transfer	Nil	(221)	221	Nil
Net profit	Nil	Nil	4,100,519	4,100,519
Dividend paid	Nil	Nil	(866,285)	(866,285)
Balance at 31 December 2004	370,000	4,896	7,068,281	7,443,177
Balance at 1 January 2005	370,000	4,896	7,068,281	7,443,177
Depreciation transfer	Nil	Nil	Nil	Nil
Net Profit	Nil	Nil	1,721,814	1,721,814
Dividend paid	Nil	Nil	(2,858,936)	(2,858,936)
Balance at 31 March 2005	370,000	4,896	5,931,159	6,306,055

The notes on pages 35 and 37 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Cash flow statement

(all amounts in Sri Lanka Rupees Thousands)

	3 Months Ended 31 March	Year Ended 31 December
	2005	2004
Operating activities		
Cash generated from operations	2,357,319	7,151,974
Interest received	39,385	100,914
Interest paid	(52,342)	(276,112)
Tax paid	Nil	(6,528)
Retirement benefit obligations paid	(18)	(165)
Net cash from operating activities	2,344,344	6,970,083
Investing activities		
Purchase of property, plant and equipment	(1,102,941)	(645,310)
Purchase of intangible assets	Nil	(136,830)
Expenditure incurred on capital work-in-progress	Nil	(3,285,736)
Proceeds from sale of property, plant and equipment	826	7,248
Net cash used in investing activities	(1,102,115)	(4,060,628)
Financing activities		
Repayment of finance leases	(6,491)	(18,564)
Repayment of long term borrowings	(83,000)	(424,498)
Proceeds from long term borrowings	Nil	1,054,737
Dividend paid	(2,858,936)	(866,285)
Net cash used in financing activities	(2,948,427)	(254,610)
(Decrease) / increase in cash and cash equivalents	(1,706,198)	2,654,845
Movement in cash and cash equivalents		
At start of year	3,170,335	515,490
(Decrease) / increase	(1,706,198)	2,654,845
At end of year	1,464,137	3,170,335

The notes on pages 123 and 125 form an integral part of these financial statements.

MTN NETWORKS (PRIVATE) LIMITED

Notes to the Financial Statements

1. Accounting policies

The financial statements of Dialog Telekom Limited for the 3 months ended 31 March 2005 have been prepared under the historical cost convention and are in accordance with Generally Accepted Accounting Principles and the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

The accounting policies have been followed consistently from one accounting period to another. There have been no significant changes in the accounting policies adopted during the 3 months ended 31 March 2005.

2. Preference dividends

Preference dividends of Rs 5.10 per share amounting to Rs 107,863,195, in respect of the year ended 31 December 2004, was declared and paid during the 3 months ended 31 March 2005.

3. Events occurring after the balance sheet date

3.1 Conversion of preference shares to ordinary shares

Redeemable, cumulative and convertible preference share capital amounting to Rs 1,268,978,760 (21,149,646 shares of Rs 60 each) were converted to 190,346,814 ordinary shares of Rs 10 each on 20 May 2005, i.e. by the issue of 9 ordinary shares for each preference share held as at the date.

3.2 Issue of bonus shares

368,581,000 ordinary shares of Rs 10 each, amounting to Rs 3,685,810,000, were issued to TM International (L) Limited as bonus shares through capitalisation of Rs 3,685,810,000 of the retained earnings as on 20 May 2005.

3.3 Issue of new ordinary shares

Ordinary shares amounting to Rs 954,190,000 (95,419,000 shares of Rs 10 each at par) were issued to TM International Sdn.Bhd on 20 May 2005 against the subscription in advance of Rs 3,414,190,000, received from TM International Sdn.Bhd. These shares amounting to Rs. 954,190,000 held by TM International Sdn.Bhd. has since been transferred to TM International (L) Limited.

3.4 Subscription in advance.

On the same date the Board resolved to refund the balance in the subscription in advance account amounting to Rs 2,460,000,000 following the issue of ordinary shares to TM International Sdn.Bhd referred to in 3.3 above, by obtaining facilities from a commercial bank.

3.5 Increase of authorised share capital

The Authorised Share Capital of the Company, amounting to Rs. 6,000,000,000 (469,442,124 ordinary shares of Rs. 10 each and 21,759,646 preference shares of Rs 60 each) was increased to Rs 10,000,000,000 (1,000,000,000 Ordinary shares of Rs 10 each).

3.6. Sub division of ordinary shares of Rs 10 each to ordinary shares of Rs 1 each.

The authorised share capital of 1,000,000,000 shares having a par value of Rs 10 each was subdivided into 10,000,000,000 shares of Rs 1 each.

3.7 Conversion of the Company to a public company and the change of the Company name.

Subsequent to the balance sheet date, the Company, MTN Networks (Private) Limited was converted into a public company and the name changed to "Dialog Telekom Limited".

3.8 Facilities and guarantees

The Standard Chartered Bank which has granted facilities to the Company on the strength of a corporate guarantee received from Telekom Malaysia has now released the guarantee and agreed to give all facilities on a 'clean basis'.

The International Finance Corporation (IFC) has approved a USD 50,000,000 facility to the Company as at the date of this prospectus and no draw downs have been made by the Company, as at the date of its prospect.

3.9 Earnings per share

Before the capital restructuring

Basic earning per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares of Rs 10 each in issue during the period/year.

	3 months ended 31 March 2005 (Rs 000')	Year ended 31 December 2004 (Rs 000')
Net profit attributable to ordinary shareholders	1,721,814	3,992,656
Weighted average number of ordinary shares in issue (thousands)	37,000	37,000
Basic earnings per share (Rs)	46.53	107.90

Subsequent to the capital restructuring

Basic earning per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares of Rs 1 each in issue.

	3 months ended 31 March 2005 (Rs 000'')	Year ended 31 December 2004 (Rs 000'')
Net profit attributable to ordinary shareholders	1,721,814	4,100,519
Weighted average number of ordinary shares in issue (thousands)	6,913,468	6,913,468
Basic earnings per share (Rs)	0.23	0.57

Annex A Other Abbreviations Used in the Prospectus

A	AIR APQA ARPU Articles of Association	Automatic International Roaming Asia Pacific Quality Award Average Revenue Per User Articles of Association of the Company
B	BPO BSS	Business Process Outsourcing Base Station Sub System
C	CAGR CEO CIM CIMA COPC CPP	Compounded Annual Growth Rate Chief Executive Officer Chartered Institute of Marketing Chartered Institute of Management Accountants Customer Operations Performance Centre Calling Party Pays
D	DNV DR	Det Norske Veritas Disaster Recovery
E	EBITDA EDGE EGO EPS ERM ESOS	Earnings Before Interest, Tax, Depreciation and Amortisation Enhance Data Rate for GSM Evolution External Gateway Operator Earnings per Share Enterprise Risk Management Employee Share Options Scheme
F	FY	Financial Year
G	GDP GMPCS GPRS GSM	Gross Domestic Product Global Mobile Personal Communications Systems General Packet Radio Service Global System for Mobile Communications
H	HRM & D	Human Resource Management and Development

I	ICT ICTA IDD IEE IEEE IoD IP IPLC IRU ISP ISO IT ITU IVR	Information Communication Technology Information Communication Technology Agency International Direct Dialling Institute of Electrical Engineers Institute of Electrical and Electronic Engineers Information on Demand Internet Protocol International Private Leased Circuit Indefeasible Right of Use Internet Service Provider International Organisation for Standardisation Information Technology International Telecommunication Union Interactive Voice Response
K	KIT	Keep In Touch
L	LBS	Location Based Services
M	MBA Memorandum of Association MHz MMS MoU MPP	Master of Business Administration Memorandum of Association of the Company Mega Hertz. A measure of radio frequency Multimedia Messaging Services Minutes of Use Mobile Party Pays
N	NBE NIC NOC NSS NP NTT NCCSL	National Business Excellence Award National Identity Card Network Operations Centre Network Sub System Net Profit Nippon Telephone and Telegraphic Company National Chamber of Commerce Sri Lanka
P	PAT PC PSTN PTA PTT/PnT	Profit After Tax Personal Computers Public Switched Telephone Network Pakistan Telecommunications Authority Push to Talk

