

**DIALOG AXIATA PLC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED  
30 JUNE 2016**





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

### *Introduction*

We have reviewed the accompanying condensed statements of financial position of Dialog Axiata PLC and its subsidiaries as at June 30 2016, and the related condensed statements of comprehensive income, changes in equity and cash flows for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Sri Lanka Accounting Standard 34 [LKAS34] – Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

5 August 2016  
Date

  
PricewaterhouseCoopers

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**DIALOG AXIATA PLC****Statements of financial position**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2016</b>	<b>31 Dec 2015</b>	<b>30 Jun 2016</b>	<b>31 Dec 2015</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	16,835,210	17,341,413	4,748,236	5,056,319
Property, plant and equipment	80,622,568	79,060,275	54,528,116	54,847,766
Investment in subsidiaries	-	-	19,220,729	19,220,729
Investment in associates	79,297	80,349	27,742	27,742
Amount due from related companies	-	-	25,009,115	19,541,635
Financial assets	40,000	40,000	250,000	195,000
	<b>97,577,075</b>	<b>96,522,037</b>	<b>103,783,938</b>	<b>98,889,191</b>
<b>Current assets</b>				
Inventories	713,747	556,146	295,016	166,371
Trade and other receivables	17,454,843	12,780,295	13,843,205	9,957,001
Cash and cash equivalents	4,856,248	6,992,782	3,847,239	5,779,594
	<b>23,024,838</b>	<b>20,329,223</b>	<b>17,985,460</b>	<b>15,902,966</b>
<b>Total assets</b>	<b>120,601,913</b>	<b>116,851,260</b>	<b>121,769,398</b>	<b>114,792,157</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders</b>				
Stated capital	28,103,913	28,103,913	28,103,913	28,103,913
Reserves	21,514,085	19,213,739	33,430,336	30,737,111
Non-controlling interest	(9,133)	(697)	-	-
<b>Total equity</b>	<b>49,608,865</b>	<b>47,316,955</b>	<b>61,534,249</b>	<b>58,841,024</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	26,018,882	15,942,853	26,018,882	15,942,853
Derivative financial instrument	47,251	24,937	47,251	24,937
Deferred revenue	1,714,554	1,723,110	1,429,228	1,537,584
Deferred income tax liability	47,458	52,677	-	-
Employee benefit payables	1,572,640	1,509,350	1,357,473	1,300,685
Provision for other liabilities	1,275,173	1,147,298	1,055,076	929,656
	<b>30,675,958</b>	<b>20,400,225</b>	<b>29,907,910</b>	<b>19,735,715</b>
<b>Current liabilities</b>				
Trade and other payables	32,448,584	38,891,171	22,824,821	26,318,810
Borrowings	7,008,041	9,464,388	6,644,878	9,123,304
Derivative financial instrument	31,698	12,039	31,698	12,039
Current income tax liabilities	828,767	766,482	825,842	761,265
	<b>40,317,090</b>	<b>49,134,080</b>	<b>30,327,239</b>	<b>36,215,418</b>
<b>Total liabilities</b>	<b>70,993,048</b>	<b>69,534,305</b>	<b>60,235,149</b>	<b>55,951,133</b>
<b>Total equity and liabilities</b>	<b>120,601,913</b>	<b>116,851,260</b>	<b>121,769,398</b>	<b>114,792,157</b>
Net assets per share (Rs.)	6.09	5.81	7.56	7.23

The notes on pages 8 to 13 form an integral part of these financial statements.

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

.....  
**Group Chief Financial Officer**

Date:

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

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

**Signed**

.....

**Director**

Date: 5 August 2016

**Signed**

.....

**Director**

Date: 5 August 2016

**DIALOG AXIATA PLC****Statements of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>Six months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenue	42,221,733	35,075,057	35,638,963	29,847,442
Direct costs	(22,451,065)	(19,610,799)	(18,162,170)	(16,244,722)
Gross profit	19,770,668	15,464,258	17,476,793	13,602,720
Distribution costs	(6,510,231)	(4,803,327)	(5,622,532)	(4,319,732)
Administrative costs	(6,677,802)	(5,565,748)	(4,976,074)	(4,414,283)
Other income	64,222	12,653	59,345	12,700
Operating profit	6,646,857	5,107,836	6,937,532	4,881,405
Finance income	213,714	261,663	221,885	259,467
Finance costs	(1,134,533)	(746,640)	(1,024,703)	(696,549)
Finance costs - net	(920,819)	(484,977)	(802,818)	(437,082)
Share of loss from associates - net of tax	(1,051)	(24,265)	-	-
Profit before income tax	5,724,987	4,598,594	6,134,714	4,444,323
Income tax expense	(775,833)	(710,146)	(784,245)	(668,165)
<b>Profit for the period</b>	<b>4,949,154</b>	<b>3,888,448</b>	<b>5,350,469</b>	<b>3,776,158</b>
<b>Other comprehensive expense for the period - net change in cash flow hedge</b>	<b>(51,235)</b>	<b>(19,342)</b>	<b>(51,235)</b>	<b>(19,342)</b>
<b>Total comprehensive income for the period</b>	<b>4,897,919</b>	<b>3,869,106</b>	<b>5,299,234</b>	<b>3,756,816</b>
Profit/(loss) for the period is attributable to:				
- owners of the Company	4,957,590	3,888,448	5,350,469	3,776,158
- non-controlling interest	(8,436)	-	-	-
Total comprehensive income/(expense) for the period is attributable to:				
- owners of the Company	4,906,355	3,869,106	5,299,234	3,756,816
- non-controlling interest	(8,436)	-	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.61	0.48	0.66	0.46

The notes on pages 8 to 13 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Statements of comprehensive income**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>Three months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenue	21,064,564	17,744,538	17,667,023	15,156,652
Direct costs	(11,044,414)	(10,017,987)	(9,005,475)	(8,346,334)
Gross profit	10,020,150	7,726,551	8,661,548	6,810,318
Distribution costs	(3,406,232)	(2,520,915)	(2,960,478)	(2,331,267)
Administrative costs	(3,375,521)	(2,792,820)	(2,483,200)	(2,206,098)
Other income	50,314	10,718	45,441	10,488
Operating profit	3,288,711	2,423,534	3,263,311	2,283,441
Finance income	175,224	148,779	178,438	147,573
Finance costs	(772,221)	(274,679)	(705,842)	(259,883)
Finance costs - net	(596,997)	(125,900)	(527,404)	(112,310)
Share of loss from associates - net of tax	(1,372)	(13,142)	-	-
Profit before income tax	2,690,342	2,284,492	2,735,907	2,171,131
Income tax expense	(407,645)	(377,649)	(413,645)	(340,401)
<b>Profit for the period</b>	<b>2,282,697</b>	<b>1,906,843</b>	<b>2,322,262</b>	<b>1,830,730</b>
<b>Other comprehensive (expense)/income for the period - net change in cash flow hedge</b>	<b>(901)</b>	<b>21,860</b>	<b>(901)</b>	<b>21,860</b>
<b>Total comprehensive income for the period</b>	<b>2,281,796</b>	<b>1,928,703</b>	<b>2,321,361</b>	<b>1,852,590</b>
Profit/(loss) for the period is attributable to:				
- owners of the Company	2,287,414	1,906,843	2,322,262	1,830,730
- non-controlling interest	(4,717)	-	-	-
Total comprehensive income/(expense) for the period is attributable to:				
- owners of the Company	2,286,513	1,928,703	2,321,361	1,852,590
- non-controlling interest	(4,717)	-	-	-
Basic earnings per share for profit attributable to the equity holders of the Company (Rs.)	0.28	0.23	0.28	0.22

The notes on pages 8 to 13 form an integral part of these financial statements.