Q	Q QoS	Quarter Quality of Service
R	R&D RM ROI	Research and Development Risk Management Return on Investment
S	SEA –ME- WE 3/ SE-ME-WE SIM SL SLNQA SME SMS SLT	South East Asia, Middle East, Western Europe Fiber Optic Cable Subscriber Identification Module Sri Lanka Sri Lanka National Quality Award Small and Medium Enterprise Short Message Service Sri Lanka Telecom
T	TRAI	Telecom Regulatory Authority of India
U	UMTS	Universal Mobile Telecommunications System
V	VAS VAT	Value Added Services Value Added Tax
W	WAP WLL WTC WTO	Wireless Application Protocol Wireless Local Loop World Trade Centre World Trade Organisation
Y	YoY	Year on Year
	3G	Third Generation (Wireless Technology)

Annex B Details of Buildings Owned by the Company

Address	Description	Current Use	Area Extent (Perches)	Ownership	Encumbrances	Net Book Value of Building (Rs.)
475, Union Place, Colombo 02	Building	Offices (Corporate Office and Customer Service Centre)	21,600 s.ft	Leasehold	None	75,481,977
475, Union Place, Colombo 02	Building	Offices (Corporate Office and Customer Service Centre)	15,900 s.ft	Leasehold	None	42,307,291
21, Samarakoon Mw, Tumbowila, Piliyandala	Building	Mobile Switching Centre and Satellite Earth Station	6,600 s.ft	Leasehold	None	39,446,295
467, Union Place, Colombo 02	Building	Offices - Corporate Office	27,630 s.ft	Leasehold	None	144,540,891

Annex C Extracts from the Memorandum and Articles of Association of the Company

Set forth below are selected extracts of the Memorandum and Articles of Association of the Company. As such investors are advised that these extracts should be read in conjunction with the complete Memorandum and Articles of Association of the Company set out for inspection as set out in Section 17.1 of this Prospectus.

Extracts from the Memorandum of Association of the Company

1. The name of the Company is DIALOG TELEKOM LIMITED.
2. The registered office of the Company will be situated in the District of Colombo.
3. The objects for which the Company is established are:

PRIMARY OBJECTS

1. To carry on the business to establish, maintain and operate an Islandwide Cellular Mobile Telephone Network with the approval of relevant authorities.
 2. To carry on the business of importers, exporters, dealers, sellers, agents, commission agents, hirers, lessors, manufacturers, assemblers, producers and financiers of instruments, equipment, apparatus, implements accessories, tools, components, fittings, spare parts and all other requirements and things whatsoever for providing means of communication and transmission of messages.
 3. To carry on the business to establish, implement, operate and maintain an Islandwide Internet Service and provide, distribute, and resell internet related products / services with the approval of the relevant authorities.
 4. To carry on the business of providing electronic commerce and mobile-commerce services to include but not to be limited to the facilitation of business transactions via Internet and/or mobile communications infrastructure and services.
 5. To carry on the business of importers, exporters, dealers, sellers, agents, commission agents, hirers, lessors, manufacturers, assemblers, producers and financiers of instruments, equipment, apparatus, implements, accessories, tools, components, fittings, spare parts and all other requirements and things whatsoever for providing Internet or Internet based services, electronic commerce services and mobile commerce services.
- Amended/Added
by Special
Resolution
dated
03/10/2000

ANCILLARY POWERS

1. To carry on the business at No.360, T.B. Jayah Mawatha, Colombo 2 or any other area as may be specified by the Board of Investment of Sri Lanka.
2. To import, buy take on lease or hire, repair exchange or trade all kind of equipment and machinery of every description.
3. To establish, construct and maintain factories, offices, stores, laboratories, warehouses, shops, houses, buildings, works and conveniences of all kinds.
4. To appoint, engage, employ, maintain provide for and dismiss attorneys, agents, superintendents, managers, clerks, laborers and servants in the Republic of Sri Lanka or elsewhere and to pay such employees such remuneration as shall be thought fit.
5. To purchase, take on lease or in exchange, hire, or otherwise acquire any land or lands or any share or shares thereof, any interest therein, and any buildings, machinery, implements, tools, live and dead stock, stores, effects and other property, real or personal, movable or immovable of any kind, and any contracts, rights, easements, privileges or concessions in the Republic of Sri Lanka or else where which may be thought necessary or convenient for the purpose of the Company's business and to erect, construct, maintain, or alter any buildings, machinery, plant, roads, ways or other works or methods of communication.

6. To apply for, purchase or otherwise acquire any patents, brevets d'invention, trade marks, trade secrets, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use, or exercise or exploit or trade any secret or other information as to any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account the property, rights or information so acquired.
7. To hire, lease or purchase land either with any other person or company or other wise, to erect a factory or any other buildings thereon or on any land already leased owned by the Company the cost of the Company and such other persons or company or otherwise and to lease any factory or other buildings from any company or person for the company's business.
8. To insure with the Sri Lanka Insurance Corporation or any other company person or persons against losses, risks and liabilities of all kinds which may effect this company.
9. To enter into any agreement or agreements with any company.
10. To give any guarantee in relation to mortgages, loans, investments, and securities, whether made or effected, or acquired, through the Company's agency or otherwise, and generally to guarantee or become sureties for the performance of any contracts and obligations.
11. To act as trustee for the holders of or otherwise in relation to any debentures, bonds, or debenture stock issued or to be issued by any company, and generally to undertake and execute any trusts the undertaking whereof may seem calculated directly or indirectly to benefit the Company.
12. To let, lease, sell, exchange, part with, transfer, deliver, charge, mortgage or otherwise howsoever dispose or deal with the Company's undertakings, estates, lands, buildings or other property, or any part or parts thereof, whether in consideration or rents, money, or securities for money, shares, debentures, or securities in any other company, whether such company be registered in the Republic of Sri Lanka or elsewhere.
13. To borrow or receive on loan money for the purposes of the Company upon the security of cash or credit bonds, or of the hypothecation or mortgage of the Company's property or any part or parts thereof, or otherwise, as shall be thought most expedient, and in particular by the issue of debentures, debenture stocks, bonds to bearer or otherwise and either at par, premium, or discount and either redeemable, or perpetual, either changed upon all or any part of the company's present or future property (including uncalled capital) or not so charged, as shall be thought best.
14. To cause or permit any debenture stocks, bonds, debentures, mortgages, charges, encumbrances, liens or securities of or belonging to or made or issued by the company or affecting it's property or rights or any of the terms thereof to be renewed extended varied, redeemed, exchanged, transferred or satisfied as shall be thought fit, also to pay off and reborrow the moneys secured thereby, or any parts thereof.
15. To draw, make, accept, endorse, discount, execute and issue bills of lading, warrants, bills of exchange, promissory notes and other transferable or negotiable instruments, and to open banking accounts for the company.
16. To enter into any arrangements with any government, government department, corporation or authority, commercial bank, financial institution or other agency, association or person that may seem conducive to the Company's objects, or any of them and to obtain from any such authority, any rights, privileges and concessions with the Company may think it desirable to obtain and to carry out, exercise, and comply with any such arrangements, charters, contracts, decrees, rights, privileges and concessions.
17. To acquire, by purchase in money, shares, bonds, or otherwise and undertake all or any part of the business, property, assets, and liabilities of any person or company carrying on any business which this Company is authorized to carry on, or possessed of property suitable for the purposes of this Company.
18. To sell or dispose of the property, or undertakings of the Company or any part or parts thereof, for such consideration as the Company shall think fit, and in particular for shares (whether credited as partly or fully paid up or otherwise) stocks, debentures, or securities of any other company whether such company is registered in the Republic of Sri Lanka or elsewhere.