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

(all amounts in Sri Lanka Rupees thousands)

	Attributable to owners of the Company		Non-controlling interest	Total
	Stated capital	Reserves		
Balance at 1 January 2016	28,103,913	19,213,739	(697)	47,316,955
Profit/(loss) for the period	-	4,957,590	(8,436)	4,949,154
Other comprehensive expense	-	(51,235)	-	(51,235)
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>4,906,355</b>	<b>(8,436)</b>	<b>4,897,919</b>
Dividends to equity shareholders	-	(2,606,009)	-	(2,606,009)
<b>Balance at 30 June 2016</b>	<b>28,103,913</b>	<b>21,514,085</b>	<b>(9,133)</b>	<b>49,608,865</b>
Balance at 1 January 2015	28,103,913	16,728,377	-	44,832,290
Adjustment for super gain tax	-	(1,796,789)	-	(1,796,789)
Adjusted balance at 1 January 2015	28,103,913	14,931,588	-	43,035,501
Profit for the period	-	3,888,448	-	3,888,448
Other comprehensive expense	-	(19,342)	-	(19,342)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,869,106</b>	<b>-</b>	<b>3,869,106</b>
<b>Balance at 30 June 2015</b>	<b>28,103,913</b>	<b>18,800,694</b>	<b>-</b>	<b>46,904,607</b>
Balance at 1 July 2015	28,103,913	18,800,694	-	46,904,607
Profit /(loss) for the period	-	1,299,575	(697)	1,298,878
Other comprehensive income	-	172,161	-	172,161
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>1,471,736</b>	<b>(697)</b>	<b>1,471,039</b>
Dividends to equity shareholders	-	(1,058,691)	-	(1,058,691)
<b>Balance at 31 December 2015</b>	<b>28,103,913</b>	<b>19,213,739</b>	<b>(697)</b>	<b>47,316,955</b>

The notes on pages 8 to 13 form an integral part of these financial statements.

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

(all amounts in Sri Lanka Rupees thousands)

	<b>Attributable to owners of the Company</b>		
	<b>Stated capital</b>	<b>Reserves</b>	<b>Total</b>
Balance at 1 January 2016	28,103,913	30,737,111	58,841,024
Profit for the period	-	5,350,469	5,350,469
Other comprehensive expense	-	(51,235)	(51,235)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>5,299,234</b>	<b>5,299,234</b>
Dividends to equity shareholders	-	(2,606,009)	(2,606,009)
<b>Balance at 30 June 2016</b>	<b>28,103,913</b>	<b>33,430,336</b>	<b>61,534,249</b>
Balance at 1 January 2015	28,103,913	27,713,534	55,817,447
Adjustment for super gain tax	-	(1,793,855)	(1,793,855)
Adjusted balance at 1 January 2015	28,103,913	25,919,679	54,023,592
Profit for the period	-	3,776,158	3,776,158
Other comprehensive expense	-	(19,342)	(19,342)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,756,816</b>	<b>3,756,816</b>
<b>Balance at 30 June 2015</b>	<b>28,103,913</b>	<b>29,676,495</b>	<b>57,780,408</b>
Balance at 1 July 2015	28,103,913	29,676,495	57,780,408
Profit for the period	-	1,971,235	1,971,235
Other comprehensive income	-	148,072	148,072
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,119,307</b>	<b>2,119,307</b>
Dividends to equity shareholders	-	(1,058,691)	(1,058,691)
<b>Balance at 31 December 2015</b>	<b>28,103,913</b>	<b>30,737,111</b>	<b>58,841,024</b>

The notes on pages 8 to 13 form an integral part of these financial statements.

**DIALOG AXIATA PLC****Statements of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	<b>Group</b>		<b>Company</b>	
	<b>Six months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>				
Cash generated from operations	8,230,069	8,527,497	8,005,221	7,676,982
Interest received	238,679	257,487	236,573	255,291
Interest paid	(601,070)	(460,363)	(582,767)	(460,208)
Tax paid	(716,595)	(623,874)	(706,751)	(615,272)
Employee benefits paid - gratuity	(56,649)	(22,282)	(43,780)	(17,245)
<b>Net cash generated from operating activities</b>	<b>7,094,434</b>	<b>7,678,465</b>	<b>6,908,496</b>	<b>6,839,548</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(15,134,257)	(4,902,093)	(8,324,237)	(2,994,465)
Purchase of intangible assets	(341,327)	(223,918)	(335,999)	(220,335)
Advances to subsidiaries	-	-	(6,277,600)	(1,236,226)
Loans to subsidiary	-	-	(55,000)	-
Loans to associate	-	(75,000)	-	(75,000)
Advance from holder of non-controlling interest	30,000	-	-	-
Proceed from sale of property, plant and equipment	208,626	259,671	204,105	259,671
<b>Net cash used in investing activities</b>	<b>(15,236,958)</b>	<b>(4,941,340)</b>	<b>(14,788,731)</b>	<b>(4,266,355)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(5,599,471)	(3,724,347)	(5,505,813)	(3,724,347)
Proceed from borrowings	14,208,777	-	14,057,009	-
Dividend paid to ordinary shareholders	(2,606,009)	(1,058,691)	(2,606,009)	(1,058,691)
<b>Net cash generated from/ (used in) financing activities</b>	<b>6,003,297</b>	<b>(4,783,038)</b>	<b>5,945,187</b>	<b>(4,783,038)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,139,227)</b>	<b>(2,045,913)</b>	<b>(1,935,048)</b>	<b>(2,209,845)</b>
<b>Movement in cash and cash equivalents</b>				
At start of the year	6,992,782	10,774,042	5,779,594	9,805,322
Decrease	(2,139,227)	(2,045,913)	(1,935,048)	(2,209,845)
Effect of exchange rate changes	2,693	16,141	2,693	16,141
<b>At end of the period</b>	<b>4,856,248</b>	<b>8,744,270</b>	<b>3,847,239</b>	<b>7,611,618</b>

The notes on pages 8 to 13 form an integral part of these financial statements.



# DIALOG AXIATA PLC

## Notes to the condensed interim financial statements

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

### 1 General information

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

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

### 2 Basis of preparation

The condensed interim financial statements for the period ended 30 June 2016 of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

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

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

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

### 3 Segment information

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

- The segment results for the period ended 30 June 2016 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Revenue from external customers	35,283,281	3,800,996	3,137,456	-	42,221,733
Inter-segment revenue	620,723	553,933	2,501	-	1,177,157
<b>Total segmental revenue</b>	<b>35,904,004</b>	<b>4,354,929</b>	<b>3,139,957</b>	<b>-</b>	<b>43,398,890</b>
Segment operating profit/(loss) for the period	6,821,283	22,976	(196,215)	(1,187)	6,646,857
Finance costs - net					(920,819)
Share of profit from associate - net of tax					(1,051)
Profit before income tax					5,724,987
Income tax					(775,833)
<b>Profit for the period</b>					<b>4,949,154</b>

# DIALOG AXIATA PLC

## Notes to the condensed interim financial statements (Continued)

### 3 Segment information (Continued)

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

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	5,305,292	1,778,095	410,336	-	7,493,723

- The segment assets and liabilities at 30 June 2016 and capital expenditure for the period then ended are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Assets	122,449,846	29,009,587	6,466,698	(11,335,873)	146,590,258
Inter-segment assets	(25,300,295)	(366,560)	(321,490)	-	(25,988,345)
<b>Total assets</b>	<b>97,149,551</b>	<b>28,643,027</b>	<b>6,145,208</b>	<b>(11,335,873)</b>	<b>120,601,913</b>
Liabilities	61,266,574	29,915,191	6,285,035	-	97,466,800
Inter-segment liabilities	(801,039)	(21,727,278)	(3,945,435)	-	(26,473,752)
<b>Total liabilities</b>	<b>60,465,535</b>	<b>8,187,913</b>	<b>2,339,600</b>	<b>-</b>	<b>70,993,048</b>
Capital expenditure	4,778,255	3,147,553	725,150	-	8,650,958

- The segment results for the period ended 30 June 2015 are as follows:

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Revenue from external customers	29,367,079	2,937,826	2,770,152	-	35,075,057
Inter-segment revenue	480,363	586,206	31,126	-	1,097,695
<b>Total segmental revenue</b>	<b>29,847,442</b>	<b>3,524,032</b>	<b>2,801,278</b>	<b>-</b>	<b>36,172,752</b>
Segment operating profit/(loss) for the period	4,881,405	73,938	177,943	(25,450)	5,107,836
Finance costs - net					(484,977)
Share of loss from associates - net of tax					(24,265)
Profit before income tax					4,598,594
Income tax					(710,146)
<b>Profit for the period</b>					<b>3,888,448</b>

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

	Mobile operation	Fixed telephony and broadband operation	Television operation	Elimination /adjustment	Group
Depreciation, amortisation and impairment	5,089,835	1,347,736	338,687	25,143	6,801,401

## DIALOG AXIATA PLC

### Notes to the condensed interim financial statements (Continued)

#### 3 Segment information (Continued)

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

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

#### 4 Reserves

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
<b>Distributable</b>				
Retained earnings	21,571,983	19,220,402	33,488,234	30,743,774
Non-controlling interest	(9,133)	(697)	-	-
<b>Non-distributable</b>				
Hedging reserve	(57,898)	(6,663)	(57,898)	(6,663)
	<b>21,504,952</b>	<b>19,213,042</b>	<b>33,430,336</b>	<b>30,737,111</b>

#### 5 Seasonal or cyclical factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 30 June 2016.

#### 7 Estimates

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

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

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

#### 8 Issues, repurchases and repayments of debt and equity securities

There were no significant and unusual issues, repurchases and repayments of debt and equity securities during the period ended 30 June 2016.

#### 9 Stated capital

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

**DIALOG AXIATA PLC****Notes to the condensed interim financial statements (Continued)****10 Earnings per share**

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

**11 Market price per share**

For the three months ended 30 June

	<b>2016 Rs.</b>	<b>2015 Rs.</b>
- Highest	11.50	10.90
- Lowest	10.10	10.30
- Last traded	10.40	10.50

**12 Directors' shareholdings**

The details of shares held by the Directors and their spouses as at 30 June 2016 are as follows:

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

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

**13 Twenty largest shareholders of the Company**

<b>Name of Shareholders</b>	<b>No. of shares</b>	<b>% Holding</b>
1 Axiata Investments (Labuan) Limited	6,785,252,765	83.32%
2 Employees Provident Fund	180,787,158	2.22%
3 HSBC International Nominees Limited-BBH Genesis Smaller Companies	141,518,554	1.74%
4 HSBC International Nominees Limited-SSBT-National Westminster Bank PLC as depositary of first state Indian subcontinent fund a sub fund of first state investments ICVC	98,119,100	1.20%
5 CITI Bank Newyork S/A Norges Bank Account 2	96,608,012	1.19%
6 CB NY S/A International Finance Corporation	64,086,800	0.79%
7 BNYM SA/NV-CF Ruffer Investment Funds: CF Ruffer Pacific Fund	57,314,300	0.70%
8 HSBC International Nominees Limited-JPMCB-Scottish ORL SML TR GTI 6018	47,472,121	0.58%
9 HSBC International Nominees Limited -SSBT-National Westminster Bank PLC as depositary of first state Asia Pacific Sustainability fund a sub fund of first state investments ICVC	47,270,000	0.58%
10 HSBC International Nominees Limited - BBH-Genesis Emerging Markets Opportunities Fund Limited	44,961,708	0.55%
11 HSBC International Nominees Limited-SSBT-National Westminster Bank PLC as depositary of first state Asia Pacific Sustainability fund a sub fund of first state investments ICVC	37,613,700	0.46%
12 Deutsche Bank Ag Singapore-Dss A/C Navis Yield Fund	33,876,540	0.42%
13 HSBC International Nominees Limited -JPMCB-Pacific Assets Trust PLC	33,865,700	0.42%
14 Rubber Investment Trust Limited A/C # 01	29,668,830	0.36%
15 Mellon Bank N.A-Eaton Vance Trust Co. Collective Investment Trust For Employee Benefit Plans-Eaton Vance Trust Co./Parametric Structured Emerging Mkt. Equity Fund	19,392,086	0.24%
16 Mellon Bank N.A.-UPS Group Trust	18,880,000	0.23%
17 HSBC International Nominees Limited -SSBT-Parametric Emerging Markets Fund	18,848,970	0.23%
18 The Ceylon Investment PLC A/C # 02	18,797,647	0.23%
19 The Ceylon Guardian Investment Trust PLC A/C # 02	16,470,454	0.20%
20 HSBC International Nominees Limited -SSBT-Parametric Tax-Managed Emerging Markets Fund	15,786,381	0.19%