19. To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, or otherwise deal with all or any part of the properties and assets of the Company.
20. To negotiate loans, in any manner and on any security, and particular on the security of plantations, factories, growing crops, produce, bills of exchange, promissory notes, bonds, bills of lading, warrants, stocks, shares, debentures and book debts, or without any security at all.
21. To invest and deal with the moneys of the Company not immediately required, upon such securities and in such manner as may from time to time be determined.
22. To pay for lands, real and personal, immovable or movable, estate, property and assets of any kind acquired or to be acquired by the Company, or for any services rendered or to be rendered to the Company, and generally to pay or discharge any consideration to be paid or given by the Company in money or in shares or debentures or debenture stock or obligations of the Company or partly in one way and partly in another or otherwise howsoever with power to issue any shares either fully or partly paid up for such purpose.
23. To accept as consideration for the sale or disposal of any lands, real or personal, immovable or movable, estate, property and assets of the company of any kind sold or otherwise disposed of by the Company or in discharge of any other consideration to be received by the Company in money or in shares, the shares (whether wholly or partly paid up) of any Company, or the mortgages, debentures, or obligations of any Company or person or partly in one of these modes and partly in another or in any other kind or mode whatsoever.
24. To distribute among the members in specie any property of the Company, whether by way of dividend or upon a return of capital, but so that no distribution amounting to a reduction of capital be made, except with the sanction for the time being required by law.
25. To pay all or any part of the expenses of the preliminary to the promotion, formation establishment and registration of the Company, or of any other Company whether promoted, formed, established or registered by or on behalf of the Company, or otherwise and all commissions, brokerage, discount, underwriting and other expenses, lawfully payable which may be deemed expedient for taking, placing or underwriting all or any of the shares or debentures or other obligations of the Company.
26. To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and arrangements calculated to benefit employees or ex-employees of the Company or its predecessors in business or other dependents, or connections of such persons, and to grant pensions, gratuities, and allowances, and to make payments towards insurance, pension, and superannuation funds, and to subscribe or make donations, or gratuities to charitable, scientific, public or benevolent objects, or any objects calculated to promote the interests of the Company and to act as trustees of or for any fund created for any such purpose or for the benefit of any such persons, and generally to provide for the welfare of any or all of such persons.
27. To provide for the welfare of persons employed or previously employed and/or the wives, widows, and/or families or dependents or such persons, by grants of money or of pensions or provident funds, or other aid, or otherwise as company may think fit.
28. To subscribe to or otherwise aid benevolent, charitable, national or other institutions or objects of a public character (whether local or general) which have any moral or other claim to support or aid by the Company by reason of the locality of it's operations, or otherwise however, and to make donations to such persons or institutions or funds or objects and in such cases as may seem expedient.
29. To make pecuniary grants by way of donations, subscriptions, or otherwise, and to support and subscribe to any national, public, educational, cultural, charitable, benevolent, or religious objects and organization which the Company may think desirable.
30. To do all or any of the above things as principals, agents, contractors, trustees, or otherwise and by or through trustees, agents, or otherwise and either alone or in conjunction with others.
31. To do all such other things as shall be incidental or conducive to the attainment of the objects above mentioned or any of them or any one or more of the objects aforesaid, it being hereby declared that in the foregoing clauses (unless a contrary intention appears.)

32. The Company will not undertake to implement the objects specified under Clauses (1) , (2) , (3) , (4) , (5) , (6) , (7) and (8) of the other objects hereof unless with prior written approval of the Board of Investment of Sri Lanka.

OTHER OBJECTS

1. To carry on business as brewers, malsters, distillers, mineral water manufacturers, hotel keepers, restaurant keepers, cinema proprietors, butchers, bakers, confectioners, warehousemen, planters, saw mill proprietors, timber merchants, sugar merchants and to buy sell, grow, prepare, for market, manipulate, import, export and deal in timber wood and produce of the earth of all kinds and to manufacture and deal in articles of all kinds in the manufacture of which any such produce is used.
 2. To carry on the business of travel agents, airline agents and generally to do all work connected with tourism.
 3. To carry on the business of carriers by sea, air, road, railway and otherwise.
 4. To carry on the business of mining, purchasing, processing, manufacturing, sale and export of gems, precious stones, jewellery and minerals.
 5. To carry on the business of general contractor for the supply of labour from Sri Lanka to any other country.
 6. To carry on the business of exporters, importers, producers, merchants agents, retail and wholesale dealers, stores processors, packers, brokers, buyers, and sellers of agricultural products, horticulture products, dairy products, industrial products, pharmaceutical products, electrical items, metalware, chinaware, plasticware, glassware, handicrafts, and merchandise of every description whether in finished or unfinished form.
 7. To carry on all kinds of agency business in respect of the business of insurance in particular in respect of the canvassing of insurance business with the requisite approvals and sanctions of the law first had and obtained in that regard and on a commission business in respect of insurance cover for life, marine, accident, cargo, freight, employer's liability, workmen's compensation, disease, sickness, burglary, robbery, theft, fidelity and transit insurance, and all other recognized forms of insurance for the time being approved to be done by the private sector.
 8. To undertake the business of tendering and to bid for secure and process tenders.
4. The liability of the members is Limited.
5. The Share Capital of the Company is Rupees Ten Billion (Rs.10,000,000,000/-) divided into Ten Billion (10,000,000,000) shares of Rupees One (Rs.1/-) each with power to increase or reduce the capital. The shares forming the capital (original, increased or reduced) may be sub divided in to such classes with the preferential, deferred, qualified, special or other rights, privileges or conditions attached thereto and be held upon such terms as may be prescribed by the Articles of Association and regulation of the Company for the time being, or otherwise.

Extracts from the Articles of Association of the Company.

CAPITAL

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| 3. | Without prejudice to any special rights previously conferred on the holders of any Shares or class of Shares for the time being issued, including any ordinary Shares or preference Shares already issued (which special rights may be varied or abrogated only in the manner provided by Article 5) any Share in the capital of the Company for the time being may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by ordinary resolution determine. | Issue of Shares |
| 4. | Subject to the provisions of the Statutes and Article 3, the Company may issue preference Shares which are or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine. | Redeemable preference Shares |

VARIATION OF RIGHTS

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| 5. | Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class may subject to the provisions of the Statutes, be varied or abrogated, either with the sanction of an Extraordinary Resolution passed at a separate general meeting of such holders or with the consent in writing of the holders of three-fourths of the issued Shares of the class, (but not otherwise), and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. | How special rights of Shares may be varied |
| 6. | To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company, or to the proceedings thereat, shall mutatis mutandis, apply except that: | |
| (a) | the necessary quorum shall be two persons at least holding or representing by proxy or attorney or representative one third in nominal amount of the issued Shares of the class (but so that, if at any adjourned meeting of such holders a quorum as above defined is not present, those of such holders who are present shall be a quorum) and that | |
| (b) | any holder of Shares of the class present in person or by proxy or attorney or representative may demand a poll, and that each holder shall on a poll have one vote for every share of the class held by him. | |
| 7. | The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith. | Issue of Share ranking pari passu |

INCREASE, ALTERATION AND REDUCTION OF CAPITAL

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| 8. | The Company may from time to time, with the sanction of an Ordinary Resolution at a general meeting, increase its capital by the creation of new Shares. Such increase to be of such amount, and to be divided into Shares of such respective amounts, and to be issued on such terms and conditions, and with or without a right of preference, whether in respect of dividend or of repayment of capital, or both, or with such deferred rights to the original or other Shares of the Company, as the Company may by the resolution sanctioning the increase determine. | Power to increase capital |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|

9.	All new Shares shall be subject to the provisions of these Articles with reference to payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.	Rights and liabilities attached to new Shares
10.	The Company may only by an Ordinary Resolution:-	
	(i) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;	Power to consolidate Shares
	(ii) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the Shares so cancelled;	Power to cancel Shares
	(iii) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Statutes) and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-division one or more of the Shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new Shares;	Power to subdivide Shares
11.	The Company may by Special Resolution reduce its capital or any capital redemption reserve fund or any share premium account, in any manner authorized by the Statutes.	Power to reduce capital

SHARES

12.	Subject to the provisions of Article 14 relating to new Shares, the Shares shall be under the control and at the disposal of the Board, and they may (subject to the Members approval in general meeting, the Rules and the provisions of the Statutes) allot, grant, options over, or otherwise dispose of them to such persons, on such terms and conditions, and at such times as they think fit, but so that no Share shall be issued at a discount, except in accordance with the provisions of the Statutes.	Shares at the disposal of the Board
13.	A Director, other than an Executive Director who is an employee of the Company, shall not participate in an issue of Shares to employees unless Members in general meeting have approved of the maximum allocation to be made to such Director.	Issue of Shares to Directors
14.	Subject to any direction to the contrary that may be given by the Company in general meeting, new shares or other convertible securities shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, limiting a time within which the offer if not accepted, will be deemed to be declined; and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered the Board may	Rights Issue

- dispose of those shares or securities in such manner as they think most beneficial to the Company. The Board may like wise also dispose of any new shares or securities which by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to any offer of new shares or securities) cannot, in the opinion of the Board be conveniently offered under this Article.
15. Nothing in these Articles contained shall preclude the Board from recognizing and acting on a renunciation of the allotment of any Share by the allottee thereof in favour of any other person. **Renunciation of Allotment**
16. The Company may exercise the powers of paying commission conferred by the Statutes, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Statutes, and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful. **Power to pay commission and brokerage**
17. Except as required by law, no person shall be recognized by the Company as holding any Shares upon any trust, and the Company shall not be bound by or compelled in any way to recognize any equitable, contingent, future or partial interest in any Shares, or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder. **Exclusion of equities**
18. The Company is empowered to require any Member or transferee prior to registration of transfer, to furnish such particulars to enable the Company to comply with statutory requirements. **Power to ask for particulars**

DIRECTORS

94. All the Directors of the Company shall be natural persons of full age and unless otherwise determined by the Company in a General Meeting, the Directors shall not be less than five nor more than eleven in number including the Executive Directors. **Number of Directors**
- a) So long and as often as the aggregate shares held by the Special Shareholder is not less than 51% of the issued and paid up capital of the Company the Special Shareholder shall be entitled from time to time by a writing under the hand of such Special Shareholder to nominate and appoint a majority of the Directors.
 - b) The Chairman and the Deputy Chairman of the Board shall be from and out of the Directors appointed under Article 94 a) hereof.
 - c) The right under the preceding paragraphs to nominate and appoint shall be deemed to include the right to remove a director so appointed and to appoint another in place of a director so removed or in place of any director previously appointed who for any reason ceases to be a Director.

95.	The Company may from time to time but subject to Article 94 increase or reduce the number of Directors.	Power to increase and reduce the number
96.	The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed, no shareholding qualification for Directors shall be required.	Qualification of Directors
97.	The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-	Remuneration of Directors
	(a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover	
	(b) the remuneration of an Executive Director(s) (subject to any contract between him and the Company) shall be fixed by the Special Shareholder and may be by way of fixed salary or commission or participation in profits or by all or any of these modes but shall not include a commission on or a percentage of turnover.	
	(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.	
	(d) any fee paid to an alternate Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter	
98.	The Directors shall be paid all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company.	Expenses
99.	If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors the Company may remunerate that Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.	Extra remuneration
100.	Subject always to the provisions of the Statutes, a Director may hold any other office or place of profit under the Company other than the office of Auditor in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contracts or any	Power of Directors to hold offices of profit and to contract with Company

contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

101. A Director of the Company may be or become a Director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company, as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of or from his interest in such other company unless the Company otherwise directs at the time of his appointment. The Board may exercise the voting power conferred by the shares or other interest in any such other company held or owned by the Company or exercisable by them as Directors of such other company in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such company), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or is about to be appointed a Director or other officer of such company and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

Holding of concurrent office

EXECUTIVE DIRECTORS

102. The Special Shareholder may from time to time, appoint one or more Directors to be Executive Director(s) of the Company, for such period and upon such terms as it may think fit but if the appointment is for a fixed term (subject to the provisions of the contract between the executive director and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. The Executive Director(s) may be conferred such other designation(s) as may be determined by the Special Shareholder.
103. (i) An Executive Director(s) shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation or retirement of Directors but he shall (subject to the provisions of the contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors and executives of the Company.
- (ii) The appointment of any Director to any executive office (subject to the provisions of the contract between him and the Company) shall be subject to termination (unless the Board resolves otherwise). If he ceases to hold office of Director for any cause, he shall ipso facto and immediately cease to be an executive director.
104. The Board may entrust to and confer upon an Executive Director(s) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers, such Director shall have the powers to delegate to any officer or officers such of the powers within such Directors.

Executive Director

Executive Director not subject to retirement by rotation

Termination of executive office

Powers of Executive Director(s)

105.	The remuneration of an Executive Director(s) shall (subject to any contract between him and the Company) be fixed by the Special Shareholder and may be by way of fixed salary or commission or participation in profits or by all or any of these modes but shall not include a commission on or a percentage of turnover.	Remuneration of Executive Director(s)
<u>DISQUALIFICATION, APPOINTMENT AND RETIREMENT OF DIRECTORS</u>		
106.	Subject as otherwise provided for in these Articles and to the terms of any subsisting agreement, the office of a Director shall be vacated if he :-	Vacation of office of Director
	(i) ceases to be a Director by virtue of the Statutes ;	
	(ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;	
	(iii) becomes prohibited from being a director by reason of any order made under the Statutes;	
	(iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to the mental disorder;	
	(v) is removed from office by a resolution of the Company under the provisions of the Statutes;	
	(vi) resigns his office by notice in writing to the Company;	
	(vii) not being a Director appointed under Article 94 a) hereof is absent without leave from the Board from more than fifty percent (50%) of the total meetings of the Directors held during a financial year;	
	(viii) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in manner required by the Statutes;	
	(ix) not being a Director appointed under Article 94 a) hereof, is requested in writing by majority of his co-Directors to resign.	
107.	At each annual general meeting one-third of the Directors, excluding Executive Director(s), for the time being or, if their number is not a multiple of three, the number nearest to (but not greater than) one-third shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof.	Selection of Directors to Retire
108.	The Directors to retire at each annual general meeting shall be those who, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.	Retirement of Directors by Rotation
109.	The Company at the meeting at which a Director retires in the manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall be deemed to have been re-elected unless:-	Filling vacated Office