## DIALOG AXIATA PLC

### Notes to the condensed interim financial statements (Continued)

#### 14 Public shareholding

Information pertaining to public shareholding as at 30 June 2016, calculated in accordance with the listing rules of the Colombo Stock Exchange are as follows:

	30 Jun 2016	31 Dec 2015
Public holding percentage	16.68%	16.68%
Market capitalization of the public shareholding (Rs.)	14,127,839,544	14,535,373,377
Number of public shareholders	20,985	21,066

#### 15 Effect of change in composition of the Group

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

#### 16 Trade and other payables

Other payables of the Group include a provision made as a matter of prudence, for a possible claim amounting to a sum of Rs.4,221,040,185 on account of a judgment delivered against Suntel Limited on 9 March 2012 in HC (Civil) 282/2001(1) in the Commercial High Court of the Western Province in favor of Electroteks Network Services (Private) Limited. Suntel Limited [now amalgamated with Dialog Broadband Networks (Private) Limited], on the basis of legal advice received, has appealed against this judgment to the Supreme Court of Sri Lanka. This matter is currently fixed for hearing on 11 August 2016.

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

#### 17 Financial instruments measured at fair value

Note	Measurement criteria and the fair value					
	Level 2 Rs.000		Level 3 Rs.000		Total Rs.000	
	2016	2015	2016	2015	2016	2015
<b>Financial assets</b>						
Available-for-sale financial assets:						
- Investment in unquoted convertible redeemable bonds	(a)	-	-	40,000	40,000	40,000
<b>Financial liabilities</b>						
Financial liabilities at FVTPL:						
- Derivative designated as hedging instrument (Interest rate swap)	(b)	78,949	36,976	-	-	78,949

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

- (a) The carrying value of available-for-sale financial assets represent the fair value of the investment in redeemable convertible bonds in Headstart (Private) Limited ("Headstart"). The fair value of the available-for-sale financial assets are determined based on discounted cash flows using interest rate of a similar nature financial instrument at the end of each financial reporting period.
- (b) The carrying amount of the derivative financial instrument represents the fair value of the interest rate swap with notional amount of USD 86,880,000 (31.12.2015 - USD 103,773,334) which has a fixed interest payment of 2.6075% per annum and floating interest receipt of USD 3 months LIBOR plus a spread on the amortising outstanding principal amount maturing on 29 July 2018.

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

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

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

	<b>30 Jun 2016 Rs.</b>	<b>31 Dec 2015 Rs.</b>
Standard Chartered Bank, amount deposited in escrow account for the purpose of acquisition of Suntel Limited.	522,760,000	522,760,000
Hatton National Bank PLC, amount deposited in custodian accounts to facilitate Ez cash operation.	255,000,000	215,000,000
	<b><u>777,760,000</u></b>	<b><u>737,760,000</u></b>

**19 Valuation of property, plant and equipment**

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

**20 Contingent liabilities**

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

**21 Capital commitments**

Capital expenditure contracted for supply of telecommunication equipment at the statement of financial position date but not yet incurred consists of Rs.7,614,458,374 (31.12.2015 - Rs.8,123,789,607) and Rs.12,300,215,808 (31.12.2015 - Rs.13,650,204,408) of the Company and the Group respectively.

**22 Events after the reporting period**

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