- (i) at such meeting it is expressly resolved not to fill such vacated office, or a resolution for the re-election of such Director is put to the meeting and lost; or
 - (ii) such Director has given notice in writing to the Company that he is unwilling to be re-elected or is over the age of 70; or
 - (iii) the default is due to the contravention of the next following Article.
110. At any general meeting at which more than one (1) Director is to be elected, each candidate shall be the subject of a separate motion and vote unless a motion for the appointment of two (2) or more persons as Directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it. **Appointment of Directors to be voted on individually**
111. No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least fifteen (15) clear days before the meeting left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office or the Intention of such Member to propose him for election. **Notice of Intention to appoint Director**
112. The number of Members necessary for a nomination under Article 111 above shall be:-
- a) any number of Members representing not less than one-twentieth of the total voting rights of all the Members having at the date of the general meeting a right to vote at the meeting; or
 - b) not less than one hundred Members holding Shares in the Company on which there has been Paid up an average sum, per Member, of not less than Rupees Thousand.
113. The Company may by Ordinary Resolution of which special notice has been given to the Company in accordance with Section 138 of the Statutes remove any Director before the expiration of his period of office, notwithstanding any provision of these Articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement. **Removal of Directors**
114. The Company may by Ordinary Resolution of which special notice has been given to the Company in accordance with Section 138 of the Statutes appoint another person in place of a Director removed from office under the last preceding Article, and any person so appointed hereunder shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by the Board as a casual vacancy. **Appointment to fill vacancy caused by removal from office**
115. The Board shall, subject to the provisions of Article 97 hereof, have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. **The Board's power to fill casual vacancies or appoint additional Directors**

116. Unless prohibited by the Statutes and the Rules any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director, or his firm to act as auditor of the Company and provided further that shall be at normal commercial Terms.
- Directors may act in his professional capacity and be remunerated**

PROCEEDINGS OF DIRECTORS

117. The Board may meet together for the despatch of business adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors summon a meeting of the Board.
- Meetings of the Board**
118. Unless otherwise determined by the Board from time to time notice of all meetings of the Board shall be given to all Directors or their alternates in writing by way of facsimile transmission or electronic mail or by post in a prepaid letter or by delivery or courier or any other communication method to his address registered with the Company. Such notice shall be sent to each Director at least seven (7) clear working days in advance, provided, however that with the consent of all Directors a meeting of the Board could be convened by a shorter notice in case of an emergency or if special circumstances so warrant.
- Notice of meetings of the Board**
119. The quorum necessary for the transaction of the business of the Board may from time to time be determined by the Board and, unless so determined shall be four (4), of which two (2) shall be Directors appointed under Article 94 a) hereof and one (1) executive Director. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board. For the purpose of determining whether the quorum for the transaction of the business of the Board exists:-
- (a) in the case of a resolution agreed by the Board in telephonic communications all such Directors shall be counted in the quorum; and
- (b) in the case of a meeting of the Board, in addition to the Directors present at the meeting, any Director in telephonic communications with such meeting shall be counted in the quorum.
- Quorum**
120. i) The Board may appoint and remove the Chairman and Deputy Chairman, if any, of the Board, who shall be a Director(s) appointed under Article 94 a) hereof, at their meetings and may determine the period for which they are to hold office. In the event of such removal the Special Shareholder shall have the right to nominate the Chairman and the Deputy Chairman as the case may be in accordance with Article 94 a) hereof.
- ii) The Chairman or in his absence the Deputy Chairman, if any, so appointed shall preside as Chairman at meetings of the Board. If no Chairman or Deputy Chairman has been appointed, or if at any meeting the Chairman or Deputy Chairman be not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present may choose one of their number who is a Director appointed under Article 94 a) hereof to be chairman of the meeting.
- iii) The appointment of any Director(s) to the office of Chairman and/or Deputy Chairman, if any, shall be subject to termination (unless the Board shall otherwise decide) if he ceases from any cause to be a Director(s).
- Chairman and Deputy Chairman**

121. Subject to these Articles, any question arising at any meeting of the Board shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Board. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. The chairman of the meeting shall however not have a second or casting vote where at the meeting only four (4) Directors form the quorum or where only two (2) Directors are competent to vote on the question at issue.
- Votes by majority and chairman to have casting vote**
122. The remaining Directors may continue to act notwithstanding any vacancy in their body but if and so long as their number is reduced below, the minimum number fixed by or pursuant to these Articles as the necessary quorum of Directors the remaining Director or Directors may act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company.
- Directors may act notwithstanding vacancy**
123. Every Director shall comply with the provisions of the Statutes in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company.
- Declaration of Interest**
124. A Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Board as required by the provisions of the Statutes. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly an interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting.
- Directors may contract with the Company**
125. A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting where at any decision is taken upon any contract or present at any meeting where at any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with the relevant provisions of the Statutes and of these Articles.
- Quorum notwithstanding interest in contracts**
126. A Director may vote in respect of:-
- (i) any arrangement for giving himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and/or
 - (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.
- Relaxation of restrictions on voting**
127. A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company, as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of or from his interest in such corporation unless the company otherwise directs at the
- Directors may become Directors of other corporations**

time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

128. A decision reached by the Directors or their Alternates by telephonic conference of which notice has been given to all the Directors and a recording of which shall be maintained in magnetic, electronic or digital form and reduced to writing and authenticated by the Secretary or a decision reached by the Directors by a resolution in writing of which notice has been given to all the Directors signed and approved by a minimum of four (4) Directors of the Company for the time being provided the said four (4) Directors consist of two (2) Directors appointed under Article 94 a) hereof, One (1) Executive Director and a Director shall be valid and effectual as it had been passed at a meeting of the Directors duly called and constituted; further provided that where a Director is not so able to sign or approve but has an alternate who is so able to sign or approve, then such resolution must also be signed or approved by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents in like form (prepared and circulated by facsimile, telex, telegram or electronic mail or other communication modes/equipment with a copy sent by courier or registered post) each signed by one (1) or more Directors or their alternates. An approval by letter or other written means of a proposed resolution in writing (which has been prepared and circulated as aforesaid) signed by a Director and sent by him by facsimile, telex, telegram or email (with copy sent by courier or registered post) shall be deemed to be a document signed by him for the purposes of the foregoing.

Directors' circular resolutions

COMMITTEES OF DIRECTORS

129. The Directors may establish any committees (including, without limitation, a management committee) comprising not less than one (1) Director for managing any affairs of the Company either in Sri Lanka or elsewhere, and may lay down, vary or revoke or annul such terms of reference as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee and may fix their remuneration and may delegate to any such committee any of the powers, authorities and discretion vested in the Directors, with power to sub delegate, and may authorise the member or members of any such committee to fill any vacancies therein, and to act notwithstanding vacancies and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit and the Directors may remove any person so appointed, and may vary or revoke or annul any such delegation, but no persons in dealing in good faith and without notice of any such variation or revocation or annulment shall be affected thereby. The regulations herein contained for the proceedings of Directors shall so far as not altered by any regulations made by the Directors apply also to the meetings and proceedings of any committee.

Power of Directors to appoint Committees

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| <p>130. Subject to any Rules and regulations made pursuant to the Article 129, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present. Where at the meeting only two (2) Directors form the quorum or are competent to vote on the question at issue the chairman shall not have a second or casting vote.</p> <p>131. A Committee may elect a chairman of its meetings; if no such chairman is elected or if at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one (1) of their number to be chairman of the meeting.</p> | Meetings of Committees
Chairman of the Committees |
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ALTERNATE DIRECTORS

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| <p>132. (i) Each Director shall be entitled from time to time to nominate any person (not being a Director) to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.</p> <p>(ii) An alternate Director shall (except as regards the power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointor is not present.</p> <p>(iii) Any appointment or revocation of the appointment of an alternate Director may be made and communicated to the office in writing under his hand in any other manner approved by the Directors. Any cable, telegram or facsimile or electronic mail shall be confirmed as soon as possible by letter, but may be acted upon by the Company in the meanwhile.</p> <p>(iv) A Director shall not be liable for the acts and defaults of any alternate Director appointed by him.</p> <p>(v) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.</p> <p>(vi) An Alternate Director may be appointed for a specified period or until the happening of a specified event but he shall ipso facto cease to be an alternate Director in any of the following events that is to say:-</p> <p>(a) upon the resumption of his duties as a Director by his Appointer; or the return of his Appointer if the appointment was for the purpose of acting as a Director during the Appointors absence aboard;</p> <p>(b) if his Appointer ceases for any reason to be a Director;
Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;</p> | Provisions for appointing and removing Alternate Directors

Removal of Alternate Directors |
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- (c) if the alternate Director shall have a receiving order made against him or compound with his creditors or is adjudicated an insolvent;
- (d) if the alternate Director be lunatic or becomes of unsound mind;
- (e) if the appointment of the alternate Director is revoked by his Appointor by a notice in writing left at the Office;
- (f) if the Board resolves that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the resolution of the Board;
- (g) is disqualified by the Statutes.

BORROWING POWERS

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| <p>133. The Board may exercise all the powers of the Company to borrow and raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respect they think fit such as, by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other securities on the undertaking or the whole or any part of the property of the Company both present and future including its uncalled capital for the time being whether outright or as a security for any debt, liability or obligation of the Company or related third party.</p> | Power to borrow Money and give Security |
| <p>134. Subject to the Statutes, the Rules and other laws:-</p> <ul style="list-style-type: none"> (i) any bonds, debentures, debenture-stock, convertible loan stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company. (ii) bonds, debentures, debenture-stock, convertible loan stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. (iii) any bonds, debentures, debenture-stock, convertible loan stock, or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, guarantees, drawings, allotment of Shares attending and voting at general meetings of the Company, appointment of Directors and otherwise. (iv) All certificate for debentures, debenture-stock, loan stock or other securities issued in terms of these Articles shall be issued under the Seal of the Company. | Bonds, Debentures etc. to be subject to control of the Board

Securities may be assignable free from equities

Issue at discount etc. or with special privileges |

Annex D Value Added Service

Basic Value Added Services

Product	Description
Caller Line Identification	Displays the number of the incoming call.
International Direct Dialling (IDD)	Enables the customer to take international calls from his or her mobile phone.
Call Waiting	The service alerts of an incoming call while subscriber is on another call.
Call Hold	The service allows the subscriber to put an established call on hold enabling the subscriber to answer another call.
Call Forward	Enables the subscriber to forward incoming calls to another local line based on different conditions such as Switched off, Busy, No network coverage.
Voice Mail	This service lets the caller leave a voice message when the mobile is switched off, the subscriber is not in a coverage area or busy.
6 way Call Conferencing	The service enables the subscriber to conference up to 6 simultaneous calls.

SMS based Applications

Innovation	Product	Description
Mobile Banking	SMS Based Mobile Banking	A unique service that provides a whole host of features such as funds transfer, check account balances, requests bank statements, cheque realization status, alerts on bank balance drops and even stop payment on cheques.
SMS Information on Demand	Stock	State of the art mobile commerce (m-commerce) service allowing access to the Colombo Stock Exchange (CSE) on a real time basis.
	FOREX	Gives the daily exchange rate of currencies against the Sri Lankan Rupee via SMS.
	ATM	Gives the location of the closest ATM to a specific area, of a bank of choice by sending the bank name and location via SMS.
	Roaming Info	Gives details such as Roaming Countries, networks & their details via SMS.
	SMS Flight Info	Customers can check Sri Lankan flight schedules, setup alerts for flight departures & arrivals to get notifications of flight delays.
	Bill	Customers can find out their latest outstanding bill with a breakdown on SMS.
	News	Gives the main Local and Foreign news headlines.
	Horoscope	Gives the daily horoscope details based on the 12 star signs.
	SMS A-Z	Through this service customers can find a location, with relative reference to prominent landmarks adjoining the requested location.
	SMS Blood	Enables subscribers to register as donors via SMS. Emergency requests would perform “matching” against donors and generate “Blood donation Alerts”.
	O/L & A/L Results	Gives the GCE O/L and A/L results based on the index number.
	Cricket IoD	Gives Live ball by ball match updates on demand.
	Election results	Gives the election results based on the party, total votes or district wise via SMS.
	Rahu kalaya	Enables the user to find out the daily Rahu kalaya.
	Loyalty Points on Demand	Checks available loyalty points via SMS.
	Islam prayer times	Daily prayer times from Subha to Isha via SMS any time of the day.
	SMS Dictionary	Find the meanings of words via SMS.
Evolution SMS	SMS to Email/FAX	Enable customers to send and receive e-mails via the mobile phone, and also function as an alerting system for e-mails received on another e-mail a/c. Through this service customers can send Fax from their mobile phone to any number, using SMS.

Innovation	Product	Description
Smart Messages on demand	Ring tones	Allows subscribers to download Sinhala/Tamil/English or Hindi smart messages, download the latest ring tones, CLI icons and operator logos.
	CLI Icons	
	Sinhala /Tamil Messages	
	Operator logos	
Community based	SMS 112	The SMS based service is designed to provide people with hearing and speech impairment with access to emergency services.
SMS Games	Cricket SMS Game Kana Mutti Trivia Snakes and Ladders	Host of SMS based games with special games for the festive seasons.

WAP & GPRS based Applications

Innovation	Product	Description
WAP Gateway	My Dialog Page	News alerts, Wall papers, Ring tones and other Infotainment services.
	WAP Portal	Wireless access to personal information. Wiz mail, allow you to check your yahoo or Dialog's Internet emails.
Online Games		Games via WAP/GPRS.
TV on Phone		Allows Customers to watch live television programmes on their mobile phones.
Local Language SMS		Sinhala/Tamil messaging empowers customers with the ability to compose and transmit SMS using Sinhala or Tamil characters.
Push n Talk		Primarily a voice-based service that allows the customer to communicate to multiple users in one attempt. It is faster and also allows to send text or pictures to friends PCs as E-mail.
Print MMS from Photo Technica		This service allows Dialog subscribers to capture and print their pictures via MMS.

Voice based Applications

Product	Brand	Description
Chat	Voice chat	Chat room based voice service. Customers dial a short code to enter a chat room where others with similar interests gather.
Entertainment	Funky	Allows users to send voice greetings which could be customized or anonymously sent.
	RingIN Tones	The RingIN Tone is what a caller would hear instead of the traditional Ring Back Tone.
Sports	Cricket	Subscribers can listen to live updates and Interview with players via the interactive voice portal.
	Asia athletics	
	Rugby	
	Football	
Infotainment	Election results	District wise party wise election results via Text to speech IVR.
Call Home		A low cost service to call Sri Lankan numbers while roaming abroad.
Optimal Routing		Press # and call inbound roammers at local call rates.
E - Channelling		Channel doctors via the customers' mobile phone and debit the fee to the monthly phone bill.
Call Screening for Roamers		Allows roaming customers to screen their incoming calls.
Instant Roaming		The Instant Roaming service is underpinned by Dialog's advanced Pre-Paid Technology. The Instant Roaming service differs from Dialog's Premier Roaming service in that out-going calls while overseas would be facilitated via Call-Back technology similar to that used to provide the Call-Home service offered within the Premier Roaming Portfolio. The service is available in 135 countries as opposed to the 190+ countries covered by Premier Roaming.

Cell Broadcasting Applications

Innovation	Product	Description
Interactive Cell Broadcasting	Advertising using Cell messaging	Users get an array of information as described below whilst the phone is in idle mode.
	News	Local and Foreign news headlines.
	Sports	Sports news and sports updates from around the world.
	Business	Currency Information to Business Info.
	Leisure	Daily happenings in town.
Location based Service	Z locate	Allows customers to find the closest services like ATM, police stations, hospital via intelligent network features.

Internet based Applications

Product	Description
E Appointment	Make an appointment with a Dialog Service agent.
On Line VAS	Self activation/deactivation of Value Added Service via our secured web site.
WEB Billing	Allows subscribers to view past and current bills, request for an electronic version or pay on line via Dialog Telekom's secured web site.
Dia Text	Allows customers to text without their phone, message can create up to 160 characters and sent to a dialog user or to a group of people .
www.dialogtunes.com	Allows subscribers to view, listen and download the latest ring tones from a selection of Sinhala, Tamil, Hindi or English tunes.
I Market Space	Allows online and trouble free shopping via on line catalogues having a range of products and services from phones, flowers, clothes to household products from leading shops in Sri Lanka.
X it	Filtered internet service targeted at the teen market.
Dialog ASP	Facilitates organisations to set up a comprehensive e-business front end at lower cost and with minimal effort. The ASP model provides a turnkey solution to the full spectrum of e-business activities, and does not require clients to procure their own software or hardware.
GPRS Roaming	Access to GPRS based services while roaming in international destinations.
Internet Bandwidth on Tap at WTC	'Internet bandwidth on tap' provided through the state of the art Fibre Optic backbone, which connects both towers of the WTC, with a total of 80 floors of commercial floor space. The infrastructure provides Internet access to tenants at any bandwidth they require, literally at the touch of a button. The WTC is connected to large Internet Bandwidth resources provided through Dialog Internet's Earth Station and Gateway infrastructure.

Annex E Details of Collection Points

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Head Office of the Company

Dialog Telekom Limited
475, Union Place
Colombo 02.
Tel: 2678700

Registrar to the Offering

SSP Corporate Services (Private) Limited
546, Galle Road
Colombo 03.
Tel: 2573485

Manager to the Offering

NDB Investment Bank
40, Navam Mawatha
Colombo 02.
Tel: 2300385

Members of the CSE

Asia Securities (Private) Limited
Level 21, West Tower
World Trade Centre
Echelon Square
Colombo 01.
Tel: 2336010

HNB Stockbrokers (Private) Limited
Level 13, HNB Towers
479, T.B. Jayah Mawatha
Colombo 10.
Tel: 2663663

Bartleet Mallory Stockbrokers (Private) Limited
“Bartleet House”
65, Braybrooke Place
Colombo 02.
Tel: 2341772-9, 2332417-9

J B Securities (Private) Limited
150, St Joseph Street
Grandpass
Colombo 14.
Tel: 2447921, 2447923, 2447960

Ceylinco Stockbrokers (Private) Limited
7th Floor, Ceylinco House
69, Janadhipathi Mawatha
Colombo 01.
Tel: 4714300, 4714388

John Keells Stockbrokers (Private) Limited
130, Glennie Street
Colombo 02.
Tel: 2338066-7, 2776694-5, 2342066-7, 2446640

SC Securities (Private) Limited
2nd Floor, 55, D.R. Wijewardena Mawatha
Colombo 10.
Tel: 4711000-01

Lanka Securities (Private) Limited
18, Charles Drive
Colombo 03.
Tel: 2576757

CT Smith Stockbrokers (Private) Limited
4-14,Majestic City
10, Station Road
Colombo 04.
Tel: 2552290-4

Asha Phillip Securities Limited
Level 4, ‘Millennium House’
46/58, Navam Mawatha
Colombo 02.
Tel: 2314875-82

Lanka Orix Securities (Private) Limited
42, Mohamed Macan Marker Mawatha
Colombo 03.
Tel: 5335225, 5378216

Somerville Stockbrokers (Private) Limited
137, Vauxhall Street
Colombo 02.
Tel: 2329201-5, 2332827, 2338292-3

DFCC Stock Brokers (Private) Limited
 1st Floor, 73, W A D Ramanayake Mawatha
 Colombo 02.
 Tel: 2446021–2, 2446031, 2446034

DP Global Securities (Private) Limited
 1st Floor, Sayuru Sevana
 46/12, Navam Mawatha
 Colombo 02.
 Tel: 2307366

NDBS Stock Brokers (Private) Limited
 5th Floor, NDB Building
 40, Navam Mawatha
 Colombo 02.
 Tel: 2314170

Bankers to the Offering

Standard Chartered Bank Branches

Branch Name	Branch Address	Telephone
Fort	37, York Street, Colombo 01	2480000, 4794400
Bambalapitiya	28, Temple Lane, Colombo 03	2508624-6, 2508628
Wellawatte	585, Galle Road, Colombo 06	2581225, 2581335, 2364457, 2364458
Pettah	150, Mihindu Mawatha, Colombo 12	2422831, 2441866
Kirulapone	111, Maya Avenue, Colombo 06	2508976, 2501476
Moratuwa	126, Galle Road, Kaldemulla, Moratuwa	2635451, 2635452
Rajagiriya	2A, Lake Drive, Colombo 08	2689495-98
Kollupitiya	356, Galle Road, Colombo 03	2576652, 2576663
Lipton Circus	525, Union Place, Colombo 02	2691907, 2691929

Commercial Bank of Ceylon Limited Branches

Branch Name	Branch Address	Telephone No.
Airport Counter	Bandaranaike International Airport	2256449
Akuressa	119, Deniyaya Road, Akuressa	041-2283146
Aluthgama	335, Galle Road, Aluthgama	034-2275272,034-5580072
Ambalangoda	26, Galle Road, Ambalangoda	091-5456767-9,091-2256956
Ambalantota	129, Tissa Road, Ambalantota	047-2223818-9,047-2223816
Ampara	15 D S Senanayake Veediya, Ampara	063-2224773-4
Anuradhapura	271, Maithripala Senanayake Mw, Anuradhapura	025-2223597-8,025-2223599
Arpico Service Point-Battaramulla	c/o Arpico Super Centre Battaramulla	2883102, 2883103
Arpico Service Point-Dehiwela	c/o Arpico Super Centre Dehiwela	2730938, 2730915
Arpico Service Point-Hyde Park Corner	c/o Arpico Super Centre Hyde Park Corner	2673400, 2673402
Avissawella	76,Colombo Road, Avissawella	036-2231303-4
Baddegama	115/1, Galle Road, Baddegama	091-2292152-3

Badulla	225, Modern Complex, Modern Street, Badulla	055-2230583-4
Balangoda	27, Haputale Road, Balangoda	045-2286697,045-2286747
Bambalapitiya	232,Galle Road, Bambalapitiya	2591438-9
Bandaragama	38, Panadura Road, Bandaragama	038-2290363-4
Bandarawela	260/2, Dharmavijaya Mw., Bandarawela	057-2232655-6
Base Line Road CSP	760 Dr. Danister De Silva Mw., Orugodawatte,Colombo 09	5354836-7, 5354836
Battaramulla	213, Kaduwela Road, Battaramulla	2867971, 2874558
Batticaloa	27, Bar Road, Batticaloa	065-2226402-3
Borella	92, D S Senanayake Mw, Borella	2687051, 2687053
Chilaw	52, Colombo Road, Chilaw	032-2222966-7
Chunnakam	87,K K S Road, Cunnakam	021-2226521-2
City Office	98, York Street, Colombo 01	2432113
Colombo 07	209, Dharmapala Mw, Colombo 07	2698201-2
Dambulla	642, Anuradhapura Road, Dambulla	066-2284934-5
Dehiwela	85, Galle Road, Dehiwela	2722312
Deniyaya	33/2 Main Street Deniyaya	041-2273914-5
DFCC CSP	73, W A D Ramanayake Mw. Colombo 02	2381351
Duplication Road	405, R A De Mel Mw. Colombo 03	5376343
Ekala	218, Minuwangoda Road, Ekala , Ja Ela	5355572
Elpitiya	51 A, Ambalangoda Road, Elpitiya	091-2290284-5
Embilipitiya	7, New Town Road, Embilipitiya	047-2230258-9
Galewela	49/57, Matale Road, Galewela	066-2289351,066-2287238
Galle Fort	22, Church Street, Fort, Galle	091-2232223,091-2234377
Galle City	130, Main Street, Galle	091-2234356,091-2225786
Gampaha	19, Queen Mary's Road, Gampaha	033-2224136-7
Gampola	121, Kandy Road, Gampola	081-2354132-3
Grandpass	99, St. Joseph's Street, Colombo14	2451601-2
Hatton	257,Dimbulla Road, Hatton	051-2225103-4
Hikkaduwa	217, Galle Road, Hikkaduwa	091-2277398,091-5450170, 091-2277398,091-2276533
Hingurakgoda	44,45, Airport Road, Hingurakgoda	027-2246395,027-2247643
Homagama	100, High Level Road, Homagama	2895128-9
Horana	100,Sri Somananda Mawatha, Horana	034-2261900-1
Ja-Ela	140, Negombo Road, Ja-Ela	2243615
Jaffna	474, Hospital Street, Jaffna	021-2222176
Kadawatha	143/B, Kandy Road, Kadawatha	2921456-7
Kaduruwela	411, Main Street, Kaduruwela	027-2225731-2
Kaduwela	50 B/C, Avissawella Road, Kaduwela	2571090, 2571084
Kalutara	302, Galle Road,Kalutara	034-2221601-2
Kamburupitiya	151, Matara Road, Kamburupitiya	041-2292995-6
Kandana	61, Negombo Road, Kandana	2232081-2
Kandy	120, Kotugodella Veediya, Kandy	081-2223217,081-2234392-3, 081-2225749,081-2222504
Katubedda CSP	162, Galle Road, Soysapura Moratuwa	2626971
Katugastota	184, Madawela Road, Katugastota	081-2499836
Katunayake FTZ	Unit 15 GCEC, Plaza Complex,EPZ Katunayake	2253258, 2253256
Kegalle	186, Main Street, Kegalle	035-2230232,035-2222034
Kekirawa	12, Dambulla Road, Kekirawa	025-2263562-3
Keyzer Street	32, Keyzer Street, Colombo 11	2336770,2336773-4
Kiribathgoda	145, Kandy Road, Dalugama, Kelaniya	2909956-7
Kirulapone	94 A, Pamankada Road, Kirulapone	4511170, 2599731, 2500051
Kochchikade	42, Main Street, Kochchikade	031-2276087

Koggala	H/8, EPZ, Galle Road, Koggala	091-2283485,091-2283388
Kohuwala	14, Sunethradevi Road, Kohuwala	2769601-2
Kollupitiya	285, Galle Road, Colombo 03	2573546, 2577281, 2577620
Kotahena	198, George R De Silva Mw., Kotahena	2323471, 5333762
Kotahena Savings Centre	190, George R De Silva Mw., Kotahena	2323471, 5333762
Kuliyapitiya	74, Hettipola Road, Kuliyapitiya	037-2281644, 037-4696074, 037-4696075
Kurunegala	4, Suratissa Mw., Kurunegala	037-2224092,037-2224556-8
Maharagama	154, High Level Road, Maharagama	2850505, 2844915
Main Street	280, Main Street, Pettah,Colombo 11	2380491-2
Malabe	838, Kaduwela Road, Malabe	2762816, 2762818
Maradana	549, Maradana Road, Maradana	2699195
Matale	70, King Street, Matale	066-2222485,066-2231880
Matara	18, Station Road, Matara	041-2224444, 041-2222819, 041-2225666
Matugama	38, Kalutara Road, Matugama	034-2249471-2
Mawanella	51, Kandy Road, Mawanella	035-2247886-7
MiniCom Centre - Gampaha	C/o Cargills Food City 45, Bauddhaloka Mw., Gampaha	332231730
MiniCom Centre - Kirulapone	C/o Cargills Food City 240, High Level Road, Kirulapone	2817039
MiniCom Centre - Kurunegala	C/o Cargills Food City 44, Negombo Road, Kurunegala	372220254
MiniCom Centre - Maharagama	C/o Cargills Food City 75, Dehiwela Road, Maharagama	5556918
MiniCom Centre - Majestic City	C/o Cargills Food City 10, Majestic City, Station Road, Colombo 04	2507865
MiniCom Centre - Ratnapura	C/o Cargills Food City, Commercial Complex Old Bus Stand Site, Ratnapura	452225050
MiniCom Centre - Staples Street	C/o Cargills Food City 21, Staples Street, Colombo 02	2307388
MiniCom Centre-Moratuwa	C/o Cargills Food City 272, Galle Road , Rawathawatte, Moratuwa	5550694
Minicom Centre -Nawala	C/o Cargills Food City 264, Nawala Road, Nawala	5349387
Minuwangoda	42, Siriwardena Mw. Minuwangoda	2296220, 2296223
Mirigama	93, Giriulla Road, Mirigama	033-2274312-3
Moratuwa	116, Old Galle Road, Moratuwa	2643085-6
Mt. Lavinia	295, Galle Road, Mt.Lavinia	2737074-5
Mutwal	677, Aluthmawatha Road, Colombo 15	2522559, 2467057
Narahenpita	201, Kirula Road, Narahenpita	2500305, 2502425
Narammala	55, Negombo Road, Narammala	037-2249916-7
Nattandiya	62, Marawila Road, Nattandiya	032-2255173
Nawala	157 A, Nawala Road, Nugegoda	2815158
Nawalapitiya	92 & 92/1, Gampola Road, Nawalapitiya	054-2223961
Negombo	24, 26, Fernando Avenue, Negombo	031-2233955, 031-2222217, 031-2231814
Negombo CSP	No. 178, Colombo Road, Negombo	031-2225280
Nelliady	Ponniah Building, M M V Road, Nelliady	021-2263786-7
Nikaweratiya	48 E, Heelogama Road, Nikaweratiya	037-2260705
Nittambuwa	127/B, Kandy Road, Nittambuwa	033-2290549-50
Nugegoda	100, Stanley Thilakaratne Mw., Nugegoda	2810942-3
Nuwara Eliya	36, Park Road, Nuwara Eliya	052-2223763

Old Moor Street	442/A, Old Moor Street, Colombo 12	2345554, 2345579, 2345595
Palavi CSP	C/o Holcim Lanka Ltd. Palavi, Puttlam	032-2269268
Panadura	375, Galle Road, Panadura	038-2234168-9
Panchikawatte	240, Panchikawatte Road, Colombo 10	2542185-6
Peradeniya	935, Peradeniya Road, Kandy	081-2386447-8
Pettah	People's Park Shopping Complex, Colombo 11	4712643, 2446290
Pilimathalawa	172, Colombo Road , Pilimathalawa	081-2577178-9
Piliyandala	7, Old Road, Piliyandala	2604267-8
Pitakotte CSP	539, Kotte Road, Pitakotte	2864164-5
Rajagiriya	478, Kotte Road, Rajagiriya	2884024-5
Ratmalana	381, Galle Road, Ratmalana	2738125, 2715513
Ratnapura	408, 410, Main Street, Ratnapura	045-2230354-5
Reid Avenue	104, Reid Av. Colombo 04	2587922, 2588084
Seeduwa	465, Negombo Road, Seeduwa	2256571-2
SLIC CSP	1st Floor, "Rakshana Mandiraya" 21, Vauxhall Street, Colombo 02	2394542
Thalawathugoda	7, Suramya Building, Kottawa Road, Thalawathugoda	2773551-2
Trincomalee	191, Central Road, Trincomalee	026-2224421-2
Union Place	1, Union Place, Colombo 02	4710536-7
Vavuniya	15, Station Road, Vavuniya	024-2222956,024-2220655
Wattala	503, Negombo Road, Wattala	2938751-2
Weligama	210, Hettiveediya, Weligama	041-2252916,041-2252975
Wellawatte	343, Galle Road, Colombo 06	2361379, 2586097
Wennappuwa	262, 264, Colombo Road, Wennappuwa	031-2253445,031-2255552-3
Yakkala	182, Kandy Road, Yakkala	033-2231108
Foreign Branch	21, Bristol Street, Colombo 01	011-2430420

Addendum: Section 7.1.1, 7.1.2 and 7.1.3 are subject to approval of relevant foreign and local authorities